

**METROPOLITAN FAMILY SERVICE**

**FINANCIAL STATEMENTS**

**Year Ended June 30, 2022**

**(With Comparative Totals  
for the Year Ended June 30, 2021)**



**KERN ▲ THOMPSON**  
CERTIFIED PUBLIC ACCOUNTANTS

**METROPOLITAN FAMILY SERVICE**

**FINANCIAL STATEMENTS**

**Year Ended June 30, 2022**

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Metropolitan Family Service  
Portland, Oregon

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the accompanying financial statements of Metropolitan Family Service (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Metropolitan Family Service as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Metropolitan Family Service and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Metropolitan Family Service's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

To the Board of Directors  
Metropolitan Family Service

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Metropolitan Family Service's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Metropolitan Family Service's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2023 on our consideration of the Metropolitan Family Service's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Metropolitan Family Service's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Metropolitan Family Service's internal control over financial reporting and compliance.

**Report on Summarized Comparative Information**

We have previously audited the Metropolitan Family Service's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 15, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Portland, Oregon  
March 21, 2023

**METROPOLITAN FAMILY SERVICE**  
**STATEMENT OF FINANCIAL POSITION**

**June 30, 2022**  
(With Comparative Totals as of June 30, 2021)

**ASSETS**

	<b>2022</b>	<b>2021</b>
<b>Current assets</b>		
Cash and cash equivalents	\$ 599,795	\$ 685,194
Government grants and contracts receivable	1,505,681	1,555,876
Prepaid expenses and other current assets	81,705	70,221
<b>Total current assets</b>	<b>2,187,181</b>	<b>2,311,291</b>
<b>Property and equipment</b>	<b>29,083</b>	<b>27,657</b>
<b>Other assets</b>		
Long-term investments	4,683,916	5,747,956
Beneficial interest in assets held by others	505,438	554,347
<b>Total other assets</b>	<b>5,189,354</b>	<b>6,302,303</b>
<b>Total assets</b>	<b>\$ 7,405,618</b>	<b>\$ 8,641,251</b>

**LIABILITIES AND NET ASSETS**

<b>Liabilities</b>		
Accounts payable	\$ 400,526	\$ 364,688
Compensated absences payable	178,616	179,326
Payroll and related payables	285,855	268,841
Refundable advances	157,793	183,405
<b>Total current liabilities</b>	<b>1,022,790</b>	<b>996,260</b>
<b>Net assets</b>		
Without donor restrictions		
Other	892,857	1,142,207
Board-designated family endowment	4,725,047	5,786,328
<b>Total without donor restrictions</b>	<b>5,617,904</b>	<b>6,928,535</b>
With donor restrictions		
Other	593,050	527,951
Family endowment	171,874	188,505
<b>Total with donor restrictions</b>	<b>764,924</b>	<b>716,456</b>
<b>Total net assets</b>	<b>6,382,828</b>	<b>7,644,991</b>
<b>Total liabilities and net assets</b>	<b>\$ 7,405,618</b>	<b>\$ 8,641,251</b>

See notes to financial statements.

**METROPOLITAN FAMILY SERVICE**

**STATEMENT OF ACTIVITIES**

**Year Ended June 30, 2022**

(With Comparative Totals for the Year Ended June 30, 2021)

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>	
			<b>2022</b>	<b>2021</b>
<b>Operating revenues, gains and other support:</b>				
Government grants and contracts	\$ 8,481,139	\$ -	\$ 8,481,139	\$ 7,538,812
PPP forgiveness	-	-	-	1,226,900
Other grants and contracts	912,312	-	912,312	1,122,107
Contributions	286,995	724,080	1,011,075	873,895
Special event	141,472	-	141,472	251,976
Less special event expenses	(65,463)	-	(65,463)	(65,597)
Interest and dividends	183,250	-	183,250	131,480
In-kind contributions	1,188,117	-	1,188,117	28,629
Miscellaneous	53,692	-	53,692	28,336
Net assets released from restrictions	658,981	(658,981)	-	-
	11,840,495	65,099	11,905,594	11,136,538
Less pass-through revenue and in-kind contributions	(1,910,826)	-	(1,910,826)	(1,069,667)
	<b>9,929,669</b>	<b>65,099</b>	<b>9,994,768</b>	<b>10,066,871</b>
<b>Expenses</b>				
Program services	8,416,703	-	8,416,703	7,312,552
Management and general	1,854,337	-	1,854,337	1,591,894
Fund-raising	231,883	-	231,883	251,728
<b>Total expenses</b>	<b>10,502,923</b>	<b>-</b>	<b>10,502,923</b>	<b>9,156,174</b>
<b>Increase (decrease) in net assets before non-operating activities</b>	<b>(573,254)</b>	<b>65,099</b>	<b>(508,155)</b>	<b>910,697</b>
<b>Non-operating activities:</b>				
Gain/(Loss) on investments	(700,057)	-	(700,057)	818,145
Investment fees	(25,195)	-	(25,195)	(25,010)
Net earnings from beneficial interest in assets held by others	(18,612)	(10,144)	(28,756)	153,582
Net assets released from restrictions	6,487	(6,487)	-	-
<b>Total non-operating activities</b>	<b>(737,377)</b>	<b>(16,631)</b>	<b>(754,008)</b>	<b>946,717</b>
<b>Change in net assets</b>	<b>(1,310,631)</b>	<b>48,468</b>	<b>(1,262,163)</b>	<b>1,857,414</b>
<b>Net assets, beginning of year</b>	<b>6,928,535</b>	<b>716,456</b>	<b>7,644,991</b>	<b>5,787,577</b>
<b>Net assets, ending of year</b>	<b>\$ 5,617,904</b>	<b>\$ 764,924</b>	<b>\$ 6,382,828</b>	<b>\$ 7,644,991</b>

See notes to financial statements.

**METROPOLITAN FAMILY SERVICE**

**STATEMENT OF FUNCTIONAL EXPENSES**

**Year Ended June 30, 2022**

(With Comparative Totals for the Year Ended June 30, 2021)

	<u>Program Services</u>	<u>SUPPORTING SERVICES</u>		<u>Total</u>	
		<u>Management and General</u>	<u>Fundraising</u>	<u>2022</u>	<u>2021</u>
Salaries	\$ 4,933,636	\$ 1,163,896	\$ 177,086	\$ 6,274,618	\$ 5,791,775
Employee benefits and taxes	1,024,359	223,853	38,308	1,286,520	1,188,138
Advertising	14,907	16,939	1,033	32,879	37,623
Depreciation and amortization	7,483	-	-	7,483	7,190
Client Assistance	886,196	-	-	886,196	674,115
In-kind food and supplies	206,356	-	1,176	207,532	24,629
Insurance	1,166	35,165	-	36,331	38,396
Local travel	149,779	792	65	150,636	118,304
Minor equipment and furniture purchase, rent and repair	143,769	86,231	5,012	235,012	170,292
Occupancy	220,616	22,157	3,678	246,451	206,775
Professional fees and contract service payments	139,632	253,235	1,234	394,101	251,454
Staff training and conferences	47,380	2,755	299	50,434	14,510
Supplies and miscellaneous	548,775	21,485	2,231	572,491	502,277
Telephone	92,649	27,829	1,761	122,239	130,696
	<b>\$ 8,416,703</b>	<b>\$ 1,854,337</b>	<b>\$ 231,883</b>	<b>\$ 10,502,923</b>	<b>\$ 9,156,174</b>

See notes to financial statements.

**METROPOLITAN FAMILY SERVICE**

**STATEMENT OF CASH FLOWS**

**Year Ended June 30, 2022**

(With Comparative Totals for the Year Ended June 30, 2021)

	<b>2022</b>	<b>2021</b>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ (1,262,163)	\$ 1,857,414
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
(Increase) decrease in value of beneficial interest in assets held by others	28,756	(153,582)
(Gain)/loss, interest and dividends from investments, net of fees	542,107	(924,393)
Depreciation and amortization	7,483	7,190
Loss on disposal of property and equipment	-	4,423
Changes in assets and liabilities:		
Government grants and contracts receivable	50,195	(359,508)
Prepaid expenses and other current assets	(11,484)	4,412
Accounts payable	35,838	(360)
Refundable advances	(25,612)	(1,114,937)
Other current liabilities	16,302	21,017
<b>Net cash provided by (used in) operating activities</b>	<b>(618,578)</b>	<b>(658,324)</b>
<b>Cash flows from investing activities:</b>		
Purchases of property and equipment	(8,907)	(31,586)
Net proceeds (purchases) of investments	542,086	18,480
<b>Net cash provided by (used in) investing activities</b>	<b>533,179</b>	<b>(13,106)</b>
<b>Net change in cash and cash equivalents</b>	<b>(85,399)</b>	<b>(671,430)</b>
Cash and cash equivalents, beginning of year	685,194	1,356,624
<b>Cash and cash equivalents, end of year</b>	<b>\$ 599,795</b>	<b>\$ 685,194</b>

See notes to financial statements.



## METROPOLITAN FAMILY SERVICE

### NOTES TO FINANCIAL STATEMENTS

June 30, 2022

#### NOTE A – DESCRIPTION OF AGENCY

Metropolitan Family Service (the Agency) is an independent not-for-profit agency, established to help people move from poverty to prosperity, from inequity to social justice, and from social isolation to connectedness.

The Agency focuses its efforts on three key community initiatives: 1. Strengthening early childhood development and building youth success through collaboration and innovation. 2. Developing and promoting effective approaches to community-based health and wellness throughout the lifespan. Advancing individual and family economic well-being. Additionally, collaboration and partnership with other organizations is necessary and vital. On a programmatic level, the Agency partners with hundreds of organizations at 30+ service sites. It is the Agency's deep commitment to collaboration and partnership that is helping us work toward truly transforming the programming and systems that we need to create long-term, larger-scale change in our community.

Since 1950, we've joined forces with key community partners from education, healthcare, business and government to create opportunities that change lives and make communities stronger. Our commitment to people of all ages who face limitations of income and access to needed resources, provides short term solutions and opportunities for life long success. The Agency works within the community to deliver culturally responsive programs that help people succeed – whether it is at a school, community center or in someone's home – we meet people where they are. By supporting the Agency you are helping to create a world where children never go hungry, young people are always educated, families are financially stable, older adults remain connected and everyone is healthy, happy, and cared for.

During Fiscal Year 2022 the Agency served 18,000 clients. Seventy-two percent are clients of color. The Agency:

- Helps youth and families living in low resourced communities via Community School programs, school-based intergenerational tutoring/mentoring, and family engagement activities. The Agency has created stable partnerships with over 25 schools across 7 districts over the past 19 years.
- Supports families via early childhood learning/kindergarten-readiness programs; parenting, health and economic empowerment programs. This year approximately 200 families were served.
- Collaborates with culturally-specific partners to provide in-depth wraparound services to families via the Albina-Rockwood Promise Neighborhood Initiative. This year approximately 90 families were served.
- Provided almost 16,000 rides to older and disabled adults despite COVID-related safety and space restrictions that limited the number of people who were able to use vans and buses at any given time.

## METROPOLITAN FAMILY SERVICE

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2022

#### NOTE A – DESCRIPTION OF AGENCY (CONTINUED)

- Results of our economic empowerment program: Services are integrated across core programs to enhance results for financial stability and other social service programs. The Agency helped boost family income by an average of \$1,800 last year by connecting families to Earned Income Tax Credits. This year, 315 people were served through economic empowerment services, including group and 1:1 financial coaching, budgeting, asset building (low cost auto loans and Individual Development Accounts), debt management and credit information. In September 2019, MFS expanded Economic Empowerment services through a merger with CASH Oregon, a 501(c)3 organization that has been singularly focused on helping people with free tax preparation. MFS merged with CASH Oregon in order to add to the Economic Empowerment set of services at MFS through adding capacity to help people who are not required to file taxes, but who are eligible for returns through Earned Income Tax Credits and Child Tax Credits. The merger added 11,489 service users who are now supported around their tax prep needs.
- Offers services for older adults including transportation and in-home supports to help maintain independence; this year, 800 older adults have been helped. Last year, almost 16,000 rides to medical appointments, the grocery store or social outings were provided for around 800 isolated older and disabled adults.
- Distributed over 1.5 million pounds of food across 40,000 pantry visits at our school-based food pantries and markets last year.

The Agency uses a results-based accountability framework to track results and continuous improvement processes. Key indicators include: (1) increases in overall financial health as evidenced by improved credit scores, increased savings, increased assets and decreased debt burden and improved employment (2) increases in 3rd grade reading proficiency scores, attendance, credit attainment and graduation (3) increases in social emotional readiness for children entering kindergarten (4) increased access to adequate nutrition (5) decreased social isolation for older adults.

In 2014, the Agency began to analyze its capacity to advance racial equity using the Protocol for Culturally Responsive Organizations. The Agency used the results of the Protocol to deepen commitment to advancing equity at all levels. In 2015, the Agency invested in the Efforts to Outcomes database to advance its capacity to disaggregate results by race & ethnicity, designed a Racial Equity Lens to evaluate programmatic work, and finalized an Equity and Cultural Responsiveness Plan as well as a board/leadership DEI Cultural Responsiveness principles/commitments, both of which are reviewed each year. A Diversity and Equity Committee made up of staff from all levels and programs at the Agency helps guide our thinking about programmatic equity considerations, training, and other internal processes.

## METROPOLITAN FAMILY SERVICE

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2022

#### NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### Adoption of New Accounting Pronouncements

During the fiscal year ended June 30, 2022, the Agency adopted ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The purpose of the ASU 2020-07 is to clarify the presentation and disclosure of contributed nonfinancial assets with an intention to provide the reader of the financial statements a clearer understanding of what type of nonfinancial assets were received and how they are used and recognized by the Agency. It is important to note that the ASU 2020-07 did not change the accounting and recognition of nonfinancial assets but rather the presentation and disclosure requirements in the financial statements.

##### Financial Statement Presentation

The Agency reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Accordingly, the net assets of the Agency and changes therein are classified and reported as follows:

- **Net Assets Without Donor Restrictions** – Net assets that are not subject to donor-imposed stipulations. The Board of Directors may designate net assets without donor restrictions for specific purposes.
- **Net Assets With Donor Restrictions** – Net assets subject to donor-imposed stipulations that will be met either by actions of the Agency and/or the passage of time, or net assets with donor restrictions that are not subject to appropriation or expenditure.

##### Contributions

Contributions are recognized when the donor makes a promise to give to the Agency that is, in substance, unconditional. Contributions with donor restrictions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. Otherwise, when a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. Contributions received with both donor-imposed conditions and restrictions that are met in the same reporting period are reported as support without donor restrictions and increase net assets without donor restrictions.

Expenses are reported as a decrease in net assets without donor restrictions. Gains and losses are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expiration of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

##### Functional Allocation of Expenses

The costs of providing the programs and supporting services have been summarized in the Statement of Activities. Directly identifiable expenses are charged to programs and supporting services when incurred. Certain costs, including office expense, occupancy, leases and utilities have been allocated among the programs and supporting services benefited based primarily on FTE of regular benefited staff in the approved budget.

## METROPOLITAN FAMILY SERVICE

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2022

#### NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### Interpretation of Relevant Law Over Endowments

The Agency has interpreted Oregon's adoption of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the Agency to adopt investment and spending policies that preserve the fair value of the original endowed gift as of the date of the gift, absent explicit donor restrictions to the contrary. Although the Agency has a long-term fiduciary duty to the donor (and others) for a fund of perpetual duration, the preservation of an endowment's purchasing power is only one of several factors that are considered in managing and investing these funds.

Furthermore, in accordance with UPMIFA, a portion of an endowment's historic dollar value may be appropriated for expenditure in support of the designated purposes of the endowment if this is consistent with a spending policy that otherwise satisfies the requisite standard of prudence under UPMIFA. As a result of this interpretation, the Agency classifies as restricted in perpetuity net assets the original value of gifts donated to the permanent endowment.

In general, investment returns on the Agency's endowment are available for retention or appropriation based on the same prudent standards and policies established by the Board of Directors and, therefore, are classified as restricted net assets until the returns are appropriated for expenditure by the Board of Directors and, if the use of the investment return is restricted by the donor, until the restriction has also been satisfied. Any investment return classified as restricted in perpetuity net assets represents only those amounts required to be retained permanently as a result of explicit donor stipulations.

##### Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

##### Cash and Cash Equivalents

For purposes of these financial statements, all short-term, highly liquid investments with maturities of three months or less when purchased are considered to be cash equivalents. Cash and cash equivalents held for long-term investment purposes are excluded from cash and cash equivalents and are included in investments.

##### Concentration of Credit Risk

- Receivables consist primarily of uncollateralized fees from government grants and contracts. Grantors are primarily from the greater Portland, Oregon metropolitan area. The government grants and contracts are from a combination of local, state and federal governments. No allowance for doubtful accounts has been recorded, as management believes all accounts are collectible, based on historical experience and knowledge of current circumstances.
- The Agency has cash and cash equivalents which may exceed FDIC depository insurance limits. The Agency makes such deposits with high credit quality entities and has not incurred any credit related losses. Amounts exceeding FDIC limits were \$548,292 at June 30, 2022.

## METROPOLITAN FAMILY SERVICE

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2022

#### NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### Concentration of Credit Risk (Continued)

- Investments are valued at their fair value in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets. Net appreciation in the fair value of investments, which consists of the realized gains or losses and the unrealized appreciation (decline) of those investments, is also shown in the Statement of Activities. Interest income is accrued as earned. Included in investments is the Agency's Operating Reserve of \$292,954 at June 30, 2022. See Note C for a discussion of fair value measurements.

##### Accounts Receivable

Generally accounts receivable are due 30 days after the issuance of the invoice. Receivables past due more than 120 days are considered delinquent. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the grantor. There were immaterial amounts older than 90 days at June 30, 2022.

##### Endowment Investment and Spending Policies

The goal of the Agency's investment program for funds held as endowment is to achieve a total rate of return that will allow the Agency to respond to today's needs and the long-term growth necessary to respond to future needs. The investment objective for endowed funds is to retain (at a minimum) when possible an increase in the purchasing power of the funds, while at the same time producing a reasonable return for distribution to meet current needs. To meet this investment objective, the Agency follows a total return strategy in which investment decisions are made with the intent of maximizing the long-term total return of the portfolio, combining market-value changes (realized and unrealized) and current yield (interest and dividends). Agency endowment assets are invested in The Oregon Community Foundation (OCF) as an endowment partner, or at Ferguson Wellman Capital Management.

For the OCF funds, the Agency has adopted a spending policy based on the policies of its endowment partner, OCF, to determine the annual amount available for distributions from funds held as permanent endowment. Each year OCF sets an annual payout rate for the coming year based on a 10-year projection of investment return. Currently, if the projected 10-year return is 9% or above, the payout for grants will be 5% of market value; if the projected 10-year return is below 9%, the payout for grants will be 4-1/2% of market value. Market value is determined using a 13-quarter trailing average of fund market value.

For the remaining funds, the Agency distributes up to 5% of the value of the endowment assets as of December 31 each year as needed during the following fiscal year.

The Agency's investment objective for funds held as permanent endowment funds is to grow the portfolio to support operations and provide strategic capital for the Agency. To meet this objective, assets of individual funds are invested in a mixture of cash, bonds, stocks, and exchange-traded and mutual funds that will produce a reasonable return over a reasonable period, consistent with the payout schedule and program objective of the fund.

**METROPOLITAN FAMILY SERVICE**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2022**

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Property and Equipment**

Property and equipment individually in excess of \$5,000 are stated at cost for items purchased and for donated items, at their fair market value at time of receipt. Depreciation and amortization is provided on the straight-line method over the estimated useful lives of the net assets.

**Refundable Advances**

Refundable advances result primarily from a conditional grant payments received prior to the incurrence of allowable grant expenditures, and are refundable to the grantor if not used for grant purposes.

**Income Taxes**

The Agency operates as a nonprofit Agency and has received tax-exempt status under Code Section 501(c)(3) of the Internal Revenue Code and comparable state law. Accordingly, no provision for income taxes is included in the accompanying financial statements. The Agency does not believe it has unrelated trade or business income in excess of \$1,000.

**Prior Year Summarized Financial Information**

The financial statements include certain prior-year summarized comparative information in total but not by net asset class or natural expense classification by function. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with Metropolitan Family Service financial statements for the year ended June 30, 2021, from which the summarized information was derived.

**NOTE C – FAIR VALUE MEASUREMENTS**

Valuation techniques used to measure fair value are prioritized into the following hierarchy:

**Level 1** – Quoted prices in active markets for identical assets. Assets in this level typically include publicly traded equities and bonds, mutual fund investments, exchange traded funds, and cash equivalents.

**Level 2** – Quoted prices for similar assets in active or inactive markets, or inputs derived from observable market data such as published interest rates and yield curves, over-the-counter derivatives, market modeling, or other valuation methodologies.

**Level 3** – Unobservable inputs that reflect management's assumptions and best estimates based on available data. Assets in this level include beneficial interest in assets held by others.

**METROPOLITAN FAMILY SERVICE**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2022**

**NOTE C – FAIR VALUE MEASUREMENTS (CONTINUED)**

Fair value of the beneficial interest in assets held by others is determined by the Agency's endowment partner, OCF, and is based upon the Agency's proportionate interest in OCF's endowment partner fund liability after adjustments for contributions and distributions made during the year. OCF's endowment partner fund liability is stated at fair value, which is generally equivalent to the present value of future payments expected to be made to the endowment partners.

Realized and unrealized gains and losses from investments are reported in the Statement of Activities as they occur. There have been no changes in valuation techniques and related inputs.

Fair values of assets measured on a recurring basis at June 30 were as follows:

	Level 1	Level 3	Fair Value Total
Cash and cash equivalents	\$ 240,311	\$ -	\$ 240,311
Corporate bonds and notes	823,448	-	823,448
U.S. Government bonds	635,689	-	635,689
Equity investments	1,981,334	-	1,981,334
Equity ETFs and mutual funds	973,771	-	973,771
Other	29,363	-	29,363
Beneficial interest in assets held by others	-	505,438	505,438
	\$ 4,683,916	\$ 505,438	\$ 5,189,354

For the year ended June 30, 2022, the change in investments classified as Level 3 is as follows:

Balance, June 30, 2021	\$ 554,347
Total gains, losses, fees, and interest included on the Statement of Activities	(29,831)
Transfers to other investments	(19,078)
Balance, June 30, 2022	\$ 505,438

**NOTE D – BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS**

On July 31, 1998, \$341,710 was transferred to the Oregon Community Foundation (OCF) in conjunction with the dissolution of Metropolitan Family Service Foundation. Variance power was not granted to OCF unless the Agency ceases to exist or loses its tax-exempt status, and distributions in the amount of a reasonable rate of return determined by OCF will be distributed to the Agency each year.

**METROPOLITAN FAMILY SERVICE**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2022**

**NOTE E – RECONCILIATION OF ENDOWMENT NET ASSETS**

	Without Donor Restrictions - Board <u>Designated</u>	With Donor Restrictions	<u>Total</u>
Endowment net assets, beginning of year	\$ <u>5,786,328</u>	\$ <u>188,505</u>	\$ <u>5,974,833</u>
Interest and dividend income	163,727	1,172	164,899
Investment gains/(losses) (realized and unrealized)	<u>(689,409)</u>	<u>(11,316)</u>	<u>(700,725)</u>
Total investment return	(525,682)	(10,144)	(535,826)
Other changes: Withdrawals	<u>(535,599)</u>	<u>(6,487)</u>	<u>(542,086)</u>
Endowment net assets, end of year	\$ <u>4,725,047</u>	\$ <u>171,874</u>	\$ <u>4,896,921</u>

Of the donor restricted endowment net assets, \$116,831 is not subject to expiration.

**NOTE F – IN-KIND CONTRIBUTIONS**

In-kind contributions are provided in a number of ways by volunteers, funders, and other friends of the Agency. Valuation of donated goods is based on an estimate of fair market value of the goods. Donated food is valued based on the Oregon Department of Education meal cost reimbursement rate. In-kind assistance of \$980,585 was passed through to another organization and is included in gross in-kind contributions but is removed from net revenue as the Agency has no variance power. No amounts have been reflected in the financial statements for donated services by the Board members involved in Board activities or for unpaid volunteers because criteria for recognition has not been met. No in-kind contributions were monetized.

Utility bill assistance	\$ 980,585
Meals	203,076
Supplies	4,456
	<u>1,188,117</u>
Less pass-through in-kind assistance	<u>(980,585)</u>
In-kind contribution revenue, net of pass-through	\$ <u>207,532</u>

In-kind food and supplies of approximately \$207,532 are included in the Agency's Statement of Functional Expenses.



**METROPOLITAN FAMILY SERVICE**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2022**

**NOTE G – PENSION PLAN**

The Agency provides retirement benefits for all eligible employees through either a 401(k) profit sharing plan or a 457(b) deferred compensation plan under which it contributes a discretionary amount of participating employees' annual salaries to the plans. The percentage of employees' annual salaries to be contributed is determined annually. Contributions for 2022 were \$127,252.

**NOTE H – COMMITMENTS, CONTINGENCIES, AND UNCERTAINTIES**

The Agency leases certain facilities under operating leases which expire in April 2026. The Agency is responsible for utilities, taxes and insurance. Minimum rental commitments for the years ending after June 30, 2022 are as follows:

Year Ending June 30,	
2023	\$ 176,614
2024	119,990
2025	36,852
2026	<u>16,338</u>
	<u>\$ 349,794</u>

Rental expense for the year ended June 30, 2022 was \$188,626.

**NOTE I – NET ASSETS**

The Board designated Family endowment included in net assets without donor restrictions represents an endowment fund created by the Board of Directors with the goal of supporting operations now and into the future. Up to 5% of the Family endowment may be used each year for such purposes as determined annually by the Board. This fund can, in addition to the annual distribution, help fund strategic initiatives. A proposal must be submitted by staff and full approval by the board is required for these requests.

Net assets with donor restrictions consist of:

Principal restricted in perpetuity	\$ 116,831
Unappropriated endowment earnings	<u>55,043</u>
Total endowment restricted net assets	171,874
Purpose restricted by grantors	<u>593,050</u>
Total net assets with donor restrictions	<u>\$ 764,924</u>

**METROPOLITAN FAMILY SERVICE**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2022**

**NOTE J – LIQUIDITY**

The following represents the Agency's financial assets available to meet cash needs for general expenditures within one year of June 30, 2022:

Financial assets at year-end*	
Cash and cash equivalents	\$ 599,795
Receivables	1,505,681
Investments and beneficial interest	5,189,354
Total financial assets	<u>7,294,830</u>
Less amounts unavailable for general expenditure within one year:	
Contractual or donor-imposed restrictions:	
Restricted by donors for family endowment	171,874
Restricted by donors with purpose restriction	593,050
Board designations:	
Board-designated endowment fund	4,725,047
Less appropriated for expenditure in fiscal year 2023	281,701
Total unavailable financial assets	<u>5,771,672</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,523,158</u>

\* Total assets, less nonfinancial assets (e.g. property and equipment, prepaid expenses)

The Agency's endowment funds consist of donor-restricted endowments and a board-designated endowment. Income from donor-restricted endowments is not available for general expenditure until appropriated. The Agency appropriates endowment funds according to the spending policy in Note B on an annual basis as part of the budgeting process. Appropriations of \$281,701 from the endowment funds will be available within the next 12 months.

As part of the Agency's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Agency invests cash in excess of current requirements in short-term investments. Although the Agency does not intend to spend from its board-designated endowment other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from its board-designated endowment could be made available if necessary to manage unanticipated liquidity needs.

**NOTE K – SUBSEQUENT EVENTS**

Subsequent events have been evaluated through March 21, 2023, which is the date the financial statements were available to be issued.