

Audited Financial Statements



The Wooden Floor for Youth Movement
(dba The Wooden Floor)

August 31, 2022

Audited Financial Statements



The Wooden Floor for Youth Movement
(dba The Wooden Floor)

As of and for the Year Ended August 31, 2022
(With summarized comparative information
as of and for the year ended August 31, 2021)

**THE WOODEN FLOOR FOR YOUTH MOVEMENT
(dba THE WOODEN FLOOR)**

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
The Wooden Floor for Youth Movement
(dba The Wooden Floor)

Opinion

We have audited the accompanying financial statements of The Wooden Floor for Youth Movement (dba The Wooden Floor) (the "Organization"), which comprise the statement of financial position as of August 31, 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 referred to above present fairly, in all material respects, the financial position of the Organization as of August 31, 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. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Organization 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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Auditors' 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 auditors' 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 the Organization'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 Organization'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.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Report on Summarized Comparative Information

We have previously audited the Organization's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 15, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.



HASKELL & WHITE LLP

Irvine, California
February 2, 2023

**THE WOODEN FLOOR FOR YOUTH MOVEMENT
(dba THE WOODEN FLOOR)**

Statement of Financial Position

As of August 31, 2022

(With summarized comparative information as of August 31, 2021)

	2022	2021
ASSETS		
Cash and cash equivalents	\$ 457,627	\$ 328,937
Investments (Note 5)	10,432,652	11,929,280
Contributions receivable, net (Note 6)	832,637	1,324,600
Promised use of facility, net (Note 7)	198,504	234,057
Prepaid expenses	167,842	46,967
Property and equipment, net (Note 8)	2,705,567	2,841,560
Total assets	\$ 14,794,829	\$ 16,705,401
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 90,933	\$ 73,335
Accrued expenses	118,330	135,094
Capital lease obligation	9,333	22,664
Total liabilities	218,596	231,093
Commitments and contingencies (Note 9)		
Net assets (Notes 3 and 4)		
Without donor restrictions	4,457,022	5,027,880
With donor restrictions	10,119,211	11,446,428
Total net assets	14,576,233	16,474,308
Total liabilities and net assets	\$ 14,794,829	\$ 16,705,401

See accompanying notes to the financial statements and independent auditors' report.

**THE WOODEN FLOOR FOR YOUTH MOVEMENT
(dba THE WOODEN FLOOR)**

**Statement of Activities
For The Year Ended August 31, 2022**

(With summarized comparative information for the year ended August 31, 2021)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2022</u>	<u>Total 2021</u>
Revenues and support				
Gifts and grants	\$ 1,923,405	\$ 635,827	\$ 2,559,232	\$ 2,878,332
Donated materials and services	12,447	-	12,447	12,447
Performances	16,378	-	16,378	8,073
Interest and dividend income	78,269	138,251	216,520	216,778
Realized (loss) gain on investments	(65,134)	208,443	143,309	184,984
Unrealized (loss) gain on investments	(171,151)	(1,029,605)	(1,200,756)	1,063,940
Other income	6,617	-	6,617	7,863
	<u>1,800,831</u>	<u>(47,084)</u>	<u>1,753,747</u>	<u>4,372,417</u>
Net assets released from restriction	<u>1,280,133</u>	<u>(1,280,133)</u>	<u>-</u>	<u>-</u>
	<u>3,080,964</u>	<u>(1,327,217)</u>	<u>1,753,747</u>	<u>4,372,417</u>
Expenses				
Program services	2,636,898	-	2,636,898	2,328,773
Supporting activities	1,014,924	-	1,014,924	913,628
	<u>3,651,822</u>	<u>-</u>	<u>3,651,822</u>	<u>3,242,401</u>
Change in net assets	(570,858)	(1,327,217)	(1,898,075)	1,130,016
Net assets, beginning of year	<u>5,027,880</u>	<u>11,446,428</u>	<u>16,474,308</u>	<u>15,344,292</u>
Net assets, end of year	<u>\$ 4,457,022</u>	<u>\$ 10,119,211</u>	<u>\$ 14,576,233</u>	<u>\$ 16,474,308</u>

See accompanying notes to the financial statements and independent auditors' report.

**THE WOODEN FLOOR FOR YOUTH MOVEMENT
(dba THE WOODEN FLOOR)**

**Statement of Functional Expenses
For The Year Ended August 31, 2022**

(With summarized comparative information for the year ended August 31, 2021)

	Program Services					Supporting Activities				Total 2022	Total 2021
	Year-Round Programs	Performances	Academics and CCR	Family Services	Sub-total	Management and General	Community Relations	Fundraising	Sub-total		
Academic tutoring	\$ -	\$ -	\$ 9,891	\$ -	\$ 9,891	\$ -	\$ -	\$ -	\$ -	\$ 9,891	\$ 6,614
Administration	47,451	9,841	11,407	5,563	74,262	6,698	4,689	29,215	40,602	114,864	74,019
Auto and travel	13,964	41,470	558	272	56,264	328	229	794	1,351	57,615	7,876
Bad debt expense	-	-	-	-	-	10,000	-	-	-	10,000	1,150
Community relations	1,057	-	-	-	1,057	-	16,237	-	16,237	17,294	12,719
Costumes and t-shirts	797	30,582	-	-	31,379	-	-	-	-	31,379	27,199
Dancewear	19,204	-	-	-	19,204	-	-	-	-	19,204	-
Depreciation	148,811	-	-	-	148,811	11,201	-	-	11,201	160,012	158,477
Employee benefits	95,785	10,170	23,026	11,228	140,209	13,521	9,465	32,764	55,750	195,959	215,365
Instructors	799	16,000	-	-	16,799	-	-	-	-	16,799	30,605
Insurance - other	34,074	-	-	-	34,074	2,565	-	-	2,565	36,639	26,969
Interest expense	487	52	117	57	713	69	48	166	283	996	1,726
Miscellaneous	22,271	1,298	-	-	23,569	-	-	-	-	23,569	13,103
Payroll taxes	70,649	7,501	16,983	8,282	103,415	9,973	6,981	24,166	41,120	144,535	125,087
Printing	28,858	29,944	3,144	1,533	63,479	1,846	16,503	31,020	49,369	112,848	65,326
Production - annual concert	-	99,702	-	-	99,702	-	-	-	-	99,702	77,819
Professional fees	10,484	317	717	350	11,868	24,143	295	111,107	135,545	147,413	135,525
Rent/lease expense	48,000	-	-	-	48,000	-	-	-	-	48,000	48,000
Repairs and maintenance	222,389	4,986	11,288	5,505	244,168	17,459	4,640	16,063	38,162	282,330	244,383
Salaries and wages	889,168	94,946	215,205	104,078	1,303,397	125,097	86,904	302,246	514,247	1,817,644	1,739,412
Special events	-	-	-	-	-	-	-	66,886	66,886	66,886	24,357
Student services	6,240	5,105	80,375	19,655	111,375	-	-	-	-	111,375	124,029
Utilities	89,524	1,314	2,974	1,450	95,262	7,554	1,223	4,232	13,009	108,271	77,021
Volunteer development	-	-	-	-	-	-	18,597	-	18,597	18,597	5,620
Total expenses	\$ 1,750,012	\$ 353,228	\$ 375,685	\$ 157,973	\$ 2,636,898	\$ 230,454	\$ 165,811	\$ 618,659	\$ 1,014,924	\$ 3,651,822	\$ 3,242,401

See accompanying notes to the financial statements and independent auditors' report.

**THE WOODEN FLOOR FOR YOUTH MOVEMENT
(dba THE WOODEN FLOOR)**

**Statement of Cash Flows
For The Year Ended August 31, 2022**

(With summarized comparative information for the year ended August 31, 2021)

	2022	2021
Cash flows from operating activities		
Change in net assets	\$ (1,898,075)	\$ 1,130,016
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation expense	160,012	158,477
Realized gain on investments	(143,309)	(184,984)
Unrealized loss (gain) on investments	1,200,756	(1,063,940)
Change in discounts on contributions receivable	(35,275)	(63,459)
Change in promised use of facility, net of discount	35,553	35,553
Loss on disposals of property and equipment	293	2,137
Decrease (increase) in:		
Contributions receivable	527,238	429,497
Prepaid expenses	(120,875)	(33,573)
Increase (decrease) in:		
Accounts payable	17,598	27,860
Accrued expenses	(16,764)	7,276
Net cash (used in) provided by operating activities	(272,848)	444,860
Cash flows from investing activities		
Acquisition of property and equipment	(24,312)	(99,611)
Purchases of investments	(6,424,918)	(5,782,494)
Proceeds from sales of investments	6,864,099	5,288,855
Net cash provided by (used in) investing activities	414,869	(593,250)
Cash flows from financing activities		
Payments on capital lease obligations	(13,331)	(12,560)
Net cash used in financing activities	(13,331)	(12,560)
Net change in cash and cash equivalents	128,690	(160,950)
Cash and cash equivalents, beginning of year	328,937	489,887
Cash and cash equivalents, end of year	\$ 457,627	\$ 328,937
Supplemental disclosures of cash flow information:		
Disposals of fully-depreciated property and equipment	\$ 10,777	\$ 2,962
Interest paid on capital lease obligation	\$ 995	\$ 1,727

See accompanying notes to the financial statements and independent auditors' report.

**THE WOODEN FLOOR FOR YOUTH MOVEMENT
(dba THE WOODEN FLOOR)**

**Notes to Financial Statements
Year Ended August 31, 2022**

1. Organization

Mission

Founded in 1983, The Wooden Floor for Youth Movement (dba The Wooden Floor) (the “Organization”) is one of the foremost creative youth development nonprofit organizations in the country. The Organization inspires and transforms the lives of young people through the power of dance and access to higher education. In Orange County, California and through its national licensed partners, the Organization uses a long-term approach grounded in exploratory dance education to foster the confidence and gifts within each child to innovate, communicate, and collaborate – skills necessary for success in school and in life. 100% of students who graduate from The Wooden Floor immediately enroll in higher education. Its students become change agents and beacons of hope within their own families, their neighborhoods, the community, and the world.

Programs

The Organization’s holistic model serves 475 under-served students year-round, through after-school programming that strategically integrates dance education with academic, college and career readiness, and family services, free of charge. Dance education and performance are core transformational elements through which the students change the way they think about themselves and develop the ability to reach their full potential. In the dance studio, a rigorous 10-level curriculum develops self-knowledge, which evolves into self-confidence, leadership, cooperative learning, creative problem solving, and joy. Rehearsals, dance-making, and performances teach discipline, goal-setting, commitment, and achievement through hard work. Academic Tutoring and College and Career Readiness programs ensure the Organization’s students have fundamental academic and life skills to succeed. Family Services take a case management approach to counseling, crisis intervention, and social service referrals to help families overcome socioeconomic hardships and navigate a path toward economic progress and self-sufficiency. These core programs comprise the Organization’s creative youth development model and copyrighted Theory of Change.

In addition, through a community outreach program called Dance Free Weeks, the Organization serves approximately 3,000 low-income youth in elementary schools each fall through one-week dance education curriculum and a culminating performance for their peers.

**THE WOODEN FLOOR FOR YOUTH MOVEMENT
(dba THE WOODEN FLOOR)**

**Notes to Financial Statements (continued)
Year Ended August 31, 2022**

2. Summary of Significant Accounting Policies

Basis of Presentation

The Organization prepares its financial statements using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the reporting period. Actual results could differ from those estimates. The Organization recognizes revenues when earned, and contributions, including unconditional promises to give, when received. Expenses are recognized when the related obligation is incurred.

The Organization reflects net assets and revenues, gains, expenses, and losses based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization, and changes therein, are classified and reported as “net assets without donor restriction,” and “net assets with donor restriction” as follows:

- Net Assets Without Donor Restriction - net assets that are not subject to donor-imposed restrictions and are available to support general operations.
- Net Assets With Donor Restriction - net assets that are subject to donor-imposed restrictions that require the passage of time or the occurrence of a specific event. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor’s instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the Organization must continue to use the resources in accordance with the donor’s instructions.

Tax Status

The Organization has qualified for tax-exempt status under Section 501(c)(3) of the United States Internal Revenue Code and Section 23701(d) of the California Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

Cash and Cash Equivalents

The Organization considers cash equivalents to be highly liquid investments with maturities of three months or less when acquired.

**THE WOODEN FLOOR FOR YOUTH MOVEMENT
(dba THE WOODEN FLOOR)**

**Notes to Financial Statements (continued)
Year Ended August 31, 2022**

2. Summary of Significant Accounting Policies (continued)

Concentration of Credit Risk

The Organization deposits its funds in financial institutions that are considered by management to be of high-credit quality. At times, balances in cash accounts may exceed the Federal Deposit Insurance Corporation limit of \$250,000. Insurance safeguards on the Organization's investments are afforded through the Securities Investor Protection Corporation up to \$500,000 and the Customer Asset Protection Company for amounts in excess of \$500,000.

Investments

Investments are stated at fair value and consist of debt and equity securities, mutual funds and brokered certificates of deposit (Note 5). Fair value is defined as the price that the Organization would receive to sell an asset in an orderly transaction between market participants at the measurement date. Inputs to the valuation of an asset or liability may be observable or unobservable and refer broadly to the assumptions that market participants would use in pricing the asset. Observable inputs reflect the assumptions market participants would use in pricing the asset based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset developed based on the best information available under the circumstances. The Organization's investments are assigned a level based upon the observability of the inputs which are significant to the overall valuation. The three-tier hierarchy of inputs is summarized below.

Level 1: inputs are quoted prices in active markets.

Level 2: inputs are observable, directly or indirectly.

Level 3: inputs are unobservable and reflect assumptions made by the reporting entity.

The Organization's investments are summarized in Note 5, and based on the nature of the Organization's investments, the fair value of all investments as of August 31, 2022 was based on quoted prices in active markets, which are considered Level 1 inputs.

Property and Equipment

Property and equipment are carried at cost. Depreciation is provided on the straight-line method over an estimated useful life of 40 years for buildings, 15 years for land improvements, seven years for furniture, and three to five years for office equipment. Property and equipment are reviewed for impairment whenever management determines

**THE WOODEN FLOOR FOR YOUTH MOVEMENT
(dba THE WOODEN FLOOR)**

**Notes to Financial Statements (continued)
Year Ended August 31, 2022**

2. Summary of Significant Accounting Policies (continued)

Property and Equipment (continued)

that events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. During the year ended August 31, 2022, management determined that no such events or changes in circumstances occurred.

Contributions

Contributions are recorded at their estimated fair value and recognized as revenue by net asset class when they are received. Conditional contributions are recognized as revenues when all conditions on which they depend are substantially met.

Promises to give in future years are recognized when received and are discounted to present value using risk-adjusted discount rates established in the years in which those promises are received. Amortization of such discounts is included in contributions. An allowance for estimated uncollectible contributions receivable is recorded based on management's judgment and analysis of the donor's creditworthiness, past collection experience and other relevant factors. Management has determined that no allowance for uncollectible contributions receivable is necessary as of August 31, 2022.

Donated Materials and Services

Donated non-cash assets and materials are recorded at their estimated fair values in the period received. Donated services that create or enhance non-financial assets, or require specialized skills, which would typically need to be purchased, are recorded at their estimated fair values in the period received. For the year ended August 31, 2022, donated materials and services aggregated \$12,447 (Note 7).

Functional Allocation of Expenses

The cost of providing various programs and supporting activities has been summarized on a functional basis in the accompanying Statement of Functional Expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions, including applicable payroll costs, have been allocated among the various functions benefited using a consistently applied reasonable allocation method that rely on estimates made by management. The basis on which costs are allocated is evaluated by management annually.

**THE WOODEN FLOOR FOR YOUTH MOVEMENT
(dba THE WOODEN FLOOR)**

**Notes to Financial Statements (continued)
Year Ended August 31, 2022**

2. Summary of Significant Accounting Policies (continued)

Recently Adopted Accounting Pronouncements

In September 2020, the Financial Accounting Standards Board (“FASB”) issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires a not-for-profit entity to present contributed nonfinancial assets in the statement of activities as a line item that is separate from contributions of cash or other financial assets. ASU 2020-07 also requires additional qualitative and quantitative disclosures about contributed nonfinancial assets received, disaggregated by category. The guidance was effective for the Organization’s fiscal year ended August 31, 2022. The implementation of this provision did not materially impact the Organization’s financial statements. Contributed nonfinancial assets for both the years ended August 31, 2022 and 2021 was \$12,447 related to donated facility use (Note 7).

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued guidance regarding leases, which requires lessees to recognize on the balance sheet a right-of-use asset, representing their right to use the underlying asset for the lease term, and a lease liability for all leases with terms greater than 12 months. The guidance also requires qualitative and quantitative disclosures designed to assess the amount, timing and uncertainty of cash flows arising from leases. The guidance requires the use of a modified retrospective transition approach, which includes a number of optional practical expedients that entities may elect to apply. The guidance is effective for the Organization in its fiscal year ending 2023. Given its limited leasing activities to date, management does not expect this guidance to significantly impact the accompanying financial statements.

Subsequent Events

The Organization has evaluated subsequent events that occurred through February 2, 2023, the date the financial statements were available to be issued, noting no events that required accrual or disclosure.

**THE WOODEN FLOOR FOR YOUTH MOVEMENT
(dba THE WOODEN FLOOR)**

**Notes to Financial Statements (continued)
Year Ended August 31, 2022**

3. Endowments

As of August 31, 2022, the Organization's endowment consists of funds permanently restricted by donors that are intended to provide a perpetual source of support for the Organization's activities. The State of California adopted the Uniform Prudent Management of Institutional Funds Act of 2006 ("UPMIFA") effective January 1, 2009. UPMIFA establishes law for the management and investment of donor-restricted endowment funds. Donor-restricted endowment funds are subject to a time restriction imposed by UPMIFA until amounts are appropriated for expenditure by an organization. As a result, donor-restricted endowment funds are classified as net assets with donor restrictions.

UPMIFA permits the Organization to appropriate for expenditure or accumulate so much of a donor-restricted endowment fund as it determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established. In making its determination to appropriate or accumulate, the Organization must act in good faith, with the care that an ordinarily prudent person in a like position would exercise under similar circumstances, and it must consider, if relevant, the following factors:

- The duration and preservation of the endowment fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the organization
- The investment policy of the organization

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to preserve the real purchasing power of the endowment fund and to provide a relatively predictable and stable stream of current income for annual operational needs.

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

The fair value of assets associated with endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration.

**THE WOODEN FLOOR FOR YOUTH MOVEMENT
(dba THE WOODEN FLOOR)**

**Notes to Financial Statements (continued)
Year Ended August 31, 2022**

3. Endowments (continued)

Spending Policy and How the Investment Objectives Relate to Spending Policy

Endowment assets are governed by a spending policy that may distribute up to seven percent (7%) (inclusive of broker fees) of the fair value of the investment portfolio as a whole on an annual basis. To protect the intrinsic value of the endowment assets against the unexpected impact of inflation, the Organization's Finance Committee sets a payout rate for the endowment assets' earnings and income that provides a preset rate of real growth of the portfolio while also providing a relatively constant and predictable funding stream. The main objective is to maintain or grow the real (inflation-adjusted) value of the portfolio after accounting for the overall spending. To achieve this objective, the long-term total return of the portfolio should meet or exceed the spending rate plus inflation as measured by an appropriate benchmark, such as the Consumer Price Index.

Earnings and income in excess of the payout rate shall be reinvested in the portfolio according to the Organization's investment policy.

If the payout rate exceeds the endowment yield, then previously reinvested income and accumulated realized gains shall be transferred to current funds to ensure the payout rate. In addition, the Organization's Finance Committee is authorized to pay reasonable fees and expenses, primarily management fees, of the endowment portfolio.

The distribution of endowment spending must be incorporated into the Organization's annual budget and, consequently, reviewed and approved by the Organization's Board of Directors. The distribution may be timed to provide maximum benefit to overall cash flow needs. By special action and upon the recommendation of the Organization's Finance Committee, the Board of Directors may temporarily suspend distributions. Distributions may trigger an evaluation of the portfolio's asset allocation as established by the investment policy.

Composition of Endowment Investment Assets

The following tables show the composition of the Organization's endowment investment funds as of August 31, 2022, and the related activity of endowment investment funds for the year then ended.

Endowment Net Asset Composition by net asset class as of August 31, 2022:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor restricted endowment	<u>\$ -</u>	<u>\$ 7,547,870</u>	<u>\$ 7,547,870</u>

**THE WOODEN FLOOR FOR YOUTH MOVEMENT
(dba THE WOODEN FLOOR)**

**Notes to Financial Statements (continued)
Year Ended August 31, 2022**

3. Endowments (continued)

Composition of Endowment Investment Assets (continued)

Included in net assets with donor restrictions are permanently restricted contribution receivables of \$352,534 (net of discounts of \$48,366) as of August 31, 2022. Also included in net assets with donor restrictions are unappropriated earnings on permanently restricted funds of \$215,765 as of August 31, 2022.

Changes in Endowment Net Assets for the year ended August 31, 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of the year	\$ -	\$ 8,519,277	\$ 8,519,277
Investment returns:			
Interest and dividend income	-	138,251	138,251
Net realized and unrealized investment loss	-	(799,112)	(799,112)
Investment fees	-	(22,050)	(22,050)
Total investment return	-	(682,911)	(682,911)
Net assets released from restriction	-	-	-
Contributions	-	156,504	156,504
Appropriations	-	(445,000)	(445,000)
Net change in endowment assets	-	(971,407)	(971,407)
Endowment net assets, end of the year	\$ -	\$ 7,547,870	\$ 7,547,870

4. Board Designated Net Assets

The Board of Directors of the Organization has designated certain unrestricted net assets for the following purposes as of August 31, 2022:

For use in subsequent periods	\$ 3,054,636
Building maintenance	360,371
	3,415,007
Undesignated unrestricted net assets	1,042,015
Total net assets without donor restrictions	\$ 4,457,022

**THE WOODEN FLOOR FOR YOUTH MOVEMENT
(dba THE WOODEN FLOOR)**

**Notes to Financial Statements (continued)
Year Ended August 31, 2022**

5. Investments

Investments at August 31, 2022 consist of the following:

Equity securities	\$ 5,685,312
Certificates of deposit	1,888,631
U.S. Department of Treasury obligations	1,151,541
Corporate debt securities	915,818
Savings and time deposits	613,862
Debt and equity mutual funds	177,488
	<hr/> <u>\$ 10,432,652</u>

Based on the nature of the Organization's investments, the fair value of investments as of August 31, 2022 was based on quoted prices in active markets, which are considered Level 1 inputs in the fair value hierarchy. The Organization uses the following methods to determine the fair value of its investments:

Equity securities traded on national securities exchanges: Determined by the closing price on the last business day of the fiscal year.

Certificates of deposit: Determined by the principal amount of the certificate, plus accrued interest, as of the last business day of the fiscal year.

U.S. Department of Treasury obligations: Determined using contractual cash flows and the interest rate determined by the closing bid price on the last business day of the fiscal year if the same security or a security with a similar maturity is actively traded.

Corporate debt securities: Determined using contractual cash flows and the interest rate determined by the closing bid price on the last business day of the fiscal year if the same security or a security with a similar maturity is actively traded.

Open-ended mutual funds: Determined by the published net asset value (NAV) per unit at the end of the last trading day of the fiscal year, which is the basis for transactions at that date.

**THE WOODEN FLOOR FOR YOUTH MOVEMENT
(dba THE WOODEN FLOOR)**

**Notes to Financial Statements (continued)
Year Ended August 31, 2022**

5. Investments (continued)

Investments are exposed to various risks, such as interest rate, market and credit risk. Risk is managed through frequent monitoring of macroeconomic conditions, investment valuations and communication with investment managers. It is at least reasonably possible that changes in the near term could materially affect the amounts reported in the financial statements.

6. Contributions Receivable

At August 31, 2022, the Organization had gross contributions receivables totaling \$913,543 and a related present value discount of \$80,906. The Organization has presented these receivables in the accompanying financial statements at their net present value of future cash flows using the prime rate as the discount rate at the time of the contribution.

Contributions receivables, detailed by the type of donor restriction, are expected to be received by the Organization during the following fiscal years ending August 31:

	Time or Purpose Restriction	Permanent Corpus Restriction	Total
2023	\$ 436,333	\$ 350,900	\$ 787,233
2024	43,000	50,000	93,000
	479,333	400,900	880,233
Less discount	(32,540)	(48,366)	(80,906)
	\$ 446,793	\$ 352,534	799,327
Receivables without restriction			33,310
			\$ 832,637

7. Promised Use of Facility

Effective April 1, 2018, the Organization entered into a 10 year lease agreement for additional operational space. The related lease agreement does not require the Organization to make lease payments, and as a result, the Organization has reported this transaction as a contribution measured at the present value of the estimated fair value of the associated rental payments. This amount aggregated \$355,529, net of a present value discount of \$124,471 on the date of contribution.

**THE WOODEN FLOOR FOR YOUTH MOVEMENT
(dba THE WOODEN FLOOR)**

**Notes to Financial Statements (continued)
Year Ended August 31, 2022**

7. Promised Use of Facility (continued)

During the year ended August 31, 2022, the Organization recognized related rental expense of \$48,000 and amortization of the present value discount as contribution support of \$12,447. Expected future realization of this asset is as follows during the fiscal years ending August 31:

2023		\$	48,000
2024			48,000
2025			48,000
2026			48,000
2027			48,000
Thereafter			28,000
			268,000
Less discount			(69,496)
			\$ 198,504

8. Property and Equipment

Property and equipment as of August 31, 2022 consist of the following:

Land		\$	800,229
Land improvements			28,902
Buildings			3,292,498
Building improvements			688,811
Leased office equipment			61,775
Property and equipment			528,580
			5,400,795
Less accumulated depreciation			(2,695,228)
			\$ 2,705,567

The Organization leases certain office equipment under a capital lease obligation, which requires monthly payments of \$1,194 for a period of 60 months through 2023 at an imputed interest rate of 5.99%. Future minimum lease payments during the term of the capital lease as of August 31, 2022 are \$9,948 and the principal component of this amount is \$9,333.

At August 31, 2022, the related asset and accumulated depreciation under this capital lease obligation were \$61,775 and \$52,511, respectively.

**THE WOODEN FLOOR FOR YOUTH MOVEMENT
(dba THE WOODEN FLOOR)**

**Notes to Financial Statements (continued)
Year Ended August 31, 2022**

9. Commitments and Contingencies

Merit Based Scholarship Awards

The Organization provides financial assistance to selected graduates pursuing a two-year community college or four-year college or university degree. The awards may be up to four years in length and range between \$1,000 and \$2,500 per year. The Organization may temporarily or permanently revoke awards based on the academic standing of the recipient, adherence to defined guidelines and other factors. As of August 31, 2022, the maximum amount of awards that may be required to be provided by the Organization over the next four years totaled \$454,125.

Retirement Plan

The Organization implemented a 403(b) Retirement Plan (the “Plan”) during October 2000. The Plan covers all eligible employees with over one year of service. The Plan provides for partial vesting of the employer’s contributions after two years of service and full vesting after five years of service. The participants’ contributions are automatically fully vested. The Organization’s contribution to the Plan for the year ended August 31, 2022 was \$54,000.

10. Liquidity and Availability of Resources

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of August 31, 2022 are as follows:

Cash and cash equivalents	\$ 457,627
Investments	10,432,652
Contributions receivable, net	<u>832,637</u>
Total financial assets	<u>11,722,916</u>
Less: amounts with permanent donor restrictions	(6,979,571)
Less: amounts with purpose-related donor restrictions	(1,923,873)
Less: amounts board-designated for building maintenance	(360,371)
Less: time or purpose restricted contribution receivables due after August 31, 2022	<u>(799,327)</u>
Available for general expenditures within one year	<u><u>\$ 1,659,774</u></u>

The above table reflects board-designated building maintenance funds as unavailable because it is the Organization’s intention to invest those resources for that specific designation. However, in the case of need, the Board of Directors could appropriate such resources for general expenditure.