OUTDOOR ALLIANCE

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2019

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, 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. 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, 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.

Report on Summarized Comparative Information

We have previously audited the 2018 financial statements of Outdoor Alliance, and our report dated September 9, 2019, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the 2018 audited financial statements from which it has been derived.

Emphasis of Matter

As discussed in Note 2 to the financial statements, the Alliance adopted Accounting Standards Update 2014-09, Revenue from Contracts with Customers, as amended, and Accounting Standards Update 2018-08, Not-for-Profit Entities – Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made, in 2019. Our opinion is not modified with respect to these matters.

Mullins PC

Certified Public Accountants

Bethesda, Maryland
April 24, 2020

Outdoor Alliance

Statement of Financial Position
December 31, 2019
With Comparative Totals As of December 31, 2018

Assets

	2019	2018
Current Assets		
Cash and Cash Equivalents	**$ 369,745**	$ 355,760
Grants Receivable and Contributions - Net	**175,885**	158,071
Prepaid Expenses	**5,654**	4,061
Property and Equipment - Net	**62,742**	74,199
Security Deposit	**3,045**	2,400
Total Assets	**$ 617,071**	$ 594,491
Liabilities and Net Assets		
Current Liabilities		
Accounts Payable and Accrued Expenses	**$ 16,111**	$ 10,856
Total Current Liabilities - Total Liabilities	**16,111**	10,856
Net Assets		
Without Donor Restrictions	**412,920**	293,537
With Donor Restrictions	**188,040**	290,098
Total Net Assets	**600,960**	583,635
Total Liabilities and Net Assets	**$ 617,071**	$ 594,491

See Accompanying Notes to Financial Statements

Outdoor Alliance

Statement of Activities
For the Year Ended December 31, 2019
With Comparative Totals For the Year Ended December 31, 2018

	2019			2018
	Without Donor Restrictions	With Donor Restrictions	**Total**	Total
Support and Revenues				
Grants and Contributions	$ 662,201	$ 150,000	**$ 812,201**	$ 814,467
Membership Dues	60,000	-	**60,000**	55,250
In-Kind Contributions	645	-	**645**	1,320
Interest Income	2,685	-	**2,685**	65
Other Income	8,362	-	**8,362**	-
Net Assets Released From Restrictions	252,058	(252,058)	**-**	-
Total Support and Revenues	985,951	(102,058)	**883,893**	871,102
Expenses				
Program Services				
Conservation Policy	298,799	-	**298,799**	254,612
Data and Communications	202,427	-	**202,427**	218,846
Lobbying	5,220	-	**5,220**	10,594
Geospatial Information System Laboratory	64,163	-	**64,163**	62,599
Total Program Services	570,609	-	**570,609**	546,651
Supporting Services				
General and Administrative	214,115	-	**214,115**	186,528
Fundraising	81,844	-	**81,844**	53,615
Total Supporting Services	295,959	-	**295,959**	240,143
Total Expenses	866,568	-	**866,568**	786,794
Changes in Net Assets	119,383	(102,058)	**17,325**	84,308
Net Assets, Beginning of Period	293,537	290,098	**583,635**	499,327
Net Assets, End of Period	$ 412,920	$ 188,040	**$ 600,960**	$ 583,635

See Accompanying Notes to Financial Statements

Outdoor Alliance

Statement of Functional Expenses
For the Year Ended December 31, 2019
With Comparative Totals For the Year Ended December 31, 2018

	2019								2018
	Conservation Policy	Data and Commun - ications	Lobbying	Geospatial Information System Laboratory	Total Program Services	General and Administrative	Fundraising	**Total**	Total
Personnel Costs	$ 133,358	$ 123,620	$ 4,550	$ 23,834	$ 285,362	$ 148,384	$ 59,741	**$ 493,487**	$ 512,055
Professional Services	77,213	29,655	-	-	106,868	27,800	-	**134,668**	42,467
Communications and Research	774	28,244	8	60	29,086	94	-	**29,180**	38,774
Joint Policy Shop	60,311	2,750	-	-	63,061	-	-	**63,061**	53,670
Occupancy	6,214	5,761	212	1,111	13,298	6,915	9,547	**29,760**	22,996
Office	901	922	11	627	2,461	11,081	6,908	**20,450**	24,634
Depreciation and Amortization	-	-	-	35,512	35,512	1,355	-	**36,867**	36,406
Insurance	-	-	-	-	-	2,879	-	**2,879**	2,618
Development	-	-	-	-	-	528	-	**528**	396
Marketing	-	170	-	-	170	1,803	-	**1,973**	1,288
Conferences and Meetings	20,028	11,305	439	1,893	33,665	13,276	5,648	**52,589**	38,970
Economic Study	-	-	-	1,126	1,126	-	-	**1,126**	11,200
In-Kind Expense	-	-	-	-	-	-	-	**-**	1,320
Total Expenses	$ 298,799	$ 202,427	$ 5,220	$ 64,163	$ 570,609	$ 214,115	$ 81,844	**$ 866,568**	$ 786,794

See Accompanying Notes to Financial Statements

Outdoor Alliance

Statement of Cash Flows
For the Year Ended December 31, 2019
With Comparative Totals For the Year Ended December 31, 2018

Cash Flows from Operating Activities		
Change in Net Assets	**$ 17,325**	$ 84,308
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided by (Used in) Operating Activities		
Depreciation and Amortization	**36,867**	36,406
(Increase) Decrease in Assets		
Contributions Receivable	**-**	5,850
Grants Receivable and Contributions - Net	**(17,814)**	(10,000)
Prepaid Expenses	**(1,593)**	7,278
Security Deposit	**(645)**	(2,400)
Increase (Decrease) in Liabilities		
Accounts Payable and Accrued Liabilities	**5,255**	(887)
Net Cash Provided by (Used in) Operating Activities	**39,395**	120,555
Cash Flows from Investing Activities		
Purchases of Property and Equipment	**(25,410)**	(21,420)
Net Cash Provided By (Used) in Investing Activities	**(25,410)**	(21,420)
Net Increase (Decrease) in Cash and Cash Equivalents	**13,985**	99,135
Cash and Cash Equivalents, Beginning of Period	**355,760**	256,625
Cash and Cash Equivalents, End of Period	**$ 369,745**	$ 355,760

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 Presentation

The accompanying financial statements are presented in accordance with the accrual basis of accounting, whereby revenue is recognized when earned and expenses are recognized when incurred.

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.

<u>Net Assets With Donor Restrictions:</u> 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 statement of activities.

Adopted Accounting Pronouncements

During fiscal 2019, the Alliance adopted Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958)*: *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.* The guidance provided in this ASU will assist in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and whether a contribution is conditional. As required by ASU 2018-08, the Alliance applied the requirements on a modified prospective basis to agreements that either are not completed as of January 1, 2019 or entered into after January 1, 2019.

The adoption of ASU 2018-08 did not have a material impact on the Alliance's accounting for contributions or federal grants.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Adopted Accounting Pronouncements (Continued)

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606).* ASU 2014-09 requires an entity to recognize revenues to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which an entity is expected to be entitled in exchange for those goods or services. On January 1, 2019, the Alliance adopted ASU 2014-09, using the modified retrospective approach. The Alliance applied the five-step revenue model stipulated by ASC 606 to all of its significant revenue streams in order to determine when revenue is earned and recognized. The five-step model requires the Alliance to 1) identify contracts with customers, 2) identify performance obligations related to those contracts, 3) determine the transaction price, 4) allocate that transaction price to each performance obligation, and 5) recognize revenue when or as the Alliance satisfies a performance obligation.

The adoption of this ASU did not materially impact the timing or amount of revenue recognized by the Alliance in the financial statements.

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. The allowance as of December 31, 2019 was $6,000.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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

Grants and contributions, including unconditional grants receivable, are recognized as revenues in the period received or pledged. Conditional grants receivable are not recognized until the conditions on which they depend are substantially met. Contributions of assets, other than cash, are recorded at their estimated fair value at the date of gift. Contributed services and materials are recorded at their estimated fair value if they would otherwise be purchased if not provided by donation and provided by professionals in their field. Management considers all outstanding contributions receivable amounts to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

There were no unrecognized conditional contributions as of December 31, 2019.

Coalition members contribute annual membership dues. Because coalition members do not receive commensurate value for their dues, membership dues are recorded as revenues when received or promised.

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 statement of activities. The statement 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, 2019, 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, 2019, there have been no matters that would have resulted in an accrual for interest and/or penalties.

Generally, the tax years before 2016 are no longer subject to examination by federal, state, or local taxing authorities.

Recently Issued Accounting Pronouncement

In February 2016, the FASB issued ASU 2016-02, *Leases*. The update requires a lessee to recognize a right-of-use asset and lease liability, initially measured at the present value of the lease payments, in its statement of financial position. The guidance also expands the required quantitative and qualitative lease disclosures. The guidance is effective beginning in 2021.

Subsequent Events

Management has evaluated subsequent events through April24, 2020 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, 2019, bank balances exceeded the FDIC limit by approximately $125,000. 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, 2019:

2020	$ 177,814
Less: Present Value Discount (2.64%)	(1,929)
Total	$ 175,885

5. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2019:

GIS Laboratory	$ 31,782
GIS Database (Intangible)	135,679
Computers	7,853
Total	175,314
Less Accumulated Depreciation and Amortization	(112,572)
Property and Equipment, Net	$ 62,742

Depreciation and amortization expense was $36,867 for the year ended December 31, 2019.

6. LINE OF CREDIT

The line of credit is an unsecured line of credit with a maximum borrowing capacity of $62,000. The line bears interest at 11.5%. As of December 31, 2019, the Alliance did not have a balance due on the line of credit.

7. NET ASSETS

Net assets with donor restrictions were as follows:

Purpose:	2018	Contributions	Releases	2019
Protecting Public Lands	$ 262,213	$ 150,000	$ (224,173)	$ 188,040
Forest Planning	27,885	-	(27,885)	-
Total	$ 290,098	$ 150,000	$ (252,058)	$ 188,040

Net assets without donor restrictions for the year ended December 31, 2019 were undesignated.

8. LEASE COMMITMENTS

During 2019, the Alliance executed an agreement for office space through April 2020. Base rent is $2,520 per month. The lease commenced on May 1, 2019.

As of December 31, 2019, future minimum lease payments were $10,080.

9. 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, 2019 totaled $11,287.

10. LIQUIDITY AND AVAILABILITY

The following represents the Alliance's financial assets at December 31, 2019:

Financial Assets at Year End:		
Cash and Cash Equivalents	$	369,745
Grants and Contributions Receivable		177,814
Total Financial Assets		547,559
Less: Restricted Amounts Not Available To Be Used Within One Year:		
Donor-Restricted		188,040
Donor-Restricted To Be Used in Next Twelve Months		(188,040)
Board-Designated		-
		-
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	$	547,559

As part of the Alliance's liquidity management plan, cash in excess of daily requirements is transferred to income-generating accounts, when practical. Additionally, the Alliance has a line of credit with a borrowing capacity of $62,000 as of December 31, 2019 as disclosed in Note 6.

11. SUBSEQUENT EVENTS

Subsequent to year end, the Alliance has applied for a loan under the Paycheck Protection Program, which was included in the Coronavirus Aid, Relief and Economic Security (CARES) Act passed on March 27. The Alliance has structured the application to meet the forgiveness requirements at the end of the eight-week period and therefore does not anticipate repaying the funds.