OUTWARD BOUND CALIFORNIA

Financial Report

December 31, 2017

CONTENTS

Independent Auditors' Report

To the Board of Trustees
Outward Bound California
San Francisco, California

Financial Statements

We have audited the accompanying financial statements of Outward Bound California (a nonprofit organization), which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 auditor considers internal control relevant to the entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Outward Bound California as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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To the Board of Trustees
Outward Bound California

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses on pages 16 and 17 are presented for purposes of additional analysis and are 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

Macpage LLC

South Portland, Maine
May 24, 2018

Statements of Financial Position

December 31,

ASSETS

	2017	2016
Current Assets		
Cash and cash equivalents	**$ 1,374,504**	$ 1,333,949
Accounts receivable	**17,996**	5,374
Contributions receivable		18,485
Prepaid expenses	**73,089**	66,195
Other current assets	**2,118**	587
Total Current Assets	**1,467,707**	1,424,590
Property and Equipment - Net	**204,296**	145,881
Other Assets		
Contributions receivable - long term	**2,023,706**	2,868,127
Investment	**102,972**	100,938
Security deposits	**21,743**	21,723
Restricted cash	**246,959**	246,959
Total Other Assets	**2,395,380**	3,237,747
Total Assets	**$ 4,067,383**	$ 4,808,218

LIABILITIES AND NET ASSETS

	2017	2016
Current Liabilities		
Accounts payable	**$ 70,935**	$ 72,885
Accrued expenses	**150,623**	114,140
Current portion of capital leases	**20,108**	14,885
Deferred revenue	**105,380**	42,258
Other current liabilities	**3,260**	977
Total Current Liabilities	**350,306**	245,145
Non-Current Liabilities		
Long term portion of capital leases	**55,906**	52,458
Total Non-Current Liabilities	**55,906**	52,458
Net Assets		
Unrestricted	**615,060**	646,270
Temporarily restricted	**2,799,152**	3,617,386
Permanently restricted	**246,959**	246,959
	3,661,171	4,510,615
Total Liabilities and Net Assets	**$ 4,067,383**	$ 4,808,218

See independent auditors' report.
The accompanying notes are an integral part of these financial statements.

Statement of Activities

Year Ended December 31, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating Revenues				
Course tuition and fees	$ 1,589,011			$ 1,589,011
Contributions and grants	682,067	$ 880,405		1,562,472
Other income	85,322			85,322
Net assets released from restrictions	1,698,639	(1,698,639)		
Total Operating Revenues	4,055,039	(818,234)		3,236,805
Expenses				
Program	3,497,557			3,497,557
General management and administration	161,172			161,172
Fundraising and development	429,554			429,554
Total Expenses	4,088,283			4,088,283
Change in Net Assets from Operations	(33,244)	(818,234)		(851,478)
Non-Operating Activities				
Change in equity in investment	2,034			2,034
Total Change in Net Assets	(31,210)	(818,234)		(849,444)
Net Assets, Beginning of Year	646,270	3,617,386	$ 246,959	4,510,615
Net Assets, End of Year	$ 615,060	$ 2,799,152	$ 246,959	$ 3,661,171

See independent auditors' report.
The accompanying notes are an integral part of these financial statements.

Statement of Activities

Year Ended December 31, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Operating Revenues				
Course tuition and fees	$ 1,350,480			$ 1,350,480
Contributions and grants	815,737	$ 3,969,674		4,785,411
Other income	66,096			66,096
Gain on sale of property and equipment	8,000			8,000
Net assets released from restrictions	1,289,438	(1,289,438)		
Total Operating Revenues	3,529,751	2,680,236		6,209,987
Expenses				
Program	2,894,974			2,894,974
General management and administration	97,582			97,582
Fundraising and development	521,933			521,933
Total Expenses	3,514,489			3,514,489
Change in Net Assets from Operations	15,262	2,680,236		2,695,498
Non-Operating Activities				
Change in equity in investment	(3,580)			(3,580)
Total Change in Net Assets	11,682	2,680,236		2,691,918
Net Assets, Beginning of Year	634,588	937,150	$ 246,959	1,818,697
Net Assets, End of Year	$ 646,270	$ 3,617,386	$ 246,959	$ 4,510,615

See independent auditors' report.
The accompanying notes are an integral part of these financial statements.

Statements of Cash Flows

Years Ended December 31,

	2017	2016
Cash flows from operating activities:		
Change in net assets	**$ (849,444)**	$ 2,691,918
Adjustments to reconcile change in net assets		
to net cash flows from operating activities:		
Depreciation	**63,619**	29,709
Unrealized (gain) loss on investment	**(2,034)**	3,580
Gain on sale of property and equipment		(8,000)
(Increase) decrease in operating assets:		
Accounts receivable	**(12,622)**	18,169
Contributions receivable	**18,485**	520,024
Prepaid expenses	**(6,894)**	(1,164)
Security deposits	**(20)**	(5,648)
Other current assets	**(1,531)**	577
Contributions receivable - long term	**844,421**	(2,327,727)
Restricted cash		(246,959)
Increase (decrease) in operating liabilities:		
Accounts payable	**(1,950)**	(38,430)
Accrued expenses	**36,483**	37,859
Deferred revenue	**63,122**	(5,361)
Other current liabilities	**2,283**	(1,210)
Total adjustments	**1,003,362**	(2,024,581)
Net cash flows from operating activities	**153,918**	667,337
Cash flows from investing activities:		
Purchase of property and equipment	**(97,054)**	(45,463)
Proceeds from sale of property and equipment		8,000
Net cash flows from investing activities	**(97,054)**	(37,463)
Cash flows from financing activities:		
Repayment of capital lease obligation	**(16,309)**	(13,041)
Net cash flows from financing activities	**(16,309)**	(13,041)
Net change in cash and cash equivalents	**40,555**	616,833
Cash and cash equivalents at beginning of year	**1,333,949**	717,116
Cash and cash equivalents at end of year	**$ 1,374,504**	$ 1,333,949

Supplemental disclosures of cash flow information:

	2017	2016
Cash paid during the year for:		
Interest	**$ 7,079**	$ 6,727

Supplemental schedule of noncash investing and financing activities:

The Organization acquired vehicles through the use of capital leases as follows:

	2017	2016
Cost of property and equipment	**$ 24,980**	$ 29,722
Amount financed through a capital lease	**(24,980)**	(29,722)
Cash down payment for property and equipment	**$ -**	$ -

See independent auditors' report.
The accompanying notes are an integral part of these financial statements.

Notes to Financial Statements

December 31, 2017 and 2016

NOTE 1 – NATURE OF THE ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Nature of the Organization

Outward Bound California (the Organization) is a nonprofit, adventure-based organization that delivers educational and leadership programs in the wilderness, in cities and in local schools. Urban programs are offered at the Bay Area Center in San Francisco and extended wilderness courses from base camps in the Sierra Nevada and in the Santa Cruz mountains. The mission is to inspire character development and self-discovery in people of all ages and walks of life through challenge and adventure, and to impel them to achieve more than they ever thought possible, to show compassion for others and to actively engage in creating a better world. Outward Bound California operates under a charter agreement with Outward Bound, Inc.

Basis of Accounting

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America which involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Basis of Presentation

Net assets and revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

> Unrestricted – Net assets that are not subject to donor-imposed stipulations.
>
> Temporarily Restricted – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or through the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction.
>
> Permanently Restricted – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes.

Use of Estimates

The preparation of 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 and disclosures. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization maintains their cash accounts with a commercial bank. Accounts at the bank are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 per account. At various times throughout the year, the Organization had cash balances in excess of FDIC insurance. The Organization believes it is not exposed to any significant credit risk on its cash balances.

For purposes of the statement of cash flows, the Organization considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

Notes to Financial Statements

December 31, 2017 and 2016

NOTE 1 – NATURE OF THE ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. No allowance for uncollectible accounts was considered necessary as of December 31, 2017 and 2016.

Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded as contributions receivable at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. No allowance for uncollectible accounts was considered necessary as of December 31, 2017 and 2016.

Property and Equipment

Property and equipment are recorded at cost or, if received as a gift, at fair value when acquired. Depreciation is computed on the straight-line basis over the assets' useful lives which range from three to seven years. Property and equipment purchases with a cost in excess of $5,000 are capitalized; all others are expensed as incurred. Ordinary repairs and maintenance costs are expensed as incurred, and repairs and maintenance costs in excess of $5,000 that extend the useful life the asset are capitalized.

Investment

Investment consists of a non-controlling interest of 14.78% in Outward Bound Services Group, a North Carolina Limited Liability Company, and accordingly is carried using the equity method.

Endowment Funds

Spending Policy

The overall investment objective for the Organization's endowment fund will be to preserve the long-term, real purchasing power of assets while providing a relatively predictable and growing stream of annual distributions in support of the Organization. The target annual return for the portfolio is the rate of inflation, plus 4.5%.

Interpretation of State Law

The Organization has interpreted the California Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of a gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets the original gift(s) donated to the permanent endowment, and accumulations in accordance with the direction of the applicable donor gift instrument. The remaining portion of the donor restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with California UPMIFA.

Notes to Financial Statements

December 31, 2017 and 2016

NOTE 1 – NATURE OF THE ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Deferred Revenue

Deferred revenue includes course tuition and fees received for future courses. The Organization recognizes course revenue when a course is completed.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Income Taxes

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and determined not to be a private foundation within Section 509(a) of the Code.

Management has evaluated the Organization's tax positions and the Organization does not expect that unrecognized tax benefits or liabilities arising from tax positions will change significantly within the next twelve months. The Organization is currently open to audit under the statute of limitations by the Internal Revenue Service and state taxing authorities for three years following the filing of the return.

Donated Supplies and Materials

Each year, certain supplies and materials have been donated in-kind to the Organization. The estimated fair value of these materials has been reflected in the accompanying financial statements as contributions with a like amount included in program and supporting services expenses.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Promotional and Advertising Expenses

The Organization expenses promotional and advertising costs as incurred.

Notes to Financial Statements

December 31, 2017 and 2016

NOTE 1 – NATURE OF THE ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Recent Accounting Pronouncements

Not-for-Profit Entities

In August 2016, the FASB issued ASU 2016-14, Not-for-Profit Entities: Presentation of Financial Statements of Not-for-Profit Entities, to amend current reporting requirements to make several improvements, including reducing complexities of information presented within Not-for-Profit financial statements. A main provision of this update is that a Not-for-Profit entity will report two classes of net assets (amounts for net assets with donor restrictions and net assets without donor restrictions), rather than the currently required three classes. The guidance is effective for the Organization's year ending 2018, with early application permitted. This standard requires retroactive application to previously issued financial statements for 2017, if presented. Management is currently evaluating the impact of adoption on its financial statements.

Revenue Recognition

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*. This new standard will clarify the principles for recognizing revenue and to develop a common revenue standard for U.S. GAAP and International Financial Reporting Standard (IFRS). The core principle of the guidance requires entities to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The guidance is effective for the Organization's year ending 2019. Management is currently evaluating the impact of adoption on its financial statements.

Leasing

In February 2016, FASB issued ASU 2016 – 02, *Leases*. This new standard will provide users of the financial statements a more accurate picture of the assets and the long-term financial obligations of entities that lease. The proposal is for a dual-model approach; a lessee would account for most existing capital leases as Type A leases, and most existing operating leases as Type B leases. Both would be reported on the balance sheet of the entity. This guidance is effective for the Organization's year ending 2020. The standard requires retroactive application to previously issued financial statements for 2019, if presented. Management is currently evaluating the impact of adoption on its financial statements.

NOTE 2 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of December 31:

	2017	2016
Vehicles	**$ 149,545**	$ 124,566
Course equipment	**62,810**	36,123
Leasehold improvements	**91,352**	37,577
Design and development	**41,669**	25,075
	345,376	223,341
Less accumulated depreciation	**(141,080)**	(77,460)
	$ 204,296	$ 145,881

Notes to Financial Statements

December 31, 2017 and 2016

NOTE 3 – CONTRIBUTIONS RECEIVABLE

Unconditional contributions receivable consisted of the following as of December 31:

	2017	2016
Unconditional promises to give before unamortized discount	**$ 2,087,290**	$ 2,968,485
Less: unamortized discount	**(63,584)**	(81,873)
Net unconditional promises to give	**$ 2,023,706**	$ 2,886,612
Amounts due in:		
Less than one year	**$ 769,790**	**$ 1,093,485**
One to five years	**1,317,500**	**1,875,000**
Total	**$ 2,087,290**	**$ 2,968,485**

The discount rates used for the calculation of the unamortized discount were 3.40% to 5.40%.

NOTE 4 – INVESTMENTS AND ENDOWMENT FUNDS

Investment consisted of the following at December 31:

	2017	2016
Investment in Outward Bound Services Group	**$ 102,972**	$ 100,938

Investment income is summarized as follows as of December 31:

	2017	2016
Change in equity of Outward Bound Services Group Investment	**$ 2,034**	$ (3,580)

Endowment net asset compositions by type of fund for the years ended 2017 and 2016 are, as follows:

	Unrestricted	**Temporarily Restricted**	**Permanently Restricted**	**Total**
December 31, 2017				
Donor-restricted endowment fund	**$**	**$**	**$ 246,959**	**$ 246,959**
	$ -	**$ -**	**$ 246,959**	**$ 246,959**

	Unrestricted	**Temporarily Restricted**	**Permanently Restricted**	**Total**
December 31, 2016				
Donor-restricted endowment fund	$	$	$ 246,959	$ 246,959
	$ -	$ -	$ 246,959	$ 246,959

Notes to Financial Statements

December 31, 2017 and 2016

NOTE 4 – INVESTMENTS AND ENDOWMENT FUNDS – CONTINUED

Changes in endowment net assets for the year ended 2017 is, as follows:

December 31, 2017	**Unrestricted**	**Temporarily Restricted**	**Permanently Restricted**	**Total**
Beginning of year	**$**	**$**	**$ 246,959**	**$ 246,959**
Contributions				
End of year	**$ -**	**$ -**	**$ 246,959**	**$ 246,959**

Changes in endowment net assets for the year ended 2016 is, as follows:

December 31, 2016	**Unrestricted**	**Temporarily Restricted**	**Permanently Restricted**	**Total**
Beginning of year	$	$	$ 246,959	$ 246,959
Contributions				
End of year	$ -	$ -	$ 246,959	$ 246,959

NOTE 5 – TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following at December 31:

	2017	2016
Time restricted	**$ 1,844,464**	$ 2,889,176
Programs	**167,579**	84,400
Scholarships	**16,600**	63,688
Capital campaign	**757,579**	560,122
Cabin construction	**12,930**	20,000
	$ 2,799,152	$ 3,617,386

Releases of temporarily restricted net assets were for the following purposes for the years ended December 31:

	2017	2016
Operations	**$ 1,118,500**	$ 855,000
Scholarships	**111,951**	191,438
Programs	**106,061**	82,112
Land restoration		26,950
Cabin Construction	**7,070**	
Capital campaign	**355,057**	133,938
	$ 1,698,639	$ 1,289,438

Notes to Financial Statements

December 31, 2017 and 2016

NOTE 5 – TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS – CONTINUED

Permanently restricted net assets consist of the following at December 31:

	2017	2016
Hearst Scholarship	**$ 164,590**	$ 164,590
Pinnacle Scholarship	**21,394**	21,394
Aubrey Meyerson Memorial Scholarship	**31,924**	31,924
Ryan DeGreen Memorial Scholarship	**29,051**	29,051
	$ 246,959	$ 246,959

Permanently restricted net assets represent donor-restricted donations of which the income is to be used primarily for scholarships.

NOTE 6 – LEASE COMMITMENTS

Operating Leases

The Organization leases their facilities from the Presidio Trust under a lease agreement that expired in January 2012, and is currently leasing the facilities on a month-to-month basis. Monthly lease payments were approximately $1,623. Total rent expense for the years ended 2017 and 2016 was $19,437 and $19,062, respectively. There are no future minimum lease payments.

The Organization leases additional office space from Tides, Inc. under a lease agreement that commenced September 1, 2016 and will expire on August 31, 2019. Monthly lease payments during the first year were approximately $4,598, and increase by approximately 2.2% each year. Total rent expense for the years ended 2017 and 2016 was $55,490 and $18,393, respectively. Future minimum lease payments total $56,833 and $38,440 for the years ending 2018 and 2019, respectively.

The Organization leases the Midpines base camp from Outward Bound Holdco, LLC under a lease agreement that commenced January 1, 2012 and expires on December 31, 2018. The lease has an option to purchase the property for $400,000 during the lease term. Annual lease payments were $20,000 for the years ended 2017 and 2016. Future minimum annual lease payments total $20,000 for the year ending 2018.

The Organization leases Joshua Tree base camp under a lease agreement that commenced October 15, 2016 and expired on April 15, 2017. This lease agreement was not renewed. Lease payments for the years ended 2017 and 2016 were $2,625 and $1,875, respectively. There are no future minimum lease payments.

The Organization leases the Bay Area staff house from Presidio Trust under a lease agreement that commenced February 21, 2017 and expired on February 28, 2018. This lease agreement was not renewed. Lease payments for the years ended 2017 and 2016 were $57,420 and $51,890, respectively. Future minimum lease payments total $9,470 for the year ending 2018.

The Organization leases additional staff housing under a lease agreement that commenced August 1, 2016 and expired on July 31, 2017. The Organization continued renting the property on a month-to-month basis until October, 2017. Lease payments for the years ended 2017 and 2016 were $10,500 and $5,250, respectively. There are no future minimum lease payments.

The Organization leases additional staff housing under a lease agreement that commenced November 1, 2017 and will expire on October 31, 2018. Lease payments for the year ended 2017 were $2,667. Future minimum lease payments total $13,333 for the year ending 2018.

Notes to Financial Statements

December 31, 2017 and 2016

NOTE 6 – LEASE COMMITMENTS – CONTINUED

In 2018, the Organization entered into a lease agreement for additional staff housing that commenced February 1, 2018 and will expire on January 31, 2019. Future minimum lease payments total $58,200 with payments of $53,350 and $4,850 for the years ending 2018 and 2019, respectively.

Capital Leases

The Organization also has capital lease agreements with Ford Motor Company LLC for vehicles. The economic substance of the leases is that the Organization is financing the acquisition of the assets through the leases and, accordingly, they are recorded in the Organization's assets and liabilities. The interest rate related to the lease obligations is 10%.

Assets under capital lease are included in property and equipment as vehicles. The following are the details of capitalized leased assets at December 31:

	2017	2016
Vehicles	**$ 114,597**	$ 89,617
Less accumulated depreciation	**42,826**	22,405
Net book value	**$ 71,771**	$ 67,212

The assets are depreciated on a straight-line basis over five years. Depreciation expense was $20,421 and $16,933 for the years ended 2017 and 2016, respectively.

At December 31, 2017, the future minimum lease payments under capital lease are, as follows:

Year ending December 31:

2018	**$ 26,802**
2019	**26,802**
2020	**20,728**
2021	**9,978**
2022	**6,343**
Thereafter	**494**
Total minimum lease payments	**91,147**
Less: Amount representing interest	**(15,133)**
Present value of minimum lease payments	**$ 76,014**

NOTE 7 – PENSION PLAN

The Organization offers eligible employees participation in a 401(k) qualified retirement plan. The Organization's contribution to the plan is discretionary and is subject to an annual review and approval by the Board of Trustees. For the years ended 2017 and 2016, the approved discretionary match contribution was 4%, and amounted to $30,076 and $20,834, respectively.

NOTE 8 – CONTINGENCIES

The Organization may be involved in claims and legal actions arising in the ordinary course of its business. In the opinion of management, the ultimate disposition of such matters, subject to insurance deductibles, will not have a material adverse effect on the financial position of the Organization.

Notes to Financial Statements

December 31, 2017 and 2016

NOTE 9 – RELATED PARTIES

The Organization is a member of the Outward Bound Services Group (OBSG), an organization which operates a national call center for the Outward Bound programs, and provides national marketing efforts and other services to the regional Outward Bound schools. The OBSG has six members, all of which are Outward Bound chartered organizations, and each member has equal board representation and voting rights.

During the years ended 2017 and 2016, the Organization’s fees for enrollment to the OBSG amounted to $137,040 and $126,375, respectively.

NOTE 10 – EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through May 24, 2018, which represents the date on which the financial statements were available to be issued and determined that any subsequent events that would require recognition or disclosure have been considered in the preparation of the financial statements.

Schedule of Functional Expenses

Year Ended December 31, 2017

		Supporting Services		
	Program	General	Fundraising	Total
Salaries	$ 1,852,838	$ 47,363	$ 254,843	$ 2,155,044
Payroll taxes and benefits	270,145	8,731	42,364	321,240
National fees	173,668	974	5,164	179,806
Employee expenses	100,043	6,055	37,109	143,207
Facility expenses	259,587	485	2,491	262,563
Insurance	82,265	6,416	9,152	97,833
Professional fees	19,815	29,943	46,602	96,360
Vehicle expenses	57,095			57,095
Food	118,873			118,873
Communication	21,798	10	230	22,038
Program and equipment costs	137,741			137,741
Travel	68,421	527	5,738	74,686
Bank and credit card fees	39,098	95	5,969	45,162
Depreciation	63,361	48	210	63,619
Office and general expenses	94,146	57,262	4,897	156,305
Promotional expenses	44,646			44,646
Office equipment and supplies	3,203	515	881	4,599
Event expenses	90,814	2,748	13,904	107,466
Total Expenses	$ 3,497,557	$ 161,172	$ 429,554	$ 4,088,283

See independent auditors' report.

Schedule of Functional Expenses

Year Ended December 31, 2016

	Program	Supporting Services: General	Supporting Services: Fundraising	Total
Salaries	$ 1,543,136	$ 44,348	$ 224,473	$ 1,811,957
Payroll taxes and benefits	215,891	6,785	32,867	255,543
National fees	168,334	1,446	7,164	176,944
Employee expenses	77,657	6,141	14,532	98,330
Facility expenses	180,250	93	2,857	183,200
Insurance	76,510	5,734	8,711	90,955
Professional fees	31,849	25,195	36,066	93,110
Vehicle expenses	50,423			50,423
Food	95,471			95,471
Communication	32,584	64	1,527	34,175
Program and equipment costs	153,305			153,305
Travel	82,112	516	6,773	89,401
Bank and credit card fees	41,911	141	5,943	47,995
Depreciation	29,010	117	582	29,709
Office and general expenses	73,647	6,272	50,329	130,248
Promotional expenses	36,887			36,887
Office equipment and supplies	4,997	730	419	6,146
Event expenses	1,000		129,690	130,690
Total Expenses	$ 2,894,974	$ 97,582	$ 521,933	$ 3,514,489

See independent auditors' report.