

WOODCRAFT RANGERS (A NONPROFIT ORGANIZATION)

FINANCIAL STATEMENTS

June 30, 2019

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Woodcraft Rangers:

We have audited the accompanying financial statements of Woodcraft Rangers (a nonprofit organization) (the Organization), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Organization's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Woodcraft Rangers as of June 30, 2019, 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.

Emphasis of Matter

As discussed in Note 2, during the year ended June 30, 2019, Woodcraft Rangers adopted Accounting Standards Update (ASU) No. 2016-14, Not-for-Profit Entities (Topic): Presentation of Financial Statements of Not-for-Profit Entities. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 2, 2019, on our consideration of Woodcraft Rangers' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Woodcraft Rangers' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Woodcraft Rangers' internal control over financial reporting and compliance.

Winder, Inc.

Long Beach, California
October 2, 2019

WOODCRAFT RANGERS
(A Nonprofit Organization)

STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 2,848,936
Investments	402,334
Contracts receivable	1,233,438
Grants and contributions receivable	70,700
Prepaid expenses and other current assets	<u>109,484</u>
	<u>4,664,892</u>

OTHER ASSETS

Property and equipment, net	100,835
Deposits	<u>23,851</u>
	<u>124,686</u>

TOTAL ASSETS \$ 4,789,578

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 179,203
Accrued salaries and benefits	255,827
Accrued expenses	44,154
Unearned revenue	<u>59,741</u>
	<u>538,925</u>

COMMITMENTS AND CONTINGENCIES (Note 8)

NET ASSETS

Without donor restrictions	3,726,932
With donor restrictions	<u>523,721</u>
	<u>4,250,653</u>

TOTAL LIABILITIES AND NET ASSETS \$ 4,789,578

The accompanying notes are an integral part of these financial statements.

WOODCRAFT RANGERS
(A Nonprofit Organization)

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Net Assets Without Donor Restrictions</u>	<u>Net Assets With Donor Restrictions</u>	<u>Total</u>
REVENUE			
Government contracts	\$ 8,549,249	\$ -	\$ 8,549,249
Program service fees	748,938	-	748,938
Grants and contributions	168,264	150,000	318,264
Contributed goods and services	2,188,773	-	2,188,773
Interest and dividends	22,658	6,646	29,304
Realized and unrealized losses on investments, net of expenses	(61,119)	(2,491)	(63,610)
Other income	14,374	-	14,374
Net assets released from restrictions	130,501	(130,501)	-
Total Revenue	<u>11,761,638</u>	<u>23,654</u>	<u>11,785,292</u>
 FUNCTIONAL EXPENSES			
Program services	10,489,071	-	10,489,071
Management and general	1,145,726	-	1,145,726
Fundraising	68,171	-	68,171
Total Functional Expenses	<u>11,702,968</u>	<u>-</u>	<u>11,702,968</u>
 CHANGE IN NET ASSETS	 58,670	 23,654	 82,324
 NET ASSETS, BEGINNING OF YEAR	 <u>3,668,262</u>	 <u>500,067</u>	 <u>4,168,329</u>
 NET ASSETS, END OF YEAR	 <u>\$ 3,726,932</u>	 <u>\$ 523,721</u>	 <u>\$ 4,250,653</u>

The accompanying notes are an integral part of these financial statements.

WOODCRAFT RANGERS
(A Nonprofit Organization)

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
PERSONNEL EXPENSES				
Salaries	\$ 5,973,712	\$ 673,982	\$ 46,856	\$ 6,694,550
Payroll taxes	475,712	52,387	3,592	531,691
Employee benefits	451,333	65,318	577	517,228
Total Personnel Expenses	<u>6,900,757</u>	<u>791,687</u>	<u>51,025</u>	<u>7,743,469</u>
OTHER EXPENSES				
Auto	29,013	5,975	30	35,018
Bank charges and fees	-	15,074	-	15,074
Conferences and meetings	31,832	22,777	916	55,525
Food	989,873	62	-	989,935
Insurance	43,385	25,684	-	69,069
Membership dues	2,020	21,154	-	23,174
Miscellaneous	25	243	-	268
Postage	5,016	-	-	5,016
Printing	56,013	-	1,345	57,358
Professional fees	883,416	191,702	14,043	1,089,161
Program events	17,291	-	-	17,291
Program supplies	545,982	20,568	812	567,362
Property taxes	2,458	-	-	2,458
Rent	879,539	46,240	-	925,779
Service transportation	26,050	-	-	26,050
Telephone	41,471	4,560	-	46,031
Depreciation and amortization	34,930	-	-	34,930
	<u>\$ 10,489,071</u>	<u>\$ 1,145,726</u>	<u>\$ 68,171</u>	<u>\$ 11,702,968</u>

The accompanying notes are an integral part of these financial statements.

WOODCRAFT RANGERS
(A Nonprofit Organization)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 82,324
Adjustments to reconcile change in net assets to net cash from operating activities:	
Realized and unrealized losses on investments	63,610
Depreciation and amortization	34,930
Changes in operating assets	
Contracts receivable	304,497
Grants and contributions receivable	(12,500)
Prepaid expenses and other current assets	139,981
Accounts payable	(280,976)
Accrued salaries and benefits	32,286
Accrued expenses	(23,819)
Unearned revenue	59,741
Net Cash Provided By Operating Activities	<u>400,074</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Net proceeds from sale of investments	1,631,010
Purchases of property and equipment	<u>(58,175)</u>
Net Cash Provided By Investing Activities	<u>1,572,835</u>

NET CHANGE IN CASH AND CASH EQUIVALENTS 1,972,909

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR 876,027

CASH AND CASH EQUIVALENTS, END OF YEAR \$ 2,848,936

The accompanying notes are an integral part of these financial statements.

WOODCRAFT RANGERS
(A Nonprofit Organization)

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 – Nature of Operations

Woodcraft Rangers (the Organization) was organized pursuant to the Nonprofit Corporation Laws of the state of California. Woodcraft Rangers is a youth development organization whose mission is guiding young people as they explore pathways to purposeful lives. Through the Fourfold Woodcraft Way, a precursor to the modern whole child educational model, a young person develops an authentic and holistic sense of self through the cultivation of body, mind, spirit and service. Believing that maturity, not scholarship, is the first aim of education, the Woodcraft Way builds character and equips youth with new skills (mind), strength and resiliency (body), deeper understanding of their place in the world (spirit), and a greater commitment to their community (service).

Operating programs in Los Angeles since 1922, Woodcraft Rangers has served five generations of Angeleno youth through scouting, summer camps and afterschool enrichment with programs that have always been co-educational, inclusive and low-cost to ensure access to all children. Currently, the organization serves youth ages 6-18 at nearly 73 school locations and numerous summer learning venues throughout many of Los Angeles County’s most vulnerable neighborhoods including Inglewood, South Gate, Pacoima and Rosemead. Over 14,000 students participate daily and are guided by qualified and committed staff who are intentionally recruited from the communities we serve, resulting in over 4 million hours of collective mentorship each year. Woodcrafters experience positive impacts on academic performance, graduation rates, and cognitive, physical, social and emotional well-being while reducing negative behaviors such as gang participation, crime, and drug use.

Committed to a youth-led philosophy, afterschool and summer learning programs feature over 100 enrichment clubs that have been curated over decades of service allowing students to participate in a broad array of visual and performing arts, health and wellness, sports and play, science technology engineering and math and youth leadership activities in a safe and supportive environment. Furthermore, the program provides academic support to low-income schools that are often of the lowest-performing, elevating the quality of education to be more equitable when compared to peers in better-resourced communities.

Woodcraft Rangers also hosts hundreds of children annually at residential camps, a tradition of providing immersive nature experiences that has been a part of the program for nearly 100 years.

WOODCRAFT RANGERS
(A Nonprofit Organization)

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 2 – Summary of Significant Accounting Policies

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Recently Adopted Accounting Standard

During fiscal year ended June 30, 2019, the Organization adopted Accounting Standards Update No. 2016-14, *Not-for-Profit Entities (Topic): Presentation of Financial Statements of Not-for-Profit Entities*. The main provisions include: presentation of two classes of net assets versus the previously required three; recognition of capital gifts for construction as a net asset without donor restrictions when the associated long-lived asset is placed in service; and recognition of underwater endowment funds as a reduction to net assets with donor restrictions. The guidance also enhances disclosures for board-designated amounts, components of net assets without donor restrictions, liquidity, and expenses by both their natural and functional classification. With the adoption of the standard, the Organization updated net asset presentation in the financial statements and included additional disclosures as required. No significant reclassifications to prior-year amounts were necessary in order to adopt the new standard.

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed stipulations that will be met either by actions of the Organization or the passage of time. When the restrictions have been satisfied, the net assets with donor restrictions are reclassified to net assets without donor restrictions. Grants and contributions with donor restrictions received are reported as revenue without donor restrictions if the restrictions are met in the same reporting period. Other donor restrictions may be perpetual in nature and cannot be expended by the Organization. Generally, the donors of these assets permit the Organization to use the income earned on these assets for general or specific purposes.

WOODCRAFT RANGERS
(A Nonprofit Organization)

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Use of Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from these estimates.

Revenue Recognition

Revenue from contracts is generally recorded to the extent of expenses incurred applicable to the underlying contract or as services are rendered and when the earnings process is complete and collectability is assured. Any difference between expenses incurred and the total funds received (not to exceed the contract maximum) is recorded as a receivable or unearned revenue, whichever is applicable.

Grants and contributions are recorded in net assets without donor restrictions and are considered to be available for use unless specifically restricted by the donor. Conditional contributions are recognized as revenue and recorded in net assets without donor restrictions when the conditions on which they depend have been substantially met.

Cash and Cash Equivalents

The Organization considers all short-term financial instruments purchased with original maturities of three months or less to be cash equivalents.

Investments

Investments are recorded at fair value at quoted market prices, when available, or market prices provided by recognized broker dealers. If listed prices or quotes are not available, fair value is based upon externally developed models that use unobservable inputs due to the limited market activity of the investment. In addition to gains and losses on investment sale transactions, investment income includes dividends and interest and is recognized as revenue in the period in which it is earned. Changes in fair value are recorded as unrealized gains (losses). Investment income amounts are reported as an increase in net assets without donor restrictions unless otherwise restricted by the donor. Contributions of securities from donors are recorded at fair value at the time the gift is made.

WOODCRAFT RANGERS
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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Contracts Receivable

Contract revenue is earned and billed as services are performed. The Organization believes all receivables to be collectible and, accordingly, has provided no allowance for doubtful accounts.

Grants and Contributions Receivable

Grants and contributions consist primarily of donations from foundations, businesses and the general public. The Organization recognizes contributions, including unconditional promises to give, as revenue in the period received. Management anticipates receivables will be collected within one year. The Organization believes all receivables to be collectible and, accordingly, has provided no allowance for doubtful accounts.

Property and Equipment

Property and equipment are recorded at cost. Contributed items are recorded at estimated fair value when received. Depreciation and amortization are determined using the straight-line method over the following estimated useful lives:

Computer hardware and software	3 - 5 years
Furniture and equipment	3 - 5 years
Vehicles	3 - 5 years

Normal repairs and maintenance are expensed as incurred, whereas significant charges that materially increase values or extend useful lives are capitalized and depreciated over the estimated useful lives of the related assets.

Impairment of Long-Lived Assets

Management reviews each asset or asset group for impairment annually or whenever events or circumstances indicate the carrying value of an asset or asset group may not be recoverable. No impairment provision was recorded by the Organization during the year.

WOODCRAFT RANGERS
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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Concentrations of Risk

The Organization maintains its cash and investments in financial institutions which, at times, may exceed federally insured limits. Historically, the Organization has not experienced any losses in such accounts. Management believes the Organization is not exposed to any significant credit risk on cash and cash equivalents and investments.

The Organization has three major funding sources that comprise approximately 86% of its revenue (excluding contributed goods and services) for the year ended June 30, 2019 and 98% of its receivables at June 30, 2019.

Endowments

Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Donor-restricted endowments are described in Note 7.

Contributed Goods and Services

Contributed services are recognized if the services (a) create or enhance long-lived assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

The Organization has recognized the following contributed goods and services at the estimated fair value as of the contribution date:

Food	\$ 989,873
Professional fees	615,600
Rent	<u>583,300</u>
	<u>\$ 2,188,773</u>

WOODCRAFT RANGERS
(A Nonprofit Organization)

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Functional Expenses

The Organization allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program or support service are allocated directly according to their natural expenditure classification. Salaries and related expenses, such as medical insurance, taxes and benefits, which are not directly attributable to a function, are allocated based on management's estimate of time and effort. Contributed goods and services totaling \$2,188,773 have been allocated 100% to program services within the statement of functional expenses.

Income Tax Status

The Organization is a nonprofit public benefit corporation organized under the laws of California and, as such, is exempt from federal and state income taxes under Internal Revenue Code (IRC) Section 501(c)(3) and corresponding state provisions.

The Organization recognizes the financial statement benefit of tax positions, such as filing status of tax-exempt, only after determining that the relevant tax authority would more likely than not sustain the position following an audit. The Organization is subject to potential income tax audits on open tax years by any taxing jurisdiction in which it operates.

Recently Issued Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)* (ASU 2014-09), requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative-effect-transition method. In August 2015, the FASB issued ASU 2015-14, which defers the effective date of ASU 2014-09 one year, making it effective for annual reporting periods beginning after December 15, 2018. The Organization is currently evaluating the impact of the adoption of the new standard on the financial statements.

WOODCRAFT RANGERS
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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Recently Issued Accounting Pronouncements (Continued)

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)* (ASU 2016-02). The guidance in this ASU supersedes the leasing guidance in *Leases (Topic 840)*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. In July 2018, the FASB issues ASU 2018-11, *Leases (Topic 842)*, which allows entities to initially apply the new lease standard as of the adoption date instead of at the beginning of the earliest period presented in the financial statements. The new lease standard requires a modified retrospective approach for all leases existing at, or entered into after the date of initial adoption, with an option to elect to use certain transition relief. The Organization is currently evaluating the impact of the adoption of the new standard on the financial statements.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASU 2018-08), which provides additional guidance on characterizing grants and similar contracts with resource providers as either exchange transactions or contributions, as well as distinguishing between conditional contributions and unconditional contributions. The updated standard will be effective for annual reporting periods beginning after December 15, 2018. The Organization is currently evaluating the impact of the adoption of the new standard on the financial statements.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 2, 2019, the date the financial statements were available to be issued, and except as disclosed in Note 6, determined that there were no other items to disclose.

WOODCRAFT RANGERS
(A Nonprofit Organization)

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 3 – 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 the statement of financial position date, comprise the following:

Cash and cash equivalents	\$ 2,727,549
Contracts receivable	1,233,438
Grants and contributions receivable	<u>70,700</u>
	<u>\$ 4,031,687</u>

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE 4 – Investments

The Organization follows the guidance required for fair value measurements of financial and nonfinancial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring or nonrecurring basis. The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is best determined based upon quoted market prices. However, in certain instances, there are no quoted market prices for the Organization's various financial instruments. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques.

The Organization groups its assets measured at fair value in three levels, based on the markets in which the assets are traded and the reliability of the assumptions used to determine fair value. The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

WOODCRAFT RANGERS
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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 4 – Investments (Continued)

The following tables present assets that are measured at fair value on a recurring basis at June 30, 2019:

	Level 1	Level 2	Level 3	Total
Certificates of deposit	\$ 388,187	\$ -	\$ -	\$ 388,187
Oil well leasehold interest	-	-	14,147	14,147
	<u>\$ 388,187</u>	<u>\$ -</u>	<u>\$ 14,147</u>	<u>\$ 402,334</u>

The fair value of the investment in the oil well leasehold interest was estimated to be the same as that established by the oil well management in 2011.

NOTE 5 – Property and Equipment

Property and equipment consists of the following at June 30, 2019:

Computer hardware and software	\$ 816,812
Furniture and equipment	144,568
Vehicles	122,603
	1,083,983
Less accumulated depreciation and amortization	(995,148)
	88,835
Land	12,000
	<u>\$ 100,835</u>

NOTE 6 – Lines of Credit

The Organization had two separate lines of credit totaling \$1,300,000, which was to expire in August 2019. One is secured by a certificate of deposit, with interest at the bank's savings rate plus the applicable margin. The other is secured by the general assets of the Organization, including investments at the same bank, with interest at the bank's prime rate. The Organization closed their lines of credit in February 2019.

WOODCRAFT RANGERS
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NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 7 – Net Assets with Donor Restrictions

The activity for net assets with donor restrictions were as follows:

<u>Purpose</u>	<u>June 30, 2018</u>	<u>Additions</u>	<u>Release</u>	<u>June 30, 2019</u>
Restricted for purpose/time:				
College scholarships	\$ 186,741	\$ 1,444	\$ -	\$ 188,185
Camperships	195,126	2,711	-	197,837
Arts programs	13,200	-	(13,200)	-
Summer Camp Programs	10,000	50,000	(10,000)	50,000
Sports programs	25,000	-	(25,000)	-
Other time-restricted	-	100,000	(82,301)	17,699
	<u>430,067</u>	<u>154,155</u>	<u>(130,501)</u>	<u>453,721</u>
Restricted in perpetuity				
Camperships	<u>70,000</u>	<u>-</u>	<u>-</u>	<u>70,000</u>
	<u>\$ 500,067</u>	<u>\$ 154,155</u>	<u>\$ (130,501)</u>	<u>\$ 523,721</u>

Net Assets Restricted in Perpetuity

The Board of Directors of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of donor-restricted endowment funds, absent further instructions. Any portion of the donor-restricted endowment fund not restricted in perpetuity is considered restricted until those amounts are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA.

Net assets restricted in perpetuity consist entirely of the Denise Korman endowment, established to ensure long-term funding of camperships for young people. The principal of the endowment is to remain restricted in perpetuity, and earnings are available to be used for camperships. The principal of the Denise Korman endowment must be at least \$70,000 before the accumulated earnings may be paid out for camperships. The Organization has an investment policy specific to the endowment fund, which is monitored by the Finance Committee of its Board of Directors. The Chief Executive Officer and the Finance Committee can determine the availability of accumulated earnings to fund camperships during the year. Accumulated earnings on the endowment are included in funds for camperships that are donor restricted for purpose.

WOODCRAFT RANGERS
(A Nonprofit Organization)

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 8 – Commitments and Contingencies

Operating Leases

The Organization is committed under a noncancelable operating lease agreement for office space through June 2021. The Organization is also committed under noncancelable operating leases for office equipment expiring at various dates through June 2021. The scheduled minimum lease payments under the lease terms are as follows:

<u>Year Ending</u> <u>June 30,</u>	
2020	\$ 304,275
2021	<u>312,070</u>
Total	<u>\$ 616,345</u>

Rent expense paid under the noncancelable operating leases totaled \$297,423 during the year. The Organization receives donated rental space at the various schools where the programs are held. The Organization received donated rent totaling \$583,300, which has not been included above as the agreements for use of space are renewed annually. (See Note 2.)

Government Grants

The Organization receives federal, state and local funds for specific purposes that are subject to review and audit by the contracting parties. Although such audits could generate expense disallowances under the terms of the contracts, management believes any potential disallowances will not be material.

Unemployment Insurance

The Organization has elected the reimbursable method of financing unemployment insurance. Under this method, the Organization is not required to make contributions to the State Unemployment Insurance Fund. It currently uses the Unemployment Services Trust (UST) agency to handle its reimbursement payment to the state for unemployment benefits paid to eligible ex-employees of the Organization. Under this election, the Organization's maximum potential liability per employee separated from employment is approximately \$11,700 per year. The Organization makes quarterly deposits to UST based on the estimated expected value of future unemployment benefits payable by UST. The Organization incurred approximately \$33,325 of expenses payable to UST during the year.

**WOODCRAFT RANGERS
(A Nonprofit Organization)**

**NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2019**

NOTE 8 – Commitments and Contingencies (Continued)

Pension Plan

The Organization sponsors an IRC Section 403(b) retirement plan for all eligible employees. Eligible employees may elect to make salary deferral contributions of up to 6% of the employee's annual compensation with the Organization, making a matching contribution of up to 4% of the employee's annual compensation. The Organization made contributions to the plan totaling \$54,724 for the year ended June 30, 2019.