

OUTDOOR ALLIANCE

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022



Independent Auditor's Report

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

Opinion

We have audited the accompanying financial statements of Outdoor Alliance (the Alliance), which comprise the statement of financial position as of December 31, 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 the Alliance as of December 31, 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Alliance 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 Alliance's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, 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, 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 Alliance'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 Alliance'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.

Report on Summarized Comparative Information

We have previously audited the 2021 financial statements of Outdoor Alliance, and our report dated September 12, 2022, 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, 2021, is consistent, in all material respects, with the 2021 audited financial statements from which it has been derived.



Bethesda, Maryland
June 30, 2023

Certified Public Accountants

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Outdoor Alliance

Statement of Financial Position December 31, 2022 With Comparative Totals As of December 31, 2021

	<u>2022</u>	<u>2021</u>
Assets		
Cash and Cash Equivalents	\$ 945,729	\$ 1,109,484
Grants Receivable and Contributions - Net	496,569	172,985
Prepaid Expenses	3,807	3,918
Property and Equipment - Net	49,160	53,570
Security Deposit	2,800	2,800
Total Assets	<u>\$ 1,498,065</u>	<u>\$ 1,342,757</u>
Liabilities and Net Assets		
Liabilities		
Accounts Payable and Accrued Expenses	<u>\$ 11,634</u>	<u>\$ 15,156</u>
Total Liabilities	<u>11,634</u>	<u>15,156</u>
Net Assets		
Without Donor Restrictions	1,052,864	976,601
With Donor Restrictions	<u>433,567</u>	<u>351,000</u>
Total Net Assets	<u>1,486,431</u>	<u>1,327,601</u>
Total Liabilities and Net Assets	<u>\$ 1,498,065</u>	<u>\$ 1,342,757</u>

See Accompanying Notes to Financial Statements

Outdoor Alliance

Statement of Activities For the Year Ended December 31, 2022 With Comparative Totals For the Year Ended December 31, 2021

	2022		2021	
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Support and Revenues				
Grants and Contributions	\$ 806,724	\$ 455,000	\$ 1,261,724	\$ 1,067,503
Forgivable Loan - PPP Contribution	-	-	-	88,114
Membership Dues	60,000	-	60,000	57,000
In-Kind Contributions	22,950	-	22,950	51,700
Interest Income	1,898	-	1,898	89
Other Income	6,901	-	6,901	20,753
Net Assets Released From Restrictions	372,433	(372,433)	-	-
Total Support and Revenues	<u>1,270,906</u>	<u>82,567</u>	<u>1,353,473</u>	<u>1,285,159</u>
Expenses				
Program Services				
Conservation Policy	467,322	-	467,322	358,608
Data and Communications	267,846	-	267,846	248,694
Lobbying	10,443	-	10,443	6,574
Geospatial Information System Laboratory	71,322	-	71,322	65,508
Total Program Services	<u>816,933</u>	<u>-</u>	<u>816,933</u>	<u>679,384</u>
Supporting Services				
General and Administrative	296,849	-	296,849	217,078
Fundraising	80,861	-	80,861	85,761
Total Supporting Services	<u>377,710</u>	<u>-</u>	<u>377,710</u>	<u>302,839</u>
Total Expenses	<u>1,194,643</u>	<u>-</u>	<u>1,194,643</u>	<u>982,223</u>
Changes in Net Assets	76,263	82,567	158,830	302,936
Net Assets, Beginning of Period	<u>976,601</u>	<u>351,000</u>	<u>1,327,601</u>	<u>1,024,665</u>
Net Assets, End of Period	<u>\$ 1,052,864</u>	<u>\$ 433,567</u>	<u>\$ 1,486,431</u>	<u>\$ 1,327,601</u>

Outdoor Alliance

**Statement of Functional Expenses
For the Year Ended December 31, 2022
With Comparative Totals For the Year Ended December 31, 2021**

	2022							2021	
	Conservation Policy	Data and Commun - ications	Lobbying	Geospatial Information System Laboratory	Total Program Services	General and Administrative	Fundraising	Total	Total
Personnel Costs	\$ 200,457	\$ 146,719	\$ 6,169	\$ 59,791	\$ 413,136	\$ 233,899	\$ 67,554	\$ 714,589	\$ 552,914
Professional Services	86,222	62,907	-	-	149,129	30,855	-	179,984	207,827
Communications and Research	500	30,814	-	-	31,314	-	426	31,740	37,645
Joint Policy Shop	144,700	-	-	-	144,700	-	-	144,700	130,063
Occupancy	4,376	3,203	135	1,305	9,019	5,106	1,865	15,990	15,600
Office	7,335	9,211	237	3,790	20,573	6,821	599	27,993	20,359
Depreciation and Amortization	-	-	-	4,540	4,540	885	355	5,780	5,468
Insurance	-	-	-	-	-	3,822	-	3,822	2,976
Development	-	-	-	-	-	-	3,302	3,302	535
Marketing	1,134	6,173	-	-	7,307	-	-	7,307	4,296
Conferences and Meetings	22,598	8,819	3,902	-	35,319	15,461	6,760	57,540	3,374
Economic Study	-	-	-	1,896	1,896	-	-	1,896	1,166
Total Expenses	\$ 467,322	\$ 267,846	\$ 10,443	\$ 71,322	\$ 816,933	\$ 296,849	\$ 80,861	\$ 1,194,643	\$ 982,223

See Accompanying Notes to Financial Statements

Outdoor Alliance
Statement of Cash Flows
For the Year Ended December 31, 2022
With Comparative Totals For the Year Ended December 31, 2021

	2022	2021
Cash Flows from Operating Activities		
Change in Net Assets	\$ 158,830	\$ 302,936
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities		
Depreciation and Amortization	5,780	5,468
<u>(Increase) Decrease in Assets</u>		
Grants Receivable and Contributions - Net	(323,584)	79,135
Prepaid Expenses	111	(362)
<u>Increase (Decrease) in Liabilities</u>		
Accounts Payable and Accrued Liabilities	(3,522)	4,322
Net Cash Provided by (Used in) Operating Activities	(162,385)	391,499
Cash Flows from Investing Activities		
Purchases of Property and Equipment	(1,370)	(1,064)
Net Cash Provided By (Used) in Investing Activities	(1,370)	(1,064)
Net Increase (Decrease) in Cash and Cash Equivalents	(163,755)	390,435
Cash and Cash Equivalents, Beginning of Period	1,109,484	719,049
Cash and Cash Equivalents, End of Period	\$ 945,729	\$ 1,109,484

See Accompanying Notes to Financial Statements

Outdoor Alliance

Notes to Financial Statements December 31, 2022

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:

Net Assets Without Donor Restrictions: 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.

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 statement of activities.

Use of Estimates

The preparation of the financial statements in conformity with US GAAP 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.

Outdoor Alliance

Notes to Financial Statements December 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 as of December 31, 2022. Grants and contributions receivable are expected to be collected within one year.

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.

Outdoor Alliance

Notes to Financial Statements December 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Alliance. 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, 2022.

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.

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 presents 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 based on 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, 2022, 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, 2022, there have been no matters that would have resulted in an accrual for interest and/or penalties.

Generally, the tax years before 2019 are no longer subject to examination by federal, state, or local taxing authorities.

Outdoor Alliance

Notes to Financial Statements December 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncements

In 2016, FASB issued ASU 2016-02, Leases (Topic 842). Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than twelve months. The new standard applies to finance and operating leases entered into after the standard was issued. The Alliance does not have any leases requiring recognition on the statement of financial position.

In September 2020, the FASB issued ASU 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. The standard requires nonprofit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. The standard also increases the disclosure requirements around contributed nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets a nonprofit entity has received. This standard was adopted in the current fiscal year and did not have a significant impact on the financial statements, with the exception of increased disclosure.

Recent Accounting Pronouncements

In June 2016, the FASB issued ASU 2016-13, Financial Instruments – Credit Losses (Topic 326). This guidance requires Organizations to measure all expected credit losses for financial instruments held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. The guidance is effective beginning in 2023.

Subsequent Events

Management has evaluated subsequent events through June 30, 2023 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, 2022, bank balances exceeded the FDIC limit by approximately \$726,000. Management believes the risk in these situations to be minimal.

Outdoor Alliance

Notes to Financial Statements December 31, 2022

4. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2022:

GIS Laboratory	\$ 31,782
GIS Database (Intangible)	135,679
Computers and Equipment	<u>11,687</u>
Total	179,148
Less Accumulated Depreciation and Amortization	<u>(129,988)</u>
Property and Equipment, Net	<u>\$ 49,160</u>

Depreciation and amortization expense was \$5,780 for the year ended December 31, 2022.

5. LINE OF CREDIT

The line of credit is an unsecured line of credit with a maximum borrowing capacity of \$59,100. The line bears interest at 16.24%. As of December 31, 2022, the Alliance did not have a balance due on the line of credit.

6. NET ASSETS

Net assets with donor restrictions were as follows:

	<u>2021</u>	<u>Contributions</u>	<u>Releases</u>	<u>2022</u>
Purpose:				
Protecting Public Lands	\$ 170,000	\$ 270,000	\$ (170,000)	\$ 270,000
North Carolina Forest Plan	29,000	35,000	(29,000)	35,000
Washington State	102,000	-	(73,433)	28,567
Time Restrictions:	<u>50,000</u>	<u>150,000</u>	<u>(100,000)</u>	<u>100,000</u>
Total	<u>\$ 351,000</u>	<u>\$ 455,000</u>	<u>\$ (372,433)</u>	<u>\$ 433,567</u>

Net assets without donor restrictions for the year ended December 31, 2022 were undesignated.

7. IN-KIND CONTRIBUTIONS

The Alliance received donated services from a law firm. Services valued at \$22,950 have been recognized in the statement of activities as in-kind contributions for the year ended December 31, 2022. The Alliance received approximately 92 hours of donated legal services and has valued the donated services at an hourly rate for legal fees that they would have paid if not donated. The Alliance has recognized these expenses as professional fees in the statement of functional expenses and has determined that seventy percent of the legal services were for program purposes and thirty percent were general and administrative.

Outdoor Alliance

Notes to Financial Statements December 31, 2022

8. LEASE COMMITMENTS

During 2022, the office lease was amended for a new twelve month term through December 31, 2023. The initial monthly lease payment was \$1,332.50.

As of December 31, 2022, future minimum lease payments were \$15,990.

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, 2022 totaled \$16,676.

10. LIQUIDITY AND AVAILABILITY

The following represents the Alliance's financial assets at December 31, 2022:

Financial Assets at Year End:

Cash and Cash Equivalents	\$ 945,729
Grants and Contributions Receivable	496,569
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Total Financial Assets	1,442,298

Less: Restricted Amounts Not Available To Be Used Within One Year:

Donor-Restricted	433,567
Donor-Restricted To Be Used in Next Twelve Months	(433,567)
Board-Designated	-
	<hr/>
	-
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Financial Assets Available to Meet General Expenditures

Over the Next Twelve Months	<u>\$ 1,442,298</u>
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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 \$59,100 as of December 31, 2022 as disclosed in Note 5.