

Audited Financial Statements



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

August 31, 2024

Audited Financial Statements



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

As of and for the Year Ended August 31, 2024
(With summarized comparative information
as of and for the year ended August 31, 2023)

**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, 2024, 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, 2024, 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 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 1, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink that reads "Haskell & White LLP". The signature is written in a cursive, flowing style.

HASKELL & WHITE LLP

Irvine, California
February 10, 2025

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

**Statement of Financial Position
As of August 31, 2024**

(With summarized comparative information as of August 31, 2023)

	2024	2023
ASSETS		
Cash and cash equivalents	\$ 797,692	\$ 442,326
Investments (Note 5)	10,509,028	10,434,814
Contributions receivable, net (Note 6)	1,953,731	2,022,359
Promised use of facility, net (Note 7)	127,398	162,951
Prepaid expenses	254,769	274,594
Property and equipment, net (Note 8)	3,399,551	3,168,637
Total assets	\$ 17,042,169	\$ 16,505,681
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 47,107	\$ 268,253
Accrued expenses	154,202	111,766
Finance lease liability (Note 8)	31,344	39,171
Total liabilities	232,653	419,190
Commitments and contingencies (Note 9)		
Net assets (Notes 3 and 4)		
Without donor restrictions	3,923,215	4,460,243
With donor restrictions	12,886,301	11,626,248
Total net assets	16,809,516	16,086,491
Total liabilities and net assets	\$ 17,042,169	\$ 16,505,681

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, 2024

(With summarized comparative information for the year ended August 31, 2023)

	Without Donor Restrictions	With Donor Restrictions	Total 2024	Total 2023
Revenues and support				
Gifts and grants (Note 9)	\$ 1,978,209	\$ 1,400,574	\$ 3,378,783	\$ 4,791,232
Donated materials and services	12,447	-	12,447	86,585
Performances	12,477	-	12,477	11,052
Community engagement	73,202	-	73,202	-
Interest and dividend income	76,934	227,697	304,631	289,162
Realized gain on investments	279,295	364,718	644,013	15,200
Unrealized gain (loss) on investments	(58,052)	543,765	485,713	437,987
Other income	21,886	-	21,886	26,967
	<u>2,396,398</u>	<u>2,536,754</u>	<u>4,933,152</u>	<u>5,658,185</u>
Total revenues and support				
Net assets released from restriction	<u>1,276,701</u>	<u>(1,276,701)</u>	<u>-</u>	<u>-</u>
Total revenues and support	<u>3,673,099</u>	<u>1,260,053</u>	<u>4,933,152</u>	<u>5,658,185</u>
Expenses				
Program services	2,947,126	-	2,947,126	2,801,851
Supporting activities	1,231,094	-	1,231,094	1,342,833
	<u>4,178,220</u>	<u>-</u>	<u>4,178,220</u>	<u>4,144,684</u>
Total expenses				
Other income (loss)				
Loss on disposal of property and equipment	(31,907)	-	(31,907)	(3,243)
	<u>(31,907)</u>	<u>-</u>	<u>(31,907)</u>	<u>(3,243)</u>
Total other income (loss)				
Change in net assets	(537,028)	1,260,053	723,025	1,510,258
Net assets, beginning of year	<u>4,460,243</u>	<u>11,626,248</u>	<u>16,086,491</u>	<u>14,576,233</u>
Net assets, end of year	<u>\$ 3,923,215</u>	<u>\$ 12,886,301</u>	<u>\$ 16,809,516</u>	<u>\$ 16,086,491</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, 2024**

(With summarized comparative information for the year ended August 31, 2023)

	Program Services					Supporting Activities				Total 2024	Total 2023
	Year-Round Programs	Performances	Academics and CCR	Family Services	Sub-total	Management and General	Community Relations	Fundraising	Sub-total		
Academic tutoring	\$ -	\$ -	\$ 9,932	\$ -	\$ 9,932	\$ -	\$ -	\$ -	\$ -	\$ 9,932	\$ 13,484
Administration	45,602	13,564	11,013	4,512	74,691	6,716	4,633	43,663	55,012	129,703	145,864
Auto and travel	11,149	40,207	848	347	52,551	517	357	1,322	2,196	54,747	55,712
Bad debt expense	-	-	-	-	-	10,000	-	-	10,000	10,000	5,000
Community relations	1,598	-	-	-	1,598	-	24,559	-	24,559	26,157	23,645
Costumes and t-shirts	35	34,593	-	-	34,628	-	-	-	-	34,628	32,872
Dancewear	23,047	-	-	-	23,047	-	-	-	-	23,047	21,941
Depreciation	161,601	-	-	-	161,601	12,163	-	-	12,163	173,764	154,811
Employee benefits	86,904	7,174	20,987	8,598	123,663	12,799	8,829	32,718	54,346	178,009	203,031
Instructors	1,900	18,682	-	-	20,582	-	-	-	-	20,582	19,245
Insurance - other	70,051	-	-	-	70,051	5,273	-	-	5,273	75,324	57,197
Interest expense	955	79	231	94	1,359	141	97	359	597	1,956	1,431
Miscellaneous	10,844	3,792	-	-	14,636	-	-	-	-	14,636	32,566
Payroll taxes	74,296	6,133	17,942	7,350	105,721	10,942	7,548	27,971	46,461	152,182	146,214
Printing	38,677	28,430	5,099	2,089	74,295	3,110	13,275	19,080	35,465	109,760	128,305
Production - annual concert	-	87,450	-	-	87,450	-	-	-	-	87,450	95,828
Professional fees	24,275	766	2,240	918	28,199	28,123	942	110,242	139,307	167,506	144,375
Rent/lease expense	48,000	-	-	-	48,000	-	-	-	-	48,000	48,000
Repairs and maintenance	188,436	3,095	9,056	3,710	204,297	14,866	3,810	14,118	32,794	237,091	285,793
Salaries and wages	954,321	79,041	231,011	97,366	1,361,739	141,954	97,098	356,610	595,662	1,957,401	1,878,119
Special events	-	45,321	-	-	45,321	-	-	192,927	192,927	238,248	372,440
Student services	5,200	6,013	280,912	19,025	311,150	-	-	-	-	311,150	164,435
Utilities	87,920	916	2,681	1,098	92,615	7,417	1,128	4,180	12,725	105,340	114,376
Volunteer development	-	-	-	-	-	-	11,607	-	11,607	11,607	-
Total expenses	\$ 1,834,811	\$ 375,256	\$ 591,952	\$ 145,107	\$ 2,947,126	\$ 254,021	\$ 173,883	\$ 803,190	\$ 1,231,094	\$ 4,178,220	\$ 4,144,684

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, 2024

(With summarized comparative information for the year ended August 31, 2023)

	2024	2023
Cash flows from operating activities		
Change in net assets	\$ 723,025	\$ 1,510,258
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation expense	173,764	154,811
Realized gain on investments	(644,013)	(15,200)
Unrealized gain on investments	(485,713)	(437,987)
Change in discounts on contributions receivable	(16,758)	306,033
Change in promised use of facility, net of discount	35,553	35,553
Loss on disposal of property and equipment	31,907	3,243
(Increase) decrease in:		
Contributions receivable	85,386	(1,495,755)
Prepaid expenses	19,825	(106,752)
Increase (decrease) in:		
Accounts payable	(221,146)	(30,680)
Accrued expenses	42,436	(6,564)
Net cash used in operating activities	(255,734)	(83,040)
Cash flows from investing activities		
Acquisition of property and equipment	(436,585)	(413,124)
Purchases of investments	(4,510,089)	(6,281,344)
Proceeds from sales of investments	5,565,601	6,732,369
Net cash provided by investing activities	618,927	37,901
Cash flows from financing activities		
Payments on finance lease liability	(7,827)	(15,129)
Borrowings on finance lease liability	-	44,967
Net cash (used in) provided by financing activities	(7,827)	29,838
Net change in cash and cash equivalents	355,366	(15,301)
Cash and cash equivalents, beginning of year	442,326	457,627
Cash and cash equivalents, end of year	\$ 797,692	\$ 442,326
Supplemental disclosures of cash flow information:		
Disposals of fully-depreciated property and equipment	\$ 79,116	\$ 2,095
Interest paid on finance lease obligation	\$ 1,513	\$ 886
Non-cash investing activities:		
Capital expenditures in accounts payable	\$ -	\$ 208,000

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, 2024**

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 the 6 Cs: Creativity, Collaboration, Critical-Thinking, Communication, Character, and Courage. 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, the Organization has two community engagement programs. The first is called *Dance Free Weeks* and serves approximately 2,500 youth in Title I elementary schools each fall during in-school time through one-week dance education curriculum and a culminating performance for their peers. During the year ended August 31, 2024, the Organization piloted a new after school, fee-based program called *Dance Uplifts* with the Garden Grove Unified School District which is contracted by the school district.

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

**Notes to Financial Statements (continued)
Year Ended August 31, 2024**

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.

Reclassification

Certain prior year balances have been reclassified to conform with the current year financial statement presentation.

Income Taxes

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. This exemption is for all income taxes except for those assessed on unrelated business income, if any. The Internal Revenue Service has classified the Organization as other than a private foundation.

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

**Notes to Financial Statements (continued)
Year Ended August 31, 2024**

2. Summary of Significant Accounting Policies (continued)

Income Taxes (continued)

The Organization evaluates uncertain tax positions whereby the effect of the uncertainty would be recorded if the tax positions will more than likely than not be sustained upon examination. As of August 31, 2024, management does not believe the Organization has any uncertain tax positions requiring accrual or disclosure.

The Organization is subject to potential tax examinations on open tax years by any taxing jurisdiction in which it operates. The statute of limitations for federal and California state purposes is generally three and four years, respectively.

Cash and Cash Equivalents

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

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.

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

**Notes to Financial Statements (continued)
Year Ended August 31, 2024**

2. Summary of Significant Accounting Policies (continued)

Investments (continued)

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, 2024 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 forty years for buildings, fifteen years for land improvements, seven years for furniture, seven to thirty-nine years for building improvements, and three to five years for office equipment. Property and equipment are reviewed for impairment whenever management determines that events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. During the year ended August 31, 2024, management determined that no such events or changes in circumstances occurred.

Contributions

Unconditional 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, 2024.

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

Notes to Financial Statements (continued)
Year Ended August 31, 2024

2. Summary of Significant Accounting Policies (continued)

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, 2024, donated materials and services aggregated \$12,447.

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 and depreciation, are based on estimates of time and effort or actual usage that rely on estimates made by management.

The basis on which costs are allocated is evaluated by management annually. There were no significant changes to management's allocation methodology during the year ended August 31, 2024.

Leases

In February 2016, the Financial Accounting Standards Board ("FASB") issued ASU 2016-02, *Leases (Topic 842)*, which requires lease assets and liabilities to be recorded on the statement of financial position. The Organization adopted this ASU and related amendments September 1, 2022.

The Organization determines if an arrangement is a lease at inception. As a lessee, right-of-use assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent an obligation to make lease payments arising from the lease. Right-of-use assets and lease liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Organization estimates the incremental borrowing rate based on the rates that would be charged by their financial institution on borrowings for similar terms. Operating lease right-of-use assets also include any lease payments made at or before lease commencement and exclude any lease incentives received. The lease terms used to calculate the right-of-use asset and related lease liability include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option.

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

**Notes to Financial Statements (continued)
Year Ended August 31, 2024**

2. Summary of Significant Accounting Policies (continued)

Leases (continued)

Further, the Organization elected a short-term lease exception policy, permitting the Organization to not apply the recognition requirements of this standard to short-term leases (i.e., leases with terms of 12 months or less) and an accounting policy to account for lease and non-lease components as a single component for certain classes of assets.

Subsequent Events

The Organization has evaluated subsequent events that occurred through February 10, 2025, the date the financial statements were available to be issued, noting no events that required accrual or disclosure.

3. Endowments

As of August 31, 2024, the Organization's endowment consists primarily 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

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

**Notes to Financial Statements (continued)
Year Ended August 31, 2024**

3. Endowments (continued)

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.

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.

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

**Notes to Financial Statements (continued)
Year Ended August 31, 2024**

3. Endowments (continued)

Return Objectives and Risk Parameters (continued)

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, 2024, 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, 2024:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor restricted endowment	\$ -	\$ 8,873,975	\$ 8,873,975

Included in net assets with donor restrictions are permanently restricted contribution receivables of \$263,672 (net of discounts of \$23,828) as of August 31, 2024. Also included in net assets with donor restrictions are unappropriated earnings on permanently restricted funds of \$1,073,509 as of August 31, 2024.

Changes in Endowment Net Assets for the year ended August 31, 2024:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of the year	\$ -	\$ 8,102,213	\$ 8,102,213
Investment returns:			
Interest and dividend income	-	227,697	227,697
Net realized and unrealized investment gain	-	968,848	968,848
Investment fees	-	(60,365)	(60,365)
Total investment return	-	1,136,180	1,136,180
Contributions	-	103,582	103,582
Appropriations	-	(468,000)	(468,000)
Net change in endowment assets	-	771,762	771,762
Endowment net assets, end of the year	\$ -	\$ 8,873,975	\$ 8,873,975

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

Notes to Financial Statements (continued)
Year Ended August 31, 2024

3. Endowments (continued)

Celebrating 40 Years of Impact

In 2022-2023, the Organization's Board of Directors approved the launch of an Endowment Fund Campaign called Step Forward to coincide with the Organization's 40th Anniversary. During the year ended August 31, 2024, \$71,800 in contributions and pledges were received to provide support for general operating (greatest need) and endowed merit-based scholarships.

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, 2024:

For use in subsequent periods	\$ 1,211,987
Building maintenance	<u>435,371</u>
	1,647,358
Undesignated unrestricted net assets	<u>2,275,857</u>
Total net assets without donor restrictions	<u><u>\$ 3,923,215</u></u>

5. Investments

Investments at August 31, 2024 consist of the following:

Equity securities	\$ 6,395,918
Certificates of deposit	1,744,025
U.S. Department of Treasury obligations	1,273,431
Corporate debt securities	888,193
Debt and equity mutual funds	<u>207,461</u>
	<u><u>\$ 10,509,028</u></u>

Based on the nature of the Organization's investments, the fair value of investments as of August 31, 2024 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:

THE WOODEN FLOOR FOR YOUTH MOVEMENT
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Notes to Financial Statements (continued)
Year Ended August 31, 2024

5. Investments (continued)

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.

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, 2024, the Organization had gross contributions receivables totaling \$2,323,912 and a related present value discount of \$370,181. 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 as of the year end in which the contribution was pledged.

**THE WOODEN FLOOR FOR YOUTH MOVEMENT
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**Notes to Financial Statements (continued)
Year Ended August 31, 2024**

6. Contributions Receivable (continued)

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
2025	\$208,105	\$ 199,500	\$ 407,605
2026	423,000	83,000	506,000
2027	525,500	3,000	528,500
2028	408,000	2,000	410,000
2029	196,250	-	196,250
Thereafter	161,250	-	161,250
	1,922,105	287,500	2,209,605
Less discount	(346,353)	(23,828)	(370,181)
	\$ 1,575,752	\$ 263,672	1,839,424
Receivables without restriction			114,307
			\$ 1,953,731

7. Promised Use of Facility

Effective April 1, 2018, the Organization entered into a ten 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 using the prime rate as a discount rate as of the year end in which the contribution was pledged. This amount aggregated \$355,529, net of a present value discount of \$124,471 on the date of contribution.

During the year ended August 31, 2024, 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:

2025		\$ 48,000	
2026		48,000	
2027		48,000	
2028		28,000	
		172,000	
Less discount		(44,602)	
		\$ 127,398	

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

**Notes to Financial Statements (continued)
Year Ended August 31, 2024**

8. Property and Equipment

Property and equipment as of August 31, 2024 consist of the following:

Land	\$	800,229
Land improvements		28,902
Buildings		3,292,498
Building improvements		1,589,736
Property and equipment		604,153
		6,315,518
Less accumulated depreciation		(2,915,967)
		\$ 3,399,551

The Organization leases certain office equipment under a finance lease arrangement, which requires monthly payments of \$828 for a period of 60 months through 2028. An incremental borrowing rate of 4.18% was used to measure the lease liability, which was the effective rate on the date the lease commenced. A right-of-use asset of \$31,594 is included in property and equipment on the statement of financial position in connection with this arrangement. Expected future payments under this agreement are as follows:

For years ending August 31,		
2025	\$	9,939
2026		9,939
2027		9,939
2028		4,141
Total lease payments		33,958
Less: imputed interest		(2,614)
Total finance lease liability		\$ 31,344

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.

THE WOODEN FLOOR FOR YOUTH MOVEMENT
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Notes to Financial Statements (continued)
Year Ended August 31, 2024

9. Commitments and Contingencies (continued)

Merit-Based Scholarship Awards (continued)

In 2023, the Organization launched a new Merit-based scholarship program called *Uplift Scholarship Awards* to provide additional financial aid support to the most academically competitive students. Under the same criteria for the Merit-based Scholarship Program, if students meet the requirements, they may receive up to four years of scholarship awards to fulfill the unmet need portion of their college's financial aid requirement to attend their first-choice universities. As of August 31, 2024, the maximum amount of scholarship awards that may be required to be provided by the Organization over the next four years totaled \$980,884, inclusive of \$475,321 *Uplift Scholarship Awards*.

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 estimated contribution to the Plan for the year ended August 31, 2024 is \$49,438.

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, 2024 are as follows:

Cash and cash equivalents	\$ 797,692
Investments	10,509,028
Contributions receivable, net	<u>1,953,731</u>
Total financial assets	<u>13,260,451</u>
Less: amounts with permanent donor restrictions	(7,536,794)
Less: amounts with purpose-related donor restrictions	(1,884,386)
Less: amounts board-designated for building maintenance	(435,371)
Less: time or purpose restricted contribution receivables due after August 31, 2025	<u>(1,839,424)</u>
Available for general expenditures within one year	<u><u>\$ 1,564,476</u></u>

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

**Notes to Financial Statements (continued)
Year Ended August 31, 2024**

10. Liquidity and Availability of Resources (continued)

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.