

Audited Financial Statements



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

As of and for the Year Ended August 31, 2025
(With summarized comparative information
as of and for the year ended August 31, 2024)

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

Table of Contents

	<u>Page</u>
Independent Auditors' Report	
Financial Statements	
Statement of Financial Position	4
Statement of Activities	5
Statement of Functional Expenses	6
Statement of Cash Flows	7
Notes to Financial Statements	8

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, 2025, 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, 2025, 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:

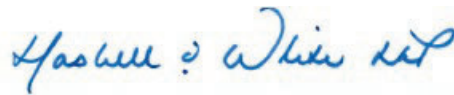
- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, 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 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 10, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in blue ink, appearing to read "Haskell & White LLP".

HASKELL & WHITE LLP

Irvine, California
February 9, 2026

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

**Statement of Financial Position
As of August 31, 2025**

(With summarized comparative information as of August 31, 2024)

	2025	2024
ASSETS		
Cash and cash equivalents	\$ 459,452	\$ 797,692
Investments (Notes 3 and 5)	10,402,026	10,509,028
Contributions receivable, net (Note 6)	1,679,750	1,953,731
Promised use of facility, net (Note 7)	91,845	127,398
Prepaid expenses	270,314	254,769
Property and equipment, net (Note 8)	3,234,362	3,399,551
Total assets	\$ 16,137,749	\$ 17,042,169
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 57,459	\$ 47,107
Accrued expenses	165,191	154,202
Finance lease liability (Note 8)	22,526	31,344
Total liabilities	245,176	232,653
Commitments and contingencies (Note 9)		
Net assets (Notes 3 and 4)		
Without donor restrictions	3,550,045	3,923,215
With donor restrictions	12,342,528	12,886,301
Total net assets	15,892,573	16,809,516
Total liabilities and net assets	\$ 16,137,749	\$ 17,042,169

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, 2025

(With summarized comparative information for the year ended August 31, 2024)

	Without Donor Restrictions	With Donor Restrictions	Total 2025	Total 2024
Revenues and support				
Gifts and grants (Note 9)	\$ 2,025,856	\$ 751,593	\$ 2,777,449	\$ 3,378,783
Donated materials and services	12,447	-	12,447	12,447
Performances	11,168	-	11,168	12,477
Community engagement	115,479	-	115,479	73,202
Interest and dividend income	65,912	228,384	294,296	304,631
Realized gain on investments	874	226,133	227,007	644,013
Unrealized gain (loss) on investments	70,607	(107,078)	(36,471)	485,713
Other income	19,635	-	19,635	21,886
	<u>2,321,978</u>	<u>1,099,032</u>	<u>3,421,010</u>	<u>4,933,152</u>
Net assets released from restriction	<u>1,642,805</u>	<u>(1,642,805)</u>	<u>-</u>	<u>-</u>
	<u>3,964,783</u>	<u>(543,773)</u>	<u>3,421,010</u>	<u>4,933,152</u>
Expenses				
Program services	2,918,334	-	2,918,334	2,947,126
Supporting activities	1,419,619	-	1,419,619	1,231,094
	<u>4,337,953</u>	<u>-</u>	<u>4,337,953</u>	<u>4,178,220</u>
Other income (loss)				
Loss on disposal of property and equipment	-	-	-	(31,907)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(31,907)</u>
Change in net assets	<u>(373,170)</u>	<u>(543,773)</u>	<u>(916,943)</u>	<u>723,025</u>
Net assets, beginning of year	<u>3,923,215</u>	<u>12,886,301</u>	<u>16,809,516</u>	<u>16,086,491</u>
Net assets, end of year	<u>\$ 3,550,045</u>	<u>\$ 12,342,528</u>	<u>\$ 15,892,573</u>	<u>\$ 16,809,516</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, 2025**

(With summarized comparative information for the year ended August 31, 2024)

	Program Services					Supporting Activities				Total 2025	Total 2024
	Year-Round Programs	Performances	Academics and CCR	Family Services	Sub-total	Management and General	Community Relations	Fundraising	Sub-total		
Academic tutoring	\$ -	\$ -	\$ 9,685	\$ -	\$ 9,685	\$ -	\$ -	\$ -	\$ -	\$ 9,685	\$ 9,932
Administration	51,541	12,460	11,591	5,253	80,846	9,793	5,735	41,161	56,689	137,535	129,703
Auto and travel	19,658	9,355	710	322	30,043	600	351	1,274	2,225	32,268	54,747
Bad debt expense	-	-	-	-	-	5,500	-	-	5,500	5,500	10,000
Community relations	1,539	-	-	-	1,539	-	23,644	-	23,644	25,183	26,157
Costumes and t-shirts	4,598	38,383	-	-	42,981	-	-	-	-	42,981	34,628
Dancewear	18,068	-	-	-	18,068	-	-	-	-	18,068	23,047
Depreciation	170,253	-	-	-	170,253	12,815	-	-	12,815	183,068	173,764
Employee benefits	101,773	9,744	22,888	10,372	144,778	19,337	11,325	41,099	71,761	216,539	178,009
Instructors	1,798	36,500	-	-	38,298	-	-	-	-	38,298	20,582
Insurance - other	72,073	-	-	-	72,073	5,425	-	-	5,425	77,498	75,324
Interest expense	584	56	131	59	830	111	65	236	412	1,242	1,956
Miscellaneous	16,173	3,929	-	-	20,102	-	-	-	-	20,102	14,636
Payroll taxes	76,907	7,363	17,296	7,838	109,404	14,612	8,558	31,057	54,228	163,632	152,182
Printing	33,754	25,560	4,936	2,237	66,487	4,170	11,722	18,143	34,035	100,522	109,760
Production - annual concert	-	89,857	-	-	89,857	-	-	-	-	89,857	87,450
Professional fees	10,158	542	1,272	577	12,549	28,339	630	98,939	127,907	140,456	167,506
Rent/lease expense	48,000	-	-	-	48,000	-	-	-	-	48,000	48,000
Repairs and maintenance	161,071	3,567	8,378	3,796	176,812	14,781	4,145	15,043	33,969	210,781	237,091
Salaries and wages	962,393	92,188	216,466	98,009	1,369,056	182,825	107,200	388,787	678,812	2,047,868	1,957,401
Special events	-	-	-	-	-	-	-	281,134	281,134	281,134	238,248
Student services	4,725	9,519	316,536	8,122	338,902	-	-	-	-	338,902	311,150
Utilities	73,380	995	2,337	1,059	77,771	6,716	1,156	4,197	12,069	89,840	105,340
Volunteer development	-	-	-	-	-	-	18,995	-	18,995	18,995	11,607
Total expenses	\$ 1,828,446	\$ 340,018	\$ 612,226	\$ 137,644	\$ 2,918,334	\$ 305,022	\$ 193,528	\$ 921,070	\$ 1,419,619	\$ 4,337,953	\$ 4,178,220

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, 2025

(With summarized comparative information for the year ended August 31, 2024)

	2025	2024
Cash flows from operating activities		
Change in net assets	\$ (916,943)	\$ 723,025
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation expense	183,068	173,764
Realized gain on investments	(227,007)	(644,013)
Unrealized loss/(gain) on investments	36,471	(485,713)
Change in discounts on contributions receivable	(99,666)	(16,758)
Change in promised use of facility, net of discount	35,553	35,553
Loss on disposal of property and equipment	-	31,907
(Increase) decrease in:		
Contributions receivable	373,647	85,386
Prepaid expenses	(15,545)	19,825
Increase (decrease) in:		
Accounts payable	10,352	(221,146)
Accrued expenses	10,989	42,436
Net cash used in operating activities	(609,081)	(255,734)
Cash flows from investing activities		
Acquisition of property and equipment	(17,879)	(436,585)
Purchases of investments	(7,269,639)	(4,510,089)
Proceeds from sales of investments	7,567,177	5,565,601
Net cash provided by investing activities	279,659	618,927
Cash flows from financing activities		
Payments on finance lease liability	(8,818)	(7,827)
Net cash used in financing activities	(8,818)	(7,827)
Net change in cash and cash equivalents	(338,240)	355,366
Cash and cash equivalents, beginning of year	797,692	442,326
Cash and cash equivalents, end of year	\$ 459,452	\$ 797,692
 Supplemental disclosures of cash flow information:		
Disposals of fully-depreciated property and equipment	\$ -	\$ 79,116
Interest paid on finance lease obligation	\$ 1,154	\$ 1,513

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, 2025**

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 partner model, 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, 2025, the Organization expanded its 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, 2025**

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.

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 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, 2025, management does not believe the Organization has any uncertain tax positions requiring accrual or disclosure.

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

Notes to Financial Statements (continued)
Year Ended August 31, 2025

2. Summary of Significant Accounting Policies (continued)

Income Taxes (continued)

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.

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, 2025 was based on quoted prices in active markets, which are considered Level 1 inputs.

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

**Notes to Financial Statements (continued)
Year Ended August 31, 2025**

2. Summary of Significant Accounting Policies (continued)

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, 2025, 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, 2025.

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, 2025, 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 WOODEN FLOOR FOR YOUTH MOVEMENT
(dba THE WOODEN FLOOR)**

**Notes to Financial Statements (continued)
Year Ended August 31, 2025**

2. Summary of Significant Accounting Policies (continued)

Functional Allocation of Expenses (continued)

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, 2025.

Leases

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.

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 9, 2026, the date the financial statements were available to be issued, noting no events that required accrual or disclosure.

3. Endowments

As of August 31, 2025, 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 and unappropriated investment earnings. 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.

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

**Notes to Financial Statements (continued)
Year Ended August 31, 2025**

3. Endowments (continued)

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.

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.

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

**Notes to Financial Statements (continued)
Year Ended August 31, 2025**

3. Endowments (continued)

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, 2025, 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, 2025:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor restricted endowment	<u>\$ -</u>	<u>\$ 8,754,201</u>	<u>\$ 8,754,201</u>

Included in net assets with donor restrictions are permanently restricted contribution receivables of \$137,959 (net of discounts of \$8,041) as of August 31, 2025. Also included in net assets with donor restrictions are unappropriated earnings on permanently restricted funds of \$937,948 as of August 31, 2025.

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

**Notes to Financial Statements (continued)
Year Ended August 31, 2025**

3. Endowments (continued)

Return Objectives and Risk Parameters (continued)

Changes in Endowment Net Assets for the year ended August 31, 2025:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of the year	\$ -	\$ 8,873,975	\$ 8,873,975
Investment returns:			
Interest and dividend income	-	228,384	228,384
Net realized and unrealized investment gain	-	181,025	181,025
Investment fees	-	(61,970)	(61,970)
Total investment return	-	347,439	347,439
Contributions	-	15,787	15,787
Appropriations	-	(483,000)	(483,000)
Net change in endowment assets	-	(119,774)	(119,774)
Endowment net assets, end of the year	\$ -	\$ 8,754,201	\$ 8,754,201

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, 2025:

For use in subsequent periods	\$ 770,002
Building maintenance	435,371
	<u>1,205,373</u>
Undesignated unrestricted net assets	<u>2,344,672</u>
Total net assets without donor restrictions	<u>\$ 3,550,045</u>

5. Investments

Investments at August 31, 2025 consist of the following:

Equity securities	\$ 6,324,935
Certificates of deposit	2,415,322
U.S. Department of Treasury obligations	1,439,488
Debt and equity mutual funds	222,281
	<u>\$ 10,402,026</u>

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

Notes to Financial Statements (continued)
Year Ended August 31, 2025

5. Investments (continued)

Based on the nature of the Organization's investments, the fair value of investments as of August 31, 2025 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.

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, 2025, the Organization had gross contributions receivables totaling \$1,950,265 and a related present value discount of \$270,515. 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
(dba THE WOODEN FLOOR)**

**Notes to Financial Statements (continued)
Year Ended August 31, 2025**

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
2026	\$ 290,500	\$ 142,000	\$ 432,500
2027	525,500	2,000	527,500
2028	458,000	2,000	460,000
2029	246,250	-	246,250
2030	157,500	-	157,500
Thereafter	53,750	-	53,750
	<u>1,731,500</u>	<u>146,000</u>	<u>1,877,500</u>
Less discount	<u>(262,474)</u>	<u>(8,041)</u>	<u>(270,515)</u>
	<u>\$ 1,469,026</u>	<u>\$ 137,959</u>	<u>1,606,985</u>
Receivables without restriction			<u>72,765</u>
			<u>\$ 1,679,750</u>

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, 2025, 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:

2026		\$ 48,000	
2027		48,000	
2028		28,000	
		<u>124,000</u>	
Less discount		<u>(32,155)</u>	
		<u>\$ 91,845</u>	

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

**Notes to Financial Statements (continued)
Year Ended August 31, 2025**

8. Property and Equipment

Property and equipment as of August 31, 2025 consist of the following:

Land	\$	800,229
Land improvements		28,902
Buildings		3,292,498
Building improvements		1,589,736
Property and equipment		622,032
		6,333,397
Less accumulated depreciation		(3,099,035)
		\$ 3,234,362

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 \$21,457 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,		
2026	\$	9,939
2027		9,939
2028		4,141
Total lease payments		24,019
Less: imputed interest		(1,493)
Total finance lease liability		\$ 22,526

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
(dba THE WOODEN FLOOR)**

**Notes to Financial Statements (continued)
Year Ended August 31, 2025**

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, 2025, the maximum amount of scholarship awards that may be required to be provided by the Organization over the next four years totaled \$997,984, inclusive of \$513,984 *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, 2025 is \$62,678.

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, 2025 are as follows:

Cash and cash equivalents	\$ 459,452
Investments	10,402,026
Contributions receivable, net	<u>1,679,750</u>
Total financial assets	<u>12,541,228</u>
Less: amounts with permanent donor restrictions	(7,678,294)
Less: amounts with purpose-related donor restrictions	(1,555,633)
Less: amounts board-designated for building maintenance	(435,371)
Less: time or purpose restricted contribution receivables due after August 31, 2025	<u>(1,606,985)</u>
Available for general expenditures within one year	<u><u>\$ 1,264,945</u></u>

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

**Notes to Financial Statements (continued)
Year Ended August 31, 2025**

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.