OUTDOOR ALLIANCE

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

Independent Auditors' Report

The Board of Directors
Outdoor Alliance
Washington, D.C.

Report on the Financial Statements

We have audited the accompanying financial statements of Outdoor Alliance, (the Alliance) which comprise the statement of financial position as of December 31, 2018 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. 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 Alliance'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 Alliance'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.

The Board of Directors
Outdoor Alliance
Washington, D.C.

Report on the Financial Statements (Continued)

Auditors' Responsibility (Continued)

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 Outdoor Alliance, Inc., as of December 31, 2018, 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.

Other Matters

The summarized financial information of Outdoor Alliance as of and for the year ended December 31, 2017 was audited by other auditors whose report dated October 16, 2018 expressed an unmodified opinion

Mullins PC

Bethesda, Maryland
September 9, 2019

Certified Public Accountants

7625 Wisconsin Avenue, Suite 317 | Bethesda, Maryland 20814
202.770.6371 | www.mullinspc.com | john@mullinspc.com

Outdoor Alliance

Statement of Financial Position
December 31, 2018
With Comparative Totals As of December 31, 2017

Assets

	2018	2017
Current Assets		
Cash and Cash Equivalents	**$ 355,760**	$ 256,625
Contributions Receivable	**-**	5,850
Grants Receivable - Net	**158,071**	148,071
Prepaid Expenses	**4,061**	11,339
Property and Equipment - Net	**74,199**	89,185
Security Deposit	**2,400**	-
Total Assets	**$ 594,491**	$ 511,070

Liabilities and Net Assets

	2018	2017
Current Liabilities		
Accounts Payable and Accrued Expenses	**$ 10,856**	$ 11,743
Total Current Liabilities - Total Liabilities	**10,856**	11,743
Net Assets		
Without Donor Restrictions	**293,537**	275,529
With Donor Restrictions	**290,098**	223,798
Total Net Assets	**583,635**	499,327
Total Liabilities and Net Assets	**$ 594,491**	$ 511,070

See Accompanying Notes to Financial Statements

Outdoor Alliance

Statement of Activities
For the Year Ended December 31, 2018
With Comparative Totals For the Year Ended December 31, 2017

	2018			2017
	Without Donor Restrictions	With Donor Restrictions	**Total**	Total
Support and Revenues				
Grants and Contributions	$ 599,467	$ 215,000	**$ 814,467**	$ 861,340
Membership Dues	55,250	-	**55,250**	47,000
In-Kind Contributions	1,320	-	**1,320**	1,375
Interest Income	65	-	**65**	65
Net Assets Released From Restrictions	148,700	(148,700)	**-**	-
Total Support and Revenues	804,802	66,300	**871,102**	909,780
Expenses				
Program Services				
Conservation Policy	254,612	-	**254,612**	243,422
Data and Communications	218,846	-	**218,846**	176,271
Lobbying	10,594	-	**10,594**	12,225
Geospatial Information System Laboratory	62,599	-	**62,599**	71,379
Total Program Services	546,651	-	**546,651**	503,297
Supporting Services				
General and Administrative	186,528	-	**186,528**	139,039
Fundraising	53,615	-	**53,615**	40,693
Total Supporting Services	240,143	-	**240,143**	179,732
Total Expenses	786,794	-	**786,794**	683,029
Changes in Net Assets	18,008	66,300	**84,308**	226,751
Net Assets, Beginning of Period	275,529	223,798	**499,327**	272,576
Net Assets, End of Period	$ 293,537	$ 290,098	**$ 583,635**	$ 499,327

See Accompanying Notes to Financial Statements

Outdoor Alliance

Statement of Functional Expenses
For the Year Ended December 31, 2018
With Comparative Totals For the Year Ended December 31, 2017

	2018								2017
	Conservation Policy	Data and Commun - ications	Lobbying	Geospatial Information System Laboratory	Total Program Services	General and Administrative	Fundraising	**Total**	Total
Personnel Costs	$ 157,295	$ 147,134	$ 7,077	$ 20,264	$ 331,770	$ 130,168	$ 50,117	**$ 512,055**	$ 411,864
Professional Services	14,167	6,500	-	-	20,667	21,800	-	**42,467**	33,065
Communications and Research	1,224	36,668	40	331	38,263	511	-	**38,774**	42,705
Joint Policy Shop	52,852	-	171	-	53,023	647	-	**53,670**	42,000
Occupancy	7,064	6,608	318	910	14,900	5,846	2,250	**22,996**	30,886
Office	3,162	462	2,800	2,447	8,871	15,655	108	**24,634**	21,487
Depreciation and Amortization	-	-	-	35,513	35,513	893	-	**36,406**	35,512
Insurance	-	-	-	-	-	2,618	-	**2,618**	3,236
Development	-	-	-	-	-	300	96	**396**	8,612
Marketing	-	1,051	-	-	1,051	237	-	**1,288**	1,491
Conferences and Meetings	18,848	9,223	188	3,134	31,393	6,533	1,044	**38,970**	43,796
Economic Study	-	11,200	-	-	11,200	-	-	**11,200**	7,000
In-Kind Expense	-	-	-	-	-	1,320	-	**1,320**	1,375
Total Expenses	$ 254,612	$ 218,846	$ 10,594	$ 62,599	$ 546,651	$ 186,528	$ 53,615	**$ 786,794**	$ 683,029

See Accompanying Notes to Financial Statements

Outdoor Alliance

Statement of Cash Flows
For the Year Ended December 31, 2018
With Comparative Totals For the Year Ended December 31, 2017

	2018	2017
Cash Flows from Operating Activities		
Change in Net Assets	**$ 84,308**	$ 226,751
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided by (Used in) Operating Activities		
Depreciation and Amortization	**36,406**	35,503
Discount on Grant Receivable	**-**	1,929
(Increase) Decrease in Assets		
Contributions Receivable	**5,850**	(5,850)
Grants Receivable - Net	**(10,000)**	(150,000)
Prepaid Expenses	**7,278**	(9,364)
Security Deposit	**(2,400)**	-
Increase (Decrease) in Liabilities		
Accounts Payable and Accrued Liabilities	**(887)**	2,240
Net Cash Provided by (Used in) Operating Activities	**120,555**	101,209
Cash Flows from Investing Activities		
Purchases of Property and Equipment	**(21,420)**	(57,550)
Net Cash Provided By (Used) in Investing Activities	**(21,420)**	(57,550)
Net Increase (Decrease) in Cash and Cash Equivalents	**99,135**	43,659
Cash and Cash Equivalents, Beginning of Period	**256,625**	212,966
Cash and Cash Equivalents, End of Period	**$ 355,760**	$ 256,625

See Accompanying Notes to Financial Statements

1. ORGANIZATION AND PURPOSE

Outdoor Alliance (the Alliance) was founded as a nonprofit organization in 2013 to unite the voices of outdoor enthusiasts to conserve public lands and ensure those lands are managed in a way that embraces the human-powered experience.

The Alliance is a coalition of human-powered outdoor recreation organizations including the Access Fund, the American Alpine Club, American Whitewater, American Canoe Association, International Mountain Bicycling Association, The Mountaineers, Winter Wildlands Alliance, the Mazamas, Colorado Mountain Club, and the Surfrider Foundation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting.

Basis of Presentation

The Alliance has adopted *Accounting Standards Update 2014-16, Presentation of Financial Statements of Not-for-Profit Entities (Topic 958)* (ASU 2014-16) for the year ended December 31, 2018. This standard was issued by the Financial Accounting Standards Board (FASB) to improve the previous net asset classification requirements and the information presented in financial statements and notes about a not-for-profit entity's liquidity, financial performance, and cash flows. ASU 2014-16 reduces the number of net assets classifications from three to two: with donor restrictions and without donor restrictions. The ASU also requires not-for-profits to report expenses by functional and natural classification in one location in the financial statements and requires not-for-profits to report quantitative and qualitative information about management of liquidity resources and availability of financial assets.

As required by ASU 2014-16, the Alliance applied the requirements on a retrospective basis in the year of adoption. As a result, certain amounts presented in the prior year have been reclassified to conform to the new presentation. All amounts previously reported as "Unrestricted net assets" have been reclassified to be presented as "Net assets without donor restrictions." Similarly, all amounts previously reported as "Temporarily restricted net assets" and "Permanently restricted net assets" have been reclassified to be presented as "Net assets with donor restrictions." The changes in net assets have been similarly reclassified. There was no change in total net assets or total change in net assets as a result of the adoption of ASU 2014-16.

The financial statements of the Alliance have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which requires the Alliance to report information regarding its financial position and activities according to the following net asset classifications:

<u>Net Assets Without Donor Restrictions:</u> Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Alliance. These net assets may be used at the discretion of management and the Board of Directors.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Net Assets With Donor Restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Alliance or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period.

Accordingly, actual results could differ from those estimates.

Cash Equivalents

The Alliance considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

Grants and Contributions Receivable

Grants and contributions receivable are recorded at net realizable value. Amounts to be collected more than a year after the balance sheet date are recorded net of a present value discount. The discounts on these amounts are computed using risk-free interest rates applicable to the period over which the amounts are to be received. The Alliance provides an allowance for bad debts using the allowance method, which is based on management's judgment considering historical information. Grants are individually analyzed for collectability and will be reserved based on individual evaluation and specific circumstances. When all collection efforts have been exhausted, the accounts are written off against the related allowance. There was no allowance December 31, 2018 as management determined that the grants are fully collectible.

Property and Equipment

Property and equipment acquisitions with a cost greater than $1,000 and a projected useful life exceeding one year are capitalized and recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from three to seven years. Expenditures for repairs and maintenance are expensed as incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment (Continued)

Geospatial Information System (GIS) database is an on-line application created to provide data-driven information, maps, and tools that enables the community and policy makers to protect and improve outdoor recreation experiences on our public lands. The Alliance capitalizes costs of developing its GIS during the application development stage in accordance with Statement of Position (SOP) 98-1, *Accounting for the Costs of Computer Software Developed or Obtained for Internal Use*. SOP 98-1 provides guidance for the treatment of costs associated with computer software development and defines those costs to be capitalized and those to be expensed. Costs that qualify for capitalization are external direct costs, payroll and payroll-related costs. Costs related to general and administrative functions are not capitalized and are expensed as incurred. The Alliance capitalizes application development costs when the projects under development reach technological feasibility. New information, maps and tools leverage off proven delivery platforms and are primarily content, which has no technological hurdles. As a result, a significant portion of our development costs qualify for capitalization due to the concentration of our development efforts on the content. Technological feasibility is established when the Alliance has completed all planning, designing, coding, and testing activities necessary to establish that a course can be produced to meet its design specifications. Capitalization ends when new information, maps or tools is available for general release, at which time amortization of the capitalized costs begins. The period of time over which these development costs will be amortized corresponds with the information, map or tool's lifecycle.

Revenue Recognition

Revenue is recognized when earned. Funds received before being earned are deferred and recognized in the fiscal year when they are earned.

Grants and Contributions

Grants and contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Grants and contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution or grant is recognized. All other donor restricted grants and contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends, or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, occupancy and office expenses, depreciation, information technology costs, and insurance have been allocated among the programs and supporting services benefits allocated on the basis of employee time and effort.

Income Tax Status

The Alliance is exempt from the payment of income taxes on its exempt activities under Section 501(c)(3) of the Internal Revenue Code.

The Alliance follows the Financial Accounting Standards Board Accounting Standards Codification, which provides guidance on accounting for uncertainty in income taxes recognized in the Alliance's financial statements, if any. As of December 31, 2018, the Alliance had no unrecognized tax benefits related to uncertain tax positions in its information return that would qualify for either recognition or disclosure in its financial statements. The Alliance's policy would be to recognize interest and penalties on tax positions related to its unrecognized tax benefits in income tax expense in the financial statements. Through December 31, 2018, there have been no matters that would have resulted in an accrual for interest and/or penalties.

Generally, the tax years before 2015 are no longer subject to examination by federal, state, or local taxing authorities.

Upcoming Accounting Pronouncements

In May 2014, the FASB issued a new standard, ASU 2014-09, Revenue from Contracts with Customers, which outlines a single comprehensive standard for revenue recognition across all industries and supersedes most existing revenue recognition guidance. The core principle of the standard is that an entity should recognize revenue when it satisfies a performance obligation at an amount that reflects the consideration the entity expects to receive in exchange for transferring goods or services. In addition, the standard requires disclosure of the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The standard will be effective for the fiscal year beginning January 1, 2019.

In February 2016, the FASB issued ASU 2016-02, Lease Amendments to the FASB Accounting Standards Codification (Topic 842), which amends the recognition of lease assets by organizations. The new standards require a lessee to recognize assets and liabilities for leases with lease terms of 12 or more months, in addition to modifications improvements on lessor accounting, in conjunction with the new guidance on revenue recognition noted above in ASU-2014-09. Additional disclosures will be required for the amount, timing, and uncertainty of cash flows arising from leases, and the standard will be effective for fiscal years beginning January 1, 2020.

2. Summary of Significant Accounting Policies (Continued)

Subsequent Events

Management has evaluated subsequent events through September 9, 2019 the date which the financial statements were available to be issued. The accompanying financial statements recognize the effects of subsequent events that provided evidence about conditions that existed at the statement of financial position date, including the estimates inherent in the process of preparing financial statements. The accompanying financial statements do not recognize the effect of subsequent events with conditions that did not exist at the statement of financial position date, but disclosures of such events, if any, are included in the accompanying notes.

3. Concentration of Credit Risk

Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of $250,000. As of December 31, 2018, bank balances exceeded the FDIC limit by approximately $115,000. Management believes the risk in these situations to be minimal.

4. Grants Receivable

Grants receivable are due as follows for the year ending December 31, 2018:

2019	$ 85,000
2020	75,000
Less: Present Value Discount (2.64%)	(1,929)
Total	$ 158,071

5. Property and Equipment

Property and equipment consisted of the following at December 31, 2018:

GIS Laboratory	$ 31,782
GIS Database (Intangible)	110,269
Computers	7,853
Total	149,904
Less Accumulated Depreciation and Amortization	(75,705)
Property and Equipment, Net	$ 74,199

Depreciation and amortization expense was $36,406 for the year ended December 31, 2018.

6. NET ASSETS

Net assets with donor restrictions were as follows:

	2017	Contributions	Releases	2018
Purpose:				
Protecting Public Lands	$ 223,798	$ 150,000	$ (111,585)	$ 262,213
Forest Planning	-	65,000	(37,115)	27,885
Total	$ 223,798	$ 215,000	$ (148,700)	$ 290,098

Net assets without donor restrictions for the year ended December 31, 2018 were undesignated.

7. LEASE COMMITMENTS

During 2018, the Alliance executed a sublease agreement for office space. Base rent is $2,250 per month. The lease commenced on April 1, 2018 and terminated on May 31, 2019. Subsequent to year end, the Alliance extended the sublease agreement for an additional year.

As of December 31, 2018, future minimum lease payments were as follows:

2019	$ 30,240
2020	10,080
Total	$ 40,320

8. RETIREMENT PLAN

The Alliance maintains a SIMPLE IRA plan and contributes 3% of an employee's salary for all eligible employees. Employees may contribute up to the maximum amount allowable by law. Employer contributions for the year ended December 31, 2018 totaled $10,287.

Outdoor Alliance

Notes to Financial Statements
December 31, 2018

9. LIQUIDITY AND AVAILABILITY

The following represents the Alliance's financial assets at December 31, 2018:

Financial Assets at Year End:		
Cash and Cash Equivalents	$	355,760
Grants Receivable		85,000
Total Financial Assets		440,760
Less: Restricted Amounts Not Available To Be Used Within One Year:		
Donor-Restricted		290,098
Donor-Restricted To Be Used in Next Twelve Months		(365,098)
Board-Designated		-
		(75,000)
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	$	365,760

As part of the Alliance's liquidity management plan, cash in excess of daily requirements is transferred to income-generating accounts, when practical.