



**WOODCRAFT
RANGERS**

**Financial Statements
June 30, 2022**

CONTENTS

Independent Auditors' Report.....	1-3
Statement of Financial Position.....	4
Statement of Activities	5
Statement of Functional Expenses.....	6
Statement of Cash Flows.....	7
Notes to the Financial Statements	8-18

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Woodcraft Rangers:

Opinion

We have audited the accompanying financial statements of Woodcraft Rangers (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Woodcraft Rangers (the Organization) as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.

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 and *Government 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, including omissions, 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 and *Government 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2022, on our consideration of the Organization's 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 the Organization's 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 the Organization's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Windes, Inc.".

Long Beach, California
October 13, 2022

WOODCRAFT RANGERS
(A Nonprofit Organization)

STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 3,854,173
Contracts receivable	2,462,173
Prepaid expenses and other current assets	<u>111,687</u>
	<u>6,428,033</u>

OTHER ASSETS

Property and equipment, net	689,604
Deposits	<u>61,397</u>
	<u>751,001</u>

TOTAL ASSETS	<u>\$ 7,179,034</u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$ 411,389
Accrued salaries and benefits	854,593
Unearned revenue	<u>459,142</u>
	<u>1,725,124</u>

COMMITMENTS AND CONTINGENCIES (Note 7)

NET ASSETS

Without donor restrictions	4,920,435
With donor restrictions	<u>533,475</u>
	<u>5,453,910</u>

TOTAL LIABILITIES AND NET ASSETS	<u>\$ 7,179,034</u>
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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, 2022

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
REVENUE			
Government contracts	\$ 15,064,367	\$ -	\$ 15,064,367
Program service fees	212,291	-	212,291
Grants and contributions	939,493	30,000	969,493
Contributed goods and services	4,001,760	-	4,001,760
Investment earnings	1,263	-	1,263
Paycheck Protection Program loan forgiveness	1,603,900	-	1,603,900
Other income	19,721	-	19,721
Net assets released from restrictions	5,750	(5,750)	-
Total Revenue	<u>21,848,545</u>	<u>24,250</u>	<u>21,872,795</u>
FUNCTIONAL EXPENSES			
Program services	18,870,501	-	18,870,501
Management and general	1,882,796	-	1,882,796
Fundraising	372,836	-	372,836
Total Functional Expenses	<u>21,126,133</u>	<u>-</u>	<u>21,126,133</u>
CHANGE IN NET ASSETS	722,412	24,250	746,662
NET ASSETS, BEGINNING OF YEAR	<u>4,198,023</u>	<u>509,225</u>	<u>4,707,248</u>
NET ASSETS, END OF YEAR	<u><u>\$ 4,920,435</u></u>	<u><u>\$ 533,475</u></u>	<u><u>\$ 5,453,910</u></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, 2022

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
PERSONNEL EXPENSES				
Salaries	\$ 10,094,568	\$ 1,127,742	\$ 301,166	\$ 11,523,476
Payroll taxes	876,934	86,536	23,761	987,231
Employee benefits	<u>630,912</u>	<u>90,775</u>	<u>2,217</u>	<u>723,904</u>
Total Personnel Expenses	11,602,414	1,305,053	327,144	13,234,611
OTHER EXPENSES				
Auto	12,549	7,908	12	20,469
Bank charges and fees	830	13,817	-	14,647
Conferences and meetings	51,402	11,929	-	63,331
Contributed goods and services	4,001,760	-	-	4,001,760
Insurance	53,449	44,088	-	97,537
Membership dues	13,930	17,485	150	31,565
Miscellaneous	4,553	480	-	5,033
Postage	901	1,846	25	2,772
Printing and advertising	68,556	14,167	31,032	113,755
Professional fees and contract services	532,967	343,323	6,783	883,073
Program events	53,126	585	-	53,711
Program supplies	1,538,054	12,446	-	1,550,500
Rent	447,732	53,385	-	501,117
Service transportation	74,316	2,437	-	76,753
Supplies	179,441	38,310	7,690	225,441
Telephone	124,479	11,019	-	135,498
Utilities	4,270	-	-	4,270
Depreciation and amortization	<u>105,772</u>	<u>4,518</u>	<u>-</u>	<u>110,290</u>
	<u>\$ 18,870,501</u>	<u>\$ 1,882,796</u>	<u>\$ 372,836</u>	<u>\$ 21,126,133</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, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 746,662
Adjustments to reconcile change in net assets to net cash from operating activities:	
Depreciation and amortization	110,290
Realized and unrealized gains on investments	(1,166)
Paycheck Protection Program loan forgiveness	(1,603,609)
Changes in operating assets	
Contracts receivable	222,610
Other receivables	323,348
Grants and contributions receivable	45,000
Prepaid expenses and other current assets	(70,089)
Deposits	(25,000)
Accounts payable and accrued expenses	(626,207)
Accrued salaries and benefits	206,315
Unearned revenue	(98,716)
Net Cash Used In Operating Activities	<u>(770,562)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from sale of marketable securities	405,835
Purchase of property and equipment	<u>(746,613)</u>
Net Cash Used In Investing Activities	<u>(340,778)</u>

NET CHANGE IN CASH AND CASH EQUIVALENTS (1,111,340)

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR 4,965,513

CASH AND CASH EQUIVALENTS, END OF YEAR \$ 3,854,173

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

WOODCRAFT RANGERS
(A Nonprofit Organization)

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

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 75 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 14,299 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, 2022

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

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires a not-for-profit to present contributed nonfinancial assets as a separate line item in the statements of activities, disaggregate the amount of contributed nonfinancial assets by category that depicts the type of nonfinancial assets, and provide additional information related to the monetization, utilization, and valuation of the contributed nonfinancial assets. The Organization adopted the standard during the year ended June 30, 2022.

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 are 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, 2022

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 revenue and expenses. Actual results could differ from these estimates.

Revenue Recognition

Contributions, including unconditional promises to give, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend are substantially met.

A portion of the Organization's revenue is derived from cost-reimbursable federal, state, and county grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures or met performance requirements, in compliance with the specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures or meeting performance requirements are reported as deferred revenue in the statement of financial position. The majority of the Organization's cost-reimbursable grants are renewed annually, defining the potential revenue to be earned.

Revenue from certain program fees involve contracts with customers, where revenue is recorded as performance obligations are completed. Any difference between performance obligations completed and the total funds received is recorded as a receivable or a liability, whichever is applicable.

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.

WOODCRAFT RANGERS
(A Nonprofit Organization)

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2 – Summary of Significant Accounting Policies (Continued)

Contracts Receivable

Contracts receivable relate to cost-reimbursable grants, where the conditions for recognizing revenue have been met, but payment has not yet been received. 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, corporations 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:

Furniture and equipment	3 - 10 years
Vehicles	3 - 5 years
Leasehold improvements	7 - 10 years

Leasehold improvements are amortized on the straight-line basis, using the useful lives of seven to ten years, or the lease term, if shorter. 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
(A Nonprofit Organization)

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

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 two major funding sources that comprise approximately 81 % of its revenue (excluding contributed goods and services) for the year ended June 30, 2022 and 91 % of its receivables at June 30, 2022.

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 6.

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 value of significant contributed goods are reflected as contributions if an objective basis is available to measure the fair value of such goods at the date of donation.

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 \$4,001,760 have been allocated 100% to program services within the statement of functional expenses.

WOODCRAFT RANGERS
(A Nonprofit Organization)

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2 – Summary of Significant Accounting Policies (Continued)

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 Pronouncement

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 liabilities on the statement of financial position 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 statement of activities. The new standard is effective for the Organization for the fiscal year ending June 30, 2023. 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.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through October 13, 2022, the date the financial statements were available to be issued.

WOODCRAFT RANGERS
(A Nonprofit Organization)

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

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	\$ 3,854,173
Contracts receivable	<u>2,462,173</u>
	6,316,346
Less amounts unavailable for general expenditure within one year due to donor-imposed restrictions	<u>(533,475)</u>
	<u><u>\$ 5,782,871</u></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 – Property and Equipment

Property and equipment consists of the following at June 30, 2022:

Furniture and equipment	\$ 219,688
Leasehold improvements	526,924
Vehicles	<u>76,426</u>
	823,038
Less accumulated depreciation and amortization	<u>(133,434)</u>
	<u><u>\$ 689,604</u></u>

WOODCRAFT RANGERS
(A Nonprofit Organization)

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 5 – Paycheck Protection Program Loan

In March 2020, Congress passed the Paycheck Protection Program (PPP) under Division A, Title I of the Coronavirus Aid, Relief, and Economic Security Act, authorizing loans to small organizations for use in paying employees that they continue to employ throughout the COVID-19 pandemic and for rent, utilities and interest on mortgages. Loans obtained through the program are eligible to be forgiven as long as the proceeds are used for qualifying purposes and certain other conditions are met.

In April 2020, the Organization received a loan in the amount of \$1,603,900 through the PPP. In August 2021, the Organization received notification from the Small Business Administration (SBA) that the loan was forgiven in full. For the year ended June 30, 2022, the Organization recognized this loan forgiveness into income in the accompanying statement of activities and changes in net assets.

NOTE 6 – Net Assets with Donor Restrictions

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

<u>Purpose</u>	<u>June 30, 2021</u>	<u>Additions</u>	<u>Release</u>	<u>June 30, 2022</u>
Restricted for purpose/time:				
College scholarships	\$ 231,096	\$ -	\$ (5,750)	\$ 225,346
Camperships	208,129	30,000	-	238,129
	<u>439,225</u>	<u>30,000</u>	<u>(5,750)</u>	<u>463,475</u>
Restricted in perpetuity				
Camperships	<u>70,000</u>	<u>-</u>	<u>-</u>	<u>70,000</u>
	<u>\$ 509,225</u>	<u>\$ 30,000</u>	<u>\$ (5,750)</u>	<u>\$ 533,475</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.

WOODCRAFT RANGERS
(A Nonprofit Organization)

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 6 – Net Assets with Donor Restrictions (Continued)

Net Assets Restricted in Perpetuity (Continued)

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.

NOTE 7 – Commitments and Contingencies

Operating Leases

The Organization is committed under a noncancelable operating lease agreements for office and warehouse space through June 2032.

Future minimum lease commitments for noncancelable operating leases are as follows:

Year Ending June 30,	
2023	\$ 411,150
2024	423,444
2025	436,120
2026	420,191
2027	343,362
Thereafter	<u>1,838,207</u>
	<u>\$ 3,872,474</u>

WOODCRAFT RANGERS
(A Nonprofit Organization)

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 7 – Commitments and Contingencies (Continued)

Operating Leases (Continued)

Rent expense paid under the noncancelable operating leases totaled \$258,234 during the year. The Organization generally receives donated rental space at the various schools where the programs are held, however, no donated rental space was used during the year ended June 30, 2022.

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 \$46,639 of expenses payable to UST during the year.

Employee Retirement 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 \$83,603 for the year ended June 30, 2022.

WOODCRAFT RANGERS
(A Nonprofit Organization)

NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 8 – Contributed Services and Goods

During the year ended June 30, 2022, contributed services and goods consisted of the following:

	<u>Revenue Recognized</u>	<u>Valuation Techniques and Inputs</u>
Rent	\$ 2,560,383	Value is provided by the Organizations that provide the respective spaces utilized through a Memorandum of Understandings that estimate the fair market value of the space usage for a given time.
Food snacks	\$ 1,001,660	Value is estimated based on a standard rate provided by LAUSD guidance multiplied by attendance.
Professional fees	\$ 439,717	Hours are reported by the Youth Services staff count report on a daily basis and is multiplied by a standard rate provided by LAUSD. LAUSD staff hours are entered as a standard amount.

All donated services and goods were utilized by the Organization's programs and supporting services. There were no donor-imposed restrictions associated with the donated services or goods.



**WOODCRAFT
RANGERS**

**Internal Control and Compliance Reports
Including the Schedule of Expenditures of Federal Awards
June 30, 2022**

CONTENTS

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1-2
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.....	3-5
Schedule of Expenditures of Federal Awards	6
Notes to Schedule of Expenditures of Federal Awards.....	7
Schedule of Findings and Questioned Costs.....	8-9

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors
Woodcraft Rangers

We have audited, in accordance with the 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, the financial statements of Woodcraft Rangers (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 13, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Woodcraft Rangers' internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Woodcraft Rangers' internal control. Accordingly, we do not express an opinion on the effectiveness of Woodcraft Rangers' internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Woodcraft Rangers' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Windes, Inc.".

Long Beach, California
October 13, 2022

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors of
Woodcraft Rangers:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Woodcraft Rangers' (the Organization) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2022. The Organization's major federal programs are identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the Organization as of and for the year ended June 30, 2022, and have issued our report thereon dated October 13, 2022, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Windes, Inc.".

Long Beach, California
October 13, 2022

WOODCRAFT RANGERS
(A Nonprofit Organization)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Pass-Through Entity Number	Total Federal Expenditures
United States Department of Education			
<i>Passed-through the Los Angeles Unified School District</i>		<i>10000069C</i>	
21 st Century Community Learning Centers Program			
Beyond the Bell	84.287		\$ 146,860
Beyond the Bell	84.287		1,021,345
Los Angeles Academy of Arts & Entertainment	84.287		<u>118,905</u>
Total Expenditures of Federal Awards			<u>\$ 1,287,110</u>

WOODCRAFT RANGERS
(A Nonprofit Organization)

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Woodcraft Rangers, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

NOTE 2 – Summary of Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in the notes to the financial statements of Woodcraft Rangers as of and for the year ended June 30, 2022.

Woodcraft Rangers has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

There were no awards passed through to subrecipients.

WOODCRAFT RANGERS
(A Nonprofit Organization)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

The auditors’ report expresses an unmodified opinion on whether the financial statements of Woodcraft Rangers were prepared in accordance with general accepted accounting principles.

Internal control over financial reporting

1. Material weakness(es) identified? – No
2. Significant deficiencies identified? – None reported
3. Noncompliance material to financial statements noted? – No

Federal Awards

Internal control over major programs

1. Material weakness(es) identified? – No
2. Significant deficiencies identified? – None reported
3. Type of auditors’ report issued on compliance for major programs – Unmodified
4. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? – No
5. Identification of major programs:

No. #84.287 Beyond the Bell
6. Dollar threshold used to distinguish between type A and type B programs was \$750,000.
7. Auditee qualified as low-risk auditee? – Yes

**WOODCRAFT RANGERS
(A Nonprofit Organization)**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

SECTION II – FINDINGS FINANCIAL STATEMENTS AUDIT

None noted.

SECTION III – FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None noted.