

PARENTING NOW

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

**For the Year Ended June 30, 2023
(with Comparative Totals for the Year Ended June 30, 2022)**

Jones & Roth
CPAs & Business Advisors

PARENTING NOW
FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2023
(with Comparative Totals for the Year Ended June 30, 2022)

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1 - 3
Financial Statements:	
Statement of Financial Position	4
Statement of Activities	5
Statement of Cash Flows	6
Statement of Functional Expenses	7 - 8
Notes to Financial Statements	9 - 22
Supplementary Information:	
Schedule of All Other Program Expenses	23 - 24

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Parenting Now
Eugene, Oregon

Opinion

We have audited the accompanying financial statements of Parenting Now (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Parenting Now as of June 30, 2023, and the changes in 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. 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 Parenting Now 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 opinion.

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 Parenting Now'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 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.

In performing an audit in accordance with generally accepted 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 Parenting Now'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 Parenting Now'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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited Parenting Now's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 14, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Jones & Roth, P.C.

Jones & Roth, P.C.
Eugene, Oregon
March 28 2024

FINANCIAL STATEMENTS

PARENTING NOW
STATEMENT OF FINANCIAL POSITION
June 30, 2023
(With Comparative Totals for June 30, 2022)

	2023	2022
Assets		
Current assets		
Cash and cash equivalents	\$ 349,365	\$ 200,654
Receivables	130,472	96,089
Employee Retention Credit (ERC) receivable	-	291,926
Unconditional promises to give	-	290
Grants receivable	-	25,000
Prepaid expenses	44,291	37,596
Inventory of curricula materials	38,089	36,532
Total current assets	562,217	688,087
Long-term assets		
Beneficial interest in the assets of The Oregon Community Foundation (OCF)	185,174	174,974
Property and equipment, net	483,148	486,427
Curricula development costs, net	255,093	210,531
Total long-term assets	923,415	871,932
Total assets	\$ 1,485,632	\$ 1,560,019
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 51,959	\$ 19,052
Accrued payroll and payroll taxes	90,656	89,221
Accrued vacation	47,969	50,222
Deferred income	39,700	13,510
Bank loans, current portion	9,475	9,054
Total current liabilities	239,759	181,059
Long-term liabilities		
Bank loans, long-term portion	332,087	341,183
Total liabilities	571,846	522,242
Net assets		
Net assets without donor restrictions:		
Undesignated operating funds	636,912	693,125
Board designated	185,174	174,974
Total net assets without donor restrictions	822,086	868,099
Net assets with donor restrictions	91,700	169,678
Total net assets	913,786	1,037,777
Total liabilities and net assets	\$ 1,485,632	\$ 1,560,019

The accompanying notes are an integral part of these statements.

PARENTING NOW
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023
(With Comparative Totals for the Year Ended June 30, 2022)

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Support				
Contributions	\$ 123,594	\$ 207,200	\$ 330,794	\$ 681,799
Special events	241,436	-	241,436	264,590
Contributions in-kind	6,650	-	6,650	16,203
 Total support	 <u>371,680</u>	 <u>207,200</u>	 <u>578,880</u>	 <u>962,592</u>
Revenues				
Curricula sales and training	177,799	-	177,799	123,198
Contract revenue	823,280	-	823,280	745,372
Parent dues	20,652	-	20,652	8,380
Miscellaneous income	516	-	516	1,202
Interest and dividends	20,351	-	20,351	683
Net realized gains (losses) on investments	(622)	-	(622)	1,387
Net unrealized gains (losses) on investments	11,335	-	11,335	(11,085)
Net assets released from restrictions	285,178	(285,178)	-	-
 Total revenues	 <u>1,338,489</u>	 <u>(285,178)</u>	 <u>1,053,311</u>	 <u>869,137</u>
 Total revenues and support	 <u>1,710,169</u>	 <u>(77,978)</u>	 <u>1,632,191</u>	 <u>1,831,729</u>
Expenses				
Program services	1,440,460	-	1,440,460	1,238,137
Management and general	179,995	-	179,995	138,085
Fundraising	135,727	-	135,727	157,394
 Total expenses	 <u>1,756,182</u>	 <u>-</u>	 <u>1,756,182</u>	 <u>1,533,616</u>
 Change in net assets	 (46,013)	 (77,978)	 (123,991)	 298,113
Net assets, beginning of year	<u>868,099</u>	<u>169,678</u>	<u>1,037,777</u>	<u>739,664</u>
Net assets, end of year	<u>\$ 822,086</u>	<u>\$ 91,700</u>	<u>\$ 913,786</u>	<u>\$ 1,037,777</u>

The accompanying notes are an integral part of these statements.

PARENTING NOW
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2023
(With Comparative Totals for the Year Ended June 30, 2022)

	2023	2022
Cash flows from operating activities		
Change in net assets	\$ (123,991)	\$ 298,113
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	59,293	55,383
Loss on disposal of assets	-	149
Donated property and equipment	-	(5,716)
Net realized and unrealized (gain) loss on investments	(10,713)	9,698
(Increase) decrease in operating assets:		
Receivables	(34,383)	21,134
ERC receivable	291,926	(291,926)
Unconditional promises to give	290	710
Grants receivable	25,000	50,000
Prepaid expense	(6,695)	(22,610)
Inventory of curricula materials	(1,557)	(12,449)
Increase (decrease) in operating liabilities:		
Accounts payable	32,907	(838)
Deferred income	26,190	6,810
Accrued payroll and payroll taxes	1,435	13,955
Accrued vacation	(2,253)	(487)
	257,449	121,926
Net cash provided by operating activities		
Cash flows from investing activities		
Purchase of property and equipment	(100,576)	(58,738)
Reinvestments in beneficial interest in the assets of OCF	513	(99,428)
	(100,063)	(158,166)
Net cash used by investing activities		
Cash flows from financing activities		
Principal payments on long-term debt	(8,675)	(8,304)
	(8,675)	(8,304)
Net cash used by financing activities		
Net increase (decrease) in cash and cash equivalents	148,711	(44,544)
Cash and cash equivalents, beginning of year	200,654	245,198
Cash and cash equivalents, end of year	\$ 349,365	\$ 200,654
Supplemental disclosure of cash flow information		
Cash paid for interest	\$ 19,213	\$ 19,042

The accompanying notes are an integral part of these statements.

PARENTING NOW
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2023
(With Comparative Totals for the Year Ended June 30, 2022)

	Program Services			
	First Three Years	Make Parenting A Pleasure	Healthy Families	Curricula Sales and Training
Salaries	\$ 91,388	\$ 43,230	\$ 599,434	\$ 95,527
Payroll taxes and insurance	2,593	4,596	64,053	10,059
Health and disability benefits	856	2,946	26,132	7,094
Total salaries and related payroll expenses	94,837	50,772	689,619	112,680
Other expenses:				
Contracts	51	2,596	1,216	134
Nutrition	1,050	493	699	212
Utilities	353	669	8,474	937
Transportation	10	1,149	9,998	1,410
Program materials	1,385	505	4,151	793
Bank and investment fees	119	225	2,855	316
Professional fees	178	339	7,341	476
Insurance	582	1,093	14,112	1,546
Repairs and maintenance	463	881	11,131	1,232
Information technology	278	529	6,881	963
Equipment, furnishings, and renovations	12	127	498	101
Depreciation and amortization	956	559	23,399	27,052
Rent and storage fees	43	60	8,278	639
Supplies	73	167	1,392	218
Telephone	218	1,634	14,699	1,478
Postage	59	255	1,798	2,865
Staff development and conferences	-	270	7,091	352
Subscriptions	81	173	2,554	3,658
Membership fees and social support	17	30	854	44
Volunteer recognition	-	-	-	-
Printing	131	249	3,203	401
Copying	185	325	1,066	325
Criminal check	10	20	244	27
Interest expense	499	947	11,969	1,324
Advertising	8	530	542	19
Cost of curricula sold	-	-	-	20,684
Bad debts	-	-	-	1
Miscellaneous	12	76	269	108
Total other expenses	6,773	13,901	144,714	67,315
Total functional expenses	\$ 101,610	\$ 64,673	\$ 834,333	\$ 179,995

Supporting Services

Car Seat Safety Program	All Other	Total Program Services	Management and General	Fundraising	2023 Total	2022 Total
\$ 2,161	\$ 114,173	\$ 945,913	\$ 129,932	\$ 73,282	\$ 1,149,127	\$ 992,346
267	19,325	100,893	13,795	7,530	122,218	107,471
156	6,776	43,960	10,716	1,648	56,324	61,684
<u>2,584</u>	<u>140,274</u>	<u>1,090,766</u>	<u>154,443</u>	<u>82,460</u>	<u>1,327,669</u>	<u>1,161,501</u>
27	18,832	22,856	-	29,484	52,340	47,908
1	142	2,597	866	1,440	4,903	1,614
190	2,979	13,602	-	-	13,602	12,049
63	241	12,871	150	3	13,024	4,268
13,822	2,022	22,678	-	9,253	31,931	26,718
64	2,672	6,251	-	2,437	8,688	5,972
96	1,510	9,940	17,669	-	27,609	24,812
313	4,909	22,555	3,776	-	26,331	24,081
249	28,800	42,756	-	-	42,756	24,791
150	11,821	20,622	783	2,328	23,733	28,589
8	618	1,364	94	229	1,687	1,243
137	7,190	59,293	-	-	59,293	55,383
10	151	9,181	-	-	9,181	9,141
27	717	2,594	-	695	3,289	5,145
117	4,527	22,673	720	720	24,113	25,286
30	1,396	6,403	18	1,907	8,328	6,438
-	855	8,568	21	160	8,749	3,081
43	915	7,424	180	383	7,987	8,328
9	190	1,144	438	190	1,772	2,587
-	119	119	-	-	119	268
70	5,714	9,768	-	3,174	12,942	12,637
17	287	2,205	13	26	2,244	2,526
5	260	566	-	-	566	714
268	4,206	19,213	-	-	19,213	19,042
4	66	1,169	369	-	1,538	3,496
-	-	20,684	-	-	20,684	14,393
-	-	1	-	290	291	917
6	126	597	455	548	1,600	688
<u>15,726</u>	<u>101,265</u>	<u>349,694</u>	<u>25,552</u>	<u>53,267</u>	<u>428,513</u>	<u>372,115</u>
<u>\$ 18,310</u>	<u>\$ 241,539</u>	<u>\$ 1,440,460</u>	<u>\$ 179,995</u>	<u>\$ 135,727</u>	<u>\$ 1,756,182</u>	<u>\$ 1,533,616</u>

The accompanying notes are an integral part of these statements.

PARENTING NOW
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

1. Nature of Activities and Significant Accounting Policies

Organization

Parenting Now, formerly Birth To Three, Inc. (the Organization), was incorporated in 1978 as an Oregon not-for-profit organization whose objective is to strengthen families and promote the well-being of children through parenting education and support. Parents are brought together in groups with a professional parent educator to increase their knowledge of early childhood development, share their parenting experiences, learn about community resources, and create support networks among themselves.

In addition, Parenting Now provides nationally recognized parenting curricula, materials, training, and consultation for programs and practitioners throughout the United States and internationally. Group programs and activities include:

First Three Years consists of the Incredible Infants, Wonderful ONEs and Terrific TWOs programs. Each program brings together families who have children of similar ages and provides parenting education and support based on the developmental stages of the children. It includes a children's program.

Make Parenting A Pleasure is designed for parents who are experiencing high levels of stress in their lives and have children between the ages of birth and 8 years. It includes a children's program.

Teen Parents provides parenting education and support in a program developed to meet the needs of pregnant and parenting teens 12-21 years of age. Based on Make Parenting a Pleasure, it includes weekly parenting support groups, individual home visits, assistance accessing community resources, as well as parenting education and family/child activities. It includes a children's program.

Creceer provides parenting education and support designed specifically for parents whose primary language is Spanish. It uses a culturally adapted version of the *Make Parenting A Pleasure* curriculum. It includes a children's program.

Home Visiting:

Healthy Families Lane County at Parenting Now is a home-visiting program funded by Healthy Families Lane County. It provides ongoing parenting education, support and referrals in the home of first-time parents with professional Family Support workers.

Car Seat Safety:

Car Seat Safety Clinics is a program to assist parents and others in proper use of child car safety seats. The program allows for providing car safety seats for those in need and offers technical assistance with proper installation and fitting of car seats.

Funding for these programs, which primarily serve Lane County, Oregon, is provided by foundation grants and contracts, funding from United Way, donations from businesses and the general public, and from the sale of curricula and parent educator training.

PARENTING NOW
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

1. Nature of Activities and Significant Accounting Policies, continued

Income Taxes

The Organization is a charitable organization exempt from payment of federal income taxes under Internal Revenue Code Section 501(c)(3). In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents consist of three demand deposit accounts.

Receivables

Receivables are reported at the gross amount receivable without provision for uncollectible accounts. The Organization uses the direct write-off method for uncollectible accounts. Receivables over 30 days old are considered past due.

Inventory

Inventory consists of curricula and related materials, such as instructor guides and media materials, available for sale. Inventory is valued at the lower of cost (first-in, first-out) or market.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses, if any, are included in the change in net assets.

Beneficial Interest in the Assets of The Oregon Community Foundation (OCF)

The Organization has established a reserve fund with OCF. The fund is reported as a beneficial interest in the assets of OCF on the statement of financial position. These funds are not held in a depository account but rather are in an "endowment fund" that is legally owned by OCF. Under United States Treasury Regulations, all community foundation endowment fund agreements must include terms which grant the community foundation's Board of Directors the authority to modify restrictions and conditions of the fund agreement under certain circumstances (often referred to as "variance power"). As a result, all component funds are considered to be part of a single public charity, in this case the OCF.

PARENTING NOW
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

1. Nature of Activities and Significant Accounting Policies, continued

Beneficial Interest in the Assets of The Oregon Community Foundation (OCF), continued

The OCF variance power clause reads: “Whenever, in the sole judgment of the board of directors (without the necessity of the approval of any participating trustee, custodian or agent), any restriction or condition on the distribution of funds for any specified charitable, educational, or scientific purposes or to specified organizations or governmental units becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable, educational, and scientific needs of the state of Oregon, the board of directors may, by the affirmative vote of a majority of its members, order such modification of such restriction or condition and such application of the whole or any part of the principal or income of the funds as in its judgment is then necessary to serve more effectively the charitable, educational, and scientific purposes of the Corporation.”

The OCF accounts for these funds in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entities*, which states that if a community foundation accepts a contribution from an agency and agrees to transfer those assets and/or the investment return on those assets back to the agency, then those contributions are presented as both an asset and a liability on the financial statements of the community foundation (i.e., the OCF), and as an asset on the financial statements of the agency (i.e., the Organization). This treatment is for financial statement presentation purposes only as the legal ownership of these funds remains with the OCF.

Property and Equipment

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as support without donor restriction unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as support with donor restriction. Absent donor stipulations regarding how long the donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restriction to net assets without donor restriction at that time. Purchased property and equipment is recorded at cost at the date of acquisition and contributed property is recorded at the fair value at the date of the contribution. Purchases of property and equipment greater than \$500 are capitalized and depreciated using the straight-line method over three to forty years.

Curricula Development Cost

The Organization internally develops its curriculum and capitalizes development costs incurred during the course development stage. Costs that qualify for capitalization are external direct costs, payroll, and payroll-related expenses. Costs related to general and administrative functions are expensed as incurred. The Organization capitalizes curriculum development costs when the project under development reaches feasibility. Feasibility is established when planning, designing, and testing activities necessary to establish a course meet its design specifications. Capitalization ends when a course is available for general release, at which time amortization of the capitalized costs begins. The period of time over which these development costs will be amortized is generally ten years.

PARENTING NOW
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

1. Nature of Activities and Significant Accounting Policies, continued

Net Assets

Net assets of the Organization consisted of the following:

Net assets without donor restrictions – These net assets are available for general obligations of the Organization. The Organization’s Board of Directors has designated a portion of bequests and other funds to be held to benefit the general purposes of the Organization according to policies adopted by the Board of Directors.

Net assets with donor restrictions – These net assets are restricted by donors to be used for specific purposes. These net assets also include net assets that are permanently restricted by donors and cannot be used by the Organization. Currently, the Organization does not have any permanently restricted net assets.

Endowment Fund Policy

It is the intent of the Organization that the Endowment Fund be managed for long-term growth and remains intact except under the most critical of financial circumstances. The Board of Directors has established guidelines for the utilization of the Endowment Fund which exists to provide for the Organization’s ongoing operational expenses, capital expenditures, and physical improvements as determined appropriate by the Board of Directors based upon the recommendations of the Executive and Finance Committees.

The policy sets forth that the Organization shall accept current and deferred gifts to the Reserve Fund. The policy allows for bi-annual distributions to be made based upon an annual dividend rate determined by OCF. Additional distributions may be made during the year, but must be approved by the Board of Directors and the OCF review board.

Support

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions.

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restriction depending on the nature of the restrictions. When a restriction expires, these net assets are reclassified to net assets without donor restrictions.

Contributed services are recorded by the Organization at the fair market value of the services received. These amounts are recorded as in-kind contributions in accordance with professional standards.

PARENTING NOW
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

1. Nature of Activities and Significant Accounting Policies, continued

Contract Revenue

The primary source of contract revenue for the Organization is derived from its Healthy Families program with Lane County. Revenue and related receivables for these programs are accounted for under cost reimbursement principles and are recorded when the related program costs are incurred, which is considered satisfaction of the performance obligation, subject to grant allocation limitations. There is no variable consideration relating to contract fulfillment. Receivables are considered by management to be fully collectible and, accordingly, no allowance for doubtful accounts is considered necessary. As of June 30, 2023 and 2022, contracts receivables were \$73,649 and \$78,384, respectively.

Curricula Sales and Training

The Organization recognizes sales revenue at a point in time when the sale is made and training revenue when the service is performed, which is considered satisfaction of the performance obligation. There is no variable consideration for the sale.

Advertising Costs

The Organization's advertising costs are expensed as incurred. As of June 30, 2023 and 2022, the total expense was \$1,5398 and \$3,496 respectively.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. The Organization utilizes a simplified cost allocation method whereby specifically identifiable costs are charged directly to the program or supporting services and indirect costs are allocated among program and supporting services through an allocation base. The Organization uses an allocation based on the time and efforts of employees to allocate indirect costs to the functional expense categories. This allocation is evaluated on an annual basis. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Recent Accounting Standard Adopted

During the year ended June 30, 2023, the Organization implemented the provisions of FASB ASC Topic 842, *Leases*, using the modified retrospective approach, with July 1, 2022 as the date of initial application. The most significant change in the new leasing guidance is the requirement for lessees to recognize right-of-use (ROU) assets and lease liabilities for operating leases on the statement of financial position.

The Organization elected to utilize all of the practical expedients available under the transition guidance within the new standard. Adoption of the new standard did not have a material impact on the Organization's financial statements. The Organization did not recognize ROU assets and lease liabilities for its two non-cancelable leases expiring in 2024 (see Note 10) as the potential unrecorded ROU asset was below the Organization's internally established lease capitalization threshold.

PARENTING NOW
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

2. Cash and Cash Equivalents

As of June 30, cash and cash equivalents consisted of the following amounts:

	2023	2022
Cash on hand	\$ 73	\$ 75
Cash in depository accounts	349,292	200,579
Total cash and cash equivalents	\$ 349,365	\$ 200,654

3. Unconditional Promises to Give

As of June 30, 2023 and 2022, unconditional promises to give consisted of -0- and \$290, respectively, which is due in less than a year.

The Organization uses the allowance method to determine uncollectible pledges receivable. The allowance is based on prior years' experience and management's analysis of the individual pledges. As of June 30, 2023 and 2022, all unconditional promises to give were considered fully collectible.

4. Beneficial Interest in the Assets of The Oregon Community Foundation (OCF)

The following schedule summarizes the activity of the Endowment Fund, reported at fair value, for the year ended June 30:

	2023	2022
Additions:		
Interest and dividends	\$ 1,153	\$ 615
Contributions	-	100,000
Realized gains	-	1,387
Unrealized gains	11,335	-
Total additions	12,488	102,002
Decreases:		
Unrealized losses	-	(11,085)
Investment management fees	(779)	(315)
Realized losses	(622)	-
Miscellaneous fees	(887)	(579)
Total decreases	(2,288)	(11,979)
Net change	10,200	90,023
Beginning balance at July 1	174,974	84,951
Ending balance at June 30	\$ 185,174	\$ 174,974

PARENTING NOW
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

4. Beneficial Interest in the Assets of The Oregon Community Foundation (OCF), continued

Return Objectives and Risk Parameters

The objective of the fund is to retain (at a minimum) and, when possible, increase the purchasing power of the funds, while at the same time providing a reasonable return for distribution to meet current organizational needs. The funds are managed in good faith and with the care an ordinary prudent person in a like position would exercise under similar circumstances. The Organization expected the funds to provide an average rate of return of approximately 8 percent annually. Actual returns in any given year may vary from this amount, however.

Strategies Employed for Achieving Objectives

The OCF follows a total-return strategy in which 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). The OCF invests in a mixture of equities, fixed-income investments, an alternative investment classes such as hedge funds, distressed debt, private investments and cash.

The OCF utilizes the services of investment managers with proven records of performance in domestic and international markets, equity management, fixed-income management, and/or mixed-asset management. OCF managers with responsibility for equity management have demonstrated skill managing assets within but not necessarily including all of the following styles: core (including index funds), growth, value, small capitalization, and non-U.S. equities.

Spending Policy and How Investment Objectives Relate to the Spending Policy

Each year the OCF board sets an annual payout rate for the coming year based on their Investment Committee's 10-year projection of investment return. The payout range is 4% to 5% and is calculated using a 13-quarter trailing average of fund market value. New permanent funds are invested for a minimum of six months before being included in the valuation for distribution.

5. Property and Equipment

At June 30, property and equipment consisted of the following:

	2023	2022
Land	\$ 168,863	\$ 168,863
Building and improvements	701,748	701,748
Furniture and equipment	169,352	139,272
	1,039,963	1,009,883
Accumulated depreciation	(556,815)	(523,455)
Property and equipment, net	\$ 483,148	\$ 486,427

Depreciation expense for the years ended June 30, 2023 and 2022 was \$33,076, and \$29,167, respectively.

PARENTING NOW
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

6. Curricula Development Cost

At June 30, curricula development costs consisted of the following:

	2023	2022
Parenting: The First Three Years Curriculum	\$ 603,626	\$ 603,626
Make Parenting a Pleasure – Update	262,167	262,167
Parenting Now	24,327	24,327
Words to Love By Cards	23,362	23,362
Make Parenting a Pleasure Curriculum – Spanish Adaptation	93,568	93,568
Make Parenting a Pleasure – Spanish Adaptation Update	123,778	53,000
Parenting Knowledge Base	26,572	26,572
	1,157,400	1,086,622
Accumulated amortization	(902,307)	(876,091)
Curricula development costs, net	\$ 255,093	\$ 210,531

Amortization expense for the years ended June 30, 2023 and 2022 was \$26,217 and \$26,216, respectively.

7. Concentrations

Concentration of Revenue Sources and Receivables

Approximately 16 percent and 58 percent of receivables at June 30, 2023 and 2022, respectively, was due from the state of Oregon through Lane County. Approximately 50 percent and 41 percent of revenues during the years ended June 30, 2023 and 2022, respectively, was earned from the state of Oregon through Lane County.

Concentration of Custodial Risk Arising from Cash Deposits in Excess of Insured Limits

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of temporary cash investments and accounts receivable. The Organization places its temporary cash investments with a financial institution, at times in excess of the federally insured amount of \$250,000. At June 30, 2023 and 2022, \$109,360 and \$-0- were in excess of FDIC insured limits, respectively.

8. Conditional Contributions

The Organization receives some contributions which are considered conditional based on certain requirements for programs and staffing. These contributions are recognized when the donor's conditions have been met. At June 30, 2023 and 2022, the Organization had no conditional contributions.

PARENTING NOW
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

9. Bank Loan

Note payable to Banner Bank, matures January 10, 2029 and is secured by assets of the Organization. It requires monthly installments of \$2,341, including interest at 5.50 percent through January, 2024 at which time monthly installments of \$2,323 are required and the interest rate is to be recalculated based on the Bullet Rate for 5-Year FHLB Fixed Rate Advances plus 2.50 percent. The loan calls for one final payment of all outstanding principal and interest at maturity. Principal payments on the loan of \$9,475 are due in fiscal year 2024 and are included in bank loans, current portion on the statement of financial position.

Principal payments due over the next five years and thereafter are as follows:

<u>Year Ending June 30,</u>	
2024	\$ 9,475
2025	9,863
2026	10,419
2027	11,007
2028	11,628
Thereafter	<u>289,170</u>
Total	<u>\$ 341,562</u>

In October 2022, the Organization increased its line of credit from \$75,000 to \$150,000 with Banner Bank through October 1, 2025. This is secured by assets of the Organization. Borrowings accrue interest at the U.S. Prime Rate plus 2.00 percent, less 1.00 percent preferred rate reduction (minimum of 4.25 percent). At June 30, 2023 and 2022, there was no amount owing on the line of credit and interest rates were at 9.50 percent and 5.75 percent, respectively.

10. Operating Leases

The Organization leases a copier from Ricoh USA under an operating lease agreement that commenced August 2019. Monthly base rents under the lease are \$177 (per-copy overage charges are paid quarterly based on actual volume). In addition, the Organization also leases a postage meter under an operating lease that commenced December 2020 with minimum monthly payments of \$57.

At June 30, 2023, future minimum rent payments under the aforementioned lease agreements are as follows:

<u>Year Ending June 30,</u>	
2024	\$ 2,403
2025	<u>355</u>
Total	<u>\$ 2,758</u>

Operating lease costs reported in the accompanying financial statements totaled \$2,788 for the years ended June 30, 2023 and 2022, respectively.

PARENTING NOW
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

11. Endowment Fund

At June 30, the Endowment Fund consisted of the following:

	<u>2023</u>	<u>2022</u>
Unrestricted, Board designated reserve	\$ 185,174	\$ 174,974

A summary of Endowment Fund activity was as follows:

	<u>2023</u>	<u>2022</u>
Balance, July 1	\$ 174,974	\$ 84,951
Funds added	-	100,000
Investment returns:		
Unrealized gain (loss) on investments	11,335	(11,085)
Return on investments	<u>(1,135)</u>	<u>1,108</u>
Investment returns, net	<u>10,200</u>	<u>(9,977)</u>
Balance, June 30	<u>\$ 185,174</u>	<u>\$ 174,974</u>

12. Net Assets with Donor Restrictions

At June 30, net assets with donor restrictions are available for the following purposes:

	<u>2023</u>	<u>2022</u>
First 3 Years	\$ 7,000	\$ 20,000
Make Parenting a Pleasure	29,700	83,031
Curriculum Sales and Training Director	55,000	-
MPAP Second Edition – Spanish Translation	-	48,367
Car Seat Safety Program	-	10,000
Program Services	-	7,990
Unconditional Promises to Give – Future Periods	<u>-</u>	<u>290</u>
Total net assets with donor restrictions	<u>\$ 91,700</u>	<u>\$ 169,678</u>

13. Fair Value Measurement

For the years ended June 30, 2023 and 2022, professional standards require a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under professional standards are described below:

PARENTING NOW
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

13. Fair Value Measurement, continued

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to their fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodology used for assets measured at fair value. There have been no changes in the methodology used at June 30, 2023 and 2022.

Beneficial interest in the assets of OCF: Valued at the net asset value of units held by the Organization at year end.

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The Organization recognizes transfers of assets into and out of levels as of the date an event or change in circumstances causes the transfer. There were no transfers between levels in the years ended June 30, 2023 and 2022.

The following tables set forth by level, within the fair value hierarchy, the Organization's assets at fair values as of June 30.

	Assets at Fair Value as of June 30, 2023			
	Level 1	Level 2	Level 3	Total
Beneficial interest in the assets of OCF	\$ -	\$ -	\$ 185,174	\$ 185,174
Total assets at fair value	\$ -	\$ -	\$ 185,174	\$ 185,174

PARENTING NOW
 NOTES TO FINANCIAL STATEMENTS
 For the Year Ended June 30, 2023

13. Fair Value Measurement, continued

	Assets at Fair Value as of June 30, 2022			
	Level 1	Level 2	Level 3	Total
Beneficial interest in the assets of OCF	\$ -	\$ -	\$ 174,974	\$ 174,974
Total assets at fair value	\$ -	\$ -	\$ 174,974	\$ 174,974

14. Tax-Deferred Annuity Plan

A salary reduction 403(b) plan covers all eligible employees. Participation in the plan is voluntary. The employer makes no matching contribution.

15. Contributed Services

Professional services contributed (including attorney, accounting, and other services) are recorded as revenue. A total of \$3,500 and \$3,250 were recorded for the years ended June 30, 2023 and 2022, respectively.

In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization; however, these services do not meet the criteria for recognition as contributed services. The following schedule is a summary of the estimated volunteer time:

Activity	Hours
Board of Directors	236
MPAP Parent Educator Assistant & Children's Program	264
First Three Years Parent Educator Assistant & Children's Program	737
Communications/Community Events	108
Finance Committee	30
Other Programs	88
Baby Connection	105
Office and Administration	249
Fundraising	350
Total Volunteer Hours	2,167

The estimated fair value of this time is \$68,911 based on an estimated hourly rate of \$31.80.

PARENTING NOW
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

16. Liquidity and Availability of Resources

The Organization has a policy to manage its liquidity and reserves in order to meet its needs to fund operating expenditures. At June 30, 2023 and 2022, the Organization's financial assets, reduced by amounts not available for general expenditures, are comprised of the following:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 349,365	\$ 200,652
Receivables	130,472	388,015
Grants receivable	-	25,000
Unconditional promises to give	<u>-</u>	<u>290</u>
	479,837	613,959
Less: Net assets with donor restrictions	<u>(91,700)</u>	<u>(169,678)</u>
Financial assets available for general expenditure	<u>\$ 388,137</u>	<u>\$ 444,281</u>

17. Uncertainties

As a result of the ongoing effects of global supply chain issues and labor market shortages, economic uncertainties persist which could negatively impact the Organization's financial condition and operating results. However, the related financial impact and duration cannot be reasonably estimated at this time. To date, the Organization has been able to sustain much of its traditional revenue streams.

18. Employee Retention Credit (ERC)

The Organization has assessed it qualified for the ERC under the CARES Act. The ERC is a refundable tax credit against certain employment taxes equal to 50 percent of the qualified wages an eligible employer pays to employees. On July 15, 2022, the Organization filed amended tax returns which included a credit of \$291,926 covering the second quarter of 2020 and the first two quarters of 2021. In its accounting for ERC, management applied ASC Subtopic 958-605, *Not-for-Profit Entities — Revenue Recognition*, which provides guidance on determining whether a contribution is conditional on the basis of whether an agreement includes a barrier that must be overcome to be entitled to funds and either a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets. The Organization considers the submission of the amended returns as a mere administrative task and that the condition has been met before filing with the Internal Revenue Service (IRS) is made. Accordingly, ERC is recognized as a receivable in the statement of financial position as of, and contributions in the statement of activities for the year ended June 30, 2022. The amounts claimed are subject to repayment if the IRS audit determined the Organization has not met the eligibility criteria. During the fiscal year ended June 30, 2023, ERC was fully received.

19. Subsequent Events

Management evaluates events and transactions that occur after the statement of financial position date as potential subsequent events. Management has performed this evaluation through the date of the independent auditor's report.

PARENTING NOW
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

20. Comparative Data

The amounts shown for the year ended June 30, 2022 in the accompanying financial statements are included to provide a basis for comparison with June 30, 2023 and present summarized totals only. Accordingly, 2022 totals are not intended to present all information necessary for a fair presentation in conformity with accounting principles generally accepted in the United States of America. This comparative data should be read in conjunction with the Organization's financial statements for the year ended June 30, 2022, from which the comparative data was derived.

SUPPLEMENTARY INFORMATION

PARENTING NOW
SCHEDULE OF ALL OTHER PROGRAM EXPENSES
For the Year Ended June 30, 2023
(With Comparative Totals for the Year Ended June 30, 2022)

	Public Relations	Triple P	Playtime	Volunteer Coordinator
Salaries	\$ 19,934	\$ 13,951	\$ 319	\$ 12,375
Payroll taxes and insurance	2,113	1,542	34	1,317
Health and disability benefits	<u>694</u>	<u>839</u>	<u>7</u>	<u>530</u>
 Total salaries and related payroll expenses	 <u>22,741</u>	 <u>16,332</u>	 <u>360</u>	 <u>14,222</u>
 Other expenses:				
Contracts	38	64	1	25
Nutrition	1	2	-	84
Utilities	263	444	5	175
Transportation	7	18	-	5
Program materials	1	1,828	-	81
Bank and investment fees	89	151	1	59
Professional fees	134	225	2	89
Insurance	434	732	6	289
Repairs and maintenance	345	583	5	231
Information technology	208	400	3	138
Equipment, furnishings, and renovations	11	19	-	7
Depreciation and amortization	189	319	1,024	126
Rent and storage fees	13	22	-	9
Supplies	37	63	23	25
Telephone	162	815	3	108
Postage	44	163	1	27
Staff development and conferences	-	1	-	505
Subscriptions	60	131	1	40
Membership fees and social support	12	21	-	8
Volunteer recognition	-	-	-	119
Printing	138	164	2	65
Copying	28	48	-	16
Criminal check	8	13	-	179
Interest expense	371	626	6	248
Advertising	6	10	-	4
Miscellaneous	<u>8</u>	<u>14</u>	<u>-</u>	<u>6</u>
 Total other expenses	 <u>2,607</u>	 <u>6,876</u>	 <u>1,083</u>	 <u>2,668</u>
 Total functional expenses	 <u><u>\$ 25,348</u></u>	 <u><u>\$ 23,208</u></u>	 <u><u>\$ 1,443</u></u>	 <u><u>\$ 16,890</u></u>

<u>Enrollment</u>	<u>Family Resouce Poster</u>	<u>Support</u>	<u>2023 Total</u>	<u>2022 Total</u>
\$ 26,178	\$ 1,895	\$ 39,521	\$ 114,173	\$ 82,661
2,777	221	11,321	19,325	14,634
<u>1,022</u>	<u>99</u>	<u>3,585</u>	<u>6,776</u>	<u>8,401</u>
<u>29,977</u>	<u>2,215</u>	<u>54,427</u>	<u>140,274</u>	<u>105,696</u>
51	1,391	17,262	18,832	3,800
2	1	52	142	699
353	111	1,628	2,979	2,226
18	3	190	241	370
2	1	109	2,022	1,643
121	37	2,214	2,672	1,551
179	56	825	1,510	461
582	183	2,683	4,909	3,682
463	146	27,027	28,800	5,115
540	289	10,243	11,821	15,402
19	5	557	618	171
334	80	5,118	7,190	6,991
18	6	83	151	118
50	16	503	717	863
455	68	2,916	4,527	4,139
90	754	317	1,396	1,163
-	-	349	855	795
104	25	554	915	604
17	5	127	190	200
-	-	-	119	268
131	4,612	602	5,714	6,436
36	11	148	287	210
10	3	47	260	397
498	157	2,300	4,206	3,414
8	2	36	66	334
<u>11</u>	<u>4</u>	<u>83</u>	<u>126</u>	<u>135</u>
<u>4,092</u>	<u>7,966</u>	<u>75,973</u>	<u>101,265</u>	<u>61,187</u>
<u>\$ 34,069</u>	<u>\$ 10,181</u>	<u>\$ 130,400</u>	<u>\$ 241,539</u>	<u>\$ 166,883</u>