

# Outward Bound California

Financial Statements

Years Ended December 31, 2021 and 2020



**OUTWARD BOUND  
CALIFORNIA**

**WIPFLI**

## **Independent Auditor's Report**

To the Finance Committee  
Outward Bound California  
San Francisco, California

### ***Opinion***

We have audited the accompanying financial statements of Outward Bound California (the "Organization"), a nonprofit organization, which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of Outward Bound California as of December 31, 2021 and 2020, 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 ("GAAP").

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). 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 Outward Bound California and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 Outward Bound California's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

### ***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 GAAS 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 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 GAAS, 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 Outward Bound California'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 Outward Bound California'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.



Wipfli LLP

South Portland, Maine  
November 15, 2022

# Outward Bound California

## Statements of Financial Position

Years Ended December 31,	2021	2020
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	\$ 3,275,140	\$ 2,026,867
Accounts receivable	77,432	-
Prepaid expenses and other assets	119,988	73,028
Contributions receivable - current portion	492,495	279,809
<b>Total current assets</b>	<b>3,965,055</b>	<b>2,379,704</b>
Property and equipment	283,849	364,681
<b>Other Assets</b>		
Contributions receivable - long term	550,526	45,051
Investment in OBSG	111,098	65,898
Security deposits	11,900	19,000
Endowment investments	338,469	303,500
<b>Total other assets</b>	<b>1,011,993</b>	<b>433,449</b>
<b>Total assets</b>	<b>\$ 5,260,897</b>	<b>\$ 3,177,834</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 115,882	\$ 70,701
Accrued expenses	197,676	330,477
Current portion of capital leases	10,559	14,561
Deferred revenue	350,714	81,350
<b>Total current liabilities</b>	<b>674,831</b>	<b>497,089</b>
<b>Non-Current Liabilities</b>		
Long term portion of capital leases	5,787	16,815
<b>Total liabilities</b>	<b>680,618</b>	<b>513,904</b>
<b>Net Assets</b>		
Without donor restriction	1,994,262	914,166
With donor restriction	2,586,017	1,749,764
<b>Total net assets</b>	<b>4,580,279</b>	<b>2,663,930</b>
<b>Total liabilities and net assets</b>	<b>\$ 5,260,897</b>	<b>\$ 3,177,834</b>

See accompanying notes to financial statements.

# Outward Bound California

## Statement of Activities

Year Ended December 31, 2021	Without Donor Restrictions	With Donor Restrictions	Total
<b>Operating Revenues</b>			
Course tuition and fees	\$ 1,670,090	\$ -	\$ 1,670,090
Contributions and grants	663,017	2,044,642	2,707,659
Government grants	896,246	-	896,246
Other income	10,580	-	10,580
Net assets released from restrictions	1,243,358	(1,243,358)	-
<b>Total operating revenues</b>	<b>4,483,291</b>	<b>801,284</b>	<b>5,284,575</b>
<b>Operating Expenses</b>			
Program	2,625,525	-	2,625,525
General and administrative	296,029	-	296,029
Fundraising and development	533,905	-	533,905
<b>Total expenses</b>	<b>3,455,459</b>	<b>-</b>	<b>3,455,459</b>
<b>Change in net assets - operations</b>	<b>1,027,832</b>	<b>801,284</b>	<b>1,829,116</b>
<b>Non-Operating Activities</b>			
Change in value in investment	45,200	-	45,200
Gain on sale of assets	7,064	-	7,064
Investment income	-	34,969	34,969
<b>Change in net assets - non-operating</b>	<b>52,264</b>	<b>34,969</b>	<b>87,233</b>
<b>Total change in net assets</b>	<b>1,080,096</b>	<b>836,253</b>	<b>1,916,349</b>
<b>Net assets, beginning of year</b>	<b>914,166</b>	<b>1,749,764</b>	<b>2,663,930</b>
<b>Net assets, end of year</b>	<b>\$ 1,994,262</b>	<b>\$ 2,586,017</b>	<b>\$ 4,580,279</b>

See accompanying notes to financial statements.

# Outward Bound California

## Statement of Activities

Year Ended December 31, 2020	Without Donor Restrictions	With Donor Restrictions	Total
<b>Operating Revenues</b>			
Course tuition and fees	\$ 275,684	\$ -	\$ 275,684
Contributions and grants	878,575	572,181	1,450,756
Government grants	677,944	-	677,944
Other income	40,565	-	40,565
Net asset released from restrictions	1,158,109	(1,158,109)	-
<b>Total operating revenues</b>	<b>3,030,877</b>	<b>(585,928)</b>	<b>2,444,949</b>
<b>Operating Expenses</b>			
Program	2,136,011	-	2,136,011
General and administrative	235,248	-	235,248
Fundraising and development	625,301	-	625,301
<b>Total expenses</b>	<b>2,996,560</b>	<b>-</b>	<b>2,996,560</b>
<b>Change in net assets - operations</b>	<b>34,317</b>	<b>(585,928)</b>	<b>(551,611)</b>
<b>Non-Operating Activities</b>			
Change in equity in investment	(45,384)	-	(45,384)
Investment gain on endowment	-	36,135	36,135
<b>Change in net assets - non-operating</b>	<b>(45,384)</b>	<b>36,135</b>	<b>(9,249)</b>
<b>Total change in net assets</b>	<b>(11,067)</b>	<b>(549,793)</b>	<b>(560,860)</b>
<b>Net assets, beginning of year</b>	<b>925,233</b>	<b>2,299,557</b>	<b>3,224,790</b>
<b>Net assets, end of year</b>	<b>\$ 914,166</b>	<b>\$ 1,749,764</b>	<b>\$ 2,663,930</b>

See accompanying notes to financial statements.

## Outward Bound California Statement of Functional Expenses

Year Ended December 31, 2021	Program	General and Administrative	Fund Raising	Total
Salaries	\$ 1,372,829	\$ 141,145	\$ 307,954	\$ 1,821,928
Payroll taxes and benefits	238,893	22,737	49,610	311,240
National fees	172,534	2,081	4,540	179,155
Employee expenses	57,190	8,586	13,726	79,502
Facility expenses	110,989	1,240	-	112,229
Insurance	89,826	8,823	19,251	117,900
Professional fees	60,327	92,531	48,444	201,302
Vehicle expenses	48,405	344	-	48,749
Food	81,917	-	-	81,917
Communications	20,296	314	-	20,610
Program and equipment expenses	140,321	-	-	140,321
Travel	48,696	357	2,220	51,273
Bank and other fees	46,622	-	6,910	53,532
Depreciation	69,244	-	-	69,244
Office equipment and supplies	56,319	17,871	14,327	88,517
Promotional expenses	11,117	-	2,272	13,389
Event expenses	-	-	64,651	64,651
<b>Total expenses</b>	<b>\$ 2,625,525</b>	<b>\$ 296,029</b>	<b>\$ 533,905</b>	<b>\$ 3,455,459</b>

See accompanying notes to financial statements.

# Outward Bound California

## Statement of Functional Expenses

Year Ended December 31, 2020	Program	General and Administrative	Fund Raising	Total
Salaries	\$ 1,135,781	\$ 128,699	\$ 329,148	\$ 1,593,628
Payroll taxes and benefits	293,921	36,720	86,289	416,930
National fees	145,379	272	639	146,290
Employee expenses	70,552	9,171	15,920	95,643
Facility expenses	186,467	2,995	7,038	196,500
Insurance	78,268	7,888	18,537	104,693
Professional fees	23,125	44,879	56,000	124,004
Vehicle expenses	9,645	-	-	9,645
Food	26,324	-	-	26,324
Communications	8,897	26	(40)	8,883
Program and equipment expenses	23,243	-	-	23,243
Travel	7,687	23	816	8,526
Bank and other fees	14,553	390	7,698	22,641
Depreciation	61,401	-	-	61,401
Office equipment and supplies	45,531	4,185	86,257	135,973
Promotional expenses	5,237	-	965	6,202
Event expenses	-	-	16,034	16,034
<b>Total expenses</b>	<b>\$ 2,136,011</b>	<b>\$ 235,248</b>	<b>\$ 625,301</b>	<b>\$ 2,996,560</b>

See accompanying notes to financial statements.



# Outward Bound California

## Statements of Cash Flows

Years Ended December 31,	2021	2020
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 1,916,349	\$ (560,860)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	69,244	61,401
Gain on sale of assets	(7,064)	-
Investment gain on endowment	(28,824)	(30,457)
Change in value of other investment	(45,200)	45,384
(Increase) decrease in:		
Accounts receivable	(77,432)	29,056
Contributions receivable	(718,161)	1,001,651
Prepaid expenses and other assets	(46,960)	4,913
Security deposits	7,100	7,268
Increase (decrease) in:		
Accounts payable	45,181	(102,455)
Accrued expenses	(132,801)	115,251
Deferred revenue	269,364	(68,085)
<b>Net cash flows from operating activities</b>	<b>1,264,924</b>	<b>503,067</b>
<b>Cash flows from investing activities:</b>		
Purchase/Sale of property and equipment, net	4,524	(166,602)
Purchase investments	(6,145)	(5,678)
<b>Net cash flows from investing activities</b>	<b>(1,621)</b>	<b>(172,280)</b>
<b>Cash flows from financing activities:</b>		
Repayment of capital lease obligation	(15,030)	(23,800)
<b>Net cash flows from financing activities</b>	<b>(15,030)</b>	<b>(23,800)</b>
Net change in cash and cash equivalents	1,248,273	306,987
Cash and cash equivalents at beginning of year	2,026,867	1,719,880
Cash and cash equivalents at end of year	\$ 3,275,140	\$ 2,026,867

See accompanying notes to financial statements.

# Outward Bound California

## Notes to Financial Statements

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### **Note 1: Nature of Activities and Significant Policies**

#### **Nature of the Organization**

As part of an international network of 41 schools worldwide, with 11 in the United States, Outward Bound California (the Organization) is a nonprofit educational organization with programs that deliver character development, leadership and self-discovery in the outdoors and urban green spaces with a core mission of changing lives through challenge and discovery. The Organization, based in San Francisco, brings the life-changing experiences of the Outward Bound educational model to participants from California, across the United States and beyond. OBCA strives to provide equitable and inclusive programming and is diligently working to train our staff to provide culturally relevant and responsive programs for all participants. The Organization 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 (GAAP) 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, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported, as follows:

**Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

**Net Assets With Donor Restrictions** - Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires; that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

#### **Use of Estimates**

The preparation of financial statements in conformity with GAAP 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 that it is not exposed to any significant credit risk on its cash balances.

# Outward Bound California

## Notes to Financial Statements

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### **Note 1: Nature of Activities and Significant Policies (Continued)**

For purposes of this 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.

#### **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, 2021 and 2020.

#### **Contributions Receivable**

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. The allowance for uncollectible promises to give is based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectible.

#### **Property and Equipment**

Property and equipment are recorded at cost of, if received as a gift, at fair value when acquired. Depreciation is computed on the straight-line bases 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.

#### **Investment in OBSG**

Investments 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 Investments**

Endowment investments are carried at fair value.

#### 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%.

# Outward Bound California

## Notes to Financial Statements

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### **Note 1: Nature of Activities and Significant Policies (Continued)**

#### 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 perpetual in nature the original gift(s) donated to the 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 perpetual in nature is restricted until those amounts are appropriated for expenditure by the Organization in a manner consistent with California UPMIFA.

#### **Course Tuition and Fees**

The Organization recognizes revenue from tuition and fees during the period in which the related services are provided to students. The performance obligation of delivering services is simultaneously received and consumed by the students; therefore, the revenue is recognized ratably over the course period. Payment for tuition and fees is required before the start of the academic period.

All amounts received prior to the commencement of the course, including enrollment deposits, are deferred to the applicable period. Due to the nature and timing of the performance and/or transfer of services, substantially all deferred revenue at December 31 of each year is recognized the following year.

Scholarships and discounts provided to students are recorded as a reduction from tuition and fees at the time revenue is recognized.

#### **Contributions and Grants**

Contributions, including promises to give, are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution or promise to give contains a donor or grantor condition when both of the following are present:

- An explicit barrier, that is more than trivial, that must be overcome before the revenue can be earned and recognized.
- An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised, if the condition is not met.

Conditional contributions are recognized when the barrier(s) to entitlement are overcome. Unconditional contributions are recognized as revenue when received.

Unconditional contributions or conditional contributions in which the conditions have been substantially met or explicitly waived by the donor are recorded as support with or without donor restrictions, depending on the existence and nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

# Outward Bound California

## Notes to Financial Statements

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### **Note 1: Nature of Activities and Significant Policies (Continued)**

Grant Revenues: Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award.

Grant Awards That Are Contributions - Grant awards that are contributions are evaluated for conditions and recognized as revenue when conditions in the award are satisfied. Unconditional awards are recognized as revenue when the award is received. Amounts received in which conditions have not been met are reported as a refundable advance liability.

#### **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 Organization allocates its expenses on a functional basis among its various programs. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Management allocates these costs based on factors, such as square footage associated with or hours employees worked on the respective program and supporting services. Management reviews the basis for this allocation annually.

#### **Promotional and Advertising Expenses**

The Organization expenses promotional and advertising costs as incurred.

# Outward Bound California

## Notes to Financial Statements

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### **Note 1: Nature of Activities and Significant Policies (Continued)**

#### **Fair Value Measurements**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Organization uses various methods, including market, income and cost approaches. Based on these approaches, the Organization often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and/or the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Organization utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:

- Level 1 - Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities
- Level 2 - Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third party pricing services for identical or similar assets or liabilities.
- Level 3 - Valuations for assets and liabilities that are derived from other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques, and not based on market exchange, dealer, or broker traded transactions. Level 3 valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

For the year ended 2021, the application of valuation techniques applied to similar assets and liabilities has been consistent. The following is a description of the valuation methodologies used for instruments measured at fair value:

- Mutual funds are based on the quoted net asset value of shares reported by the funds as of the last business day of the fiscal year.

### **Note 2: Liquidity and Availability of Financial Resources**

The Organization strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures. The following table reflects the Organization's financial assets as of December 31, 2021 and 2020, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of donor restrictions or internal board designations. Amounts not available to meet general expenditures within one year also may include net assets with donor restrictions.

# Outward Bound California

## Notes to Financial Statements

### Note 2: Liquidity and Availability of Financial Resources (Continued)

Financial assets available for general expenditure; that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at December 31:

	2021	2020
Cash and cash equivalents	\$ 2,070,613	\$ 905,463
Accounts receivable	77,432	-
Pledges receivable	426,925	279,809
<b>Total financial assets available for expenditure</b>	<b>\$ 2,574,970</b>	<b>\$ 1,185,272</b>

The Organization's endowment funds consist of donor-restricted endowments. Except as allowed by the Organization's spending policy and the relevant law, donor-restricted endowment funds are not available for general expenditure.

### Note 3: Contributions Receivable

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

	2021	2020
Unconditional promises to give before unamortized discount	\$ 1,075,935	\$ 327,749
Less: unamortized discount	(32,914)	(2,889)
<b>Net unconditional promises to give</b>	<b>1,043,021</b>	<b>324,860</b>
Amounts due in:		
Less than one year	492,495	279,809
One to five years	583,440	47,940
<b>Total</b>	<b>\$ 1,075,935</b>	<b>\$ 327,749</b>

The discount rates used for the calculation of the unamortized discount of approximately 2%.

# Outward Bound California

## Notes to Financial Statements

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### Note 4: Property and Equipment

Property and equipment consisted of the following as of December 31

	2021	2020
Vehicles	\$ 189,713	\$ 214,896
Course Equipment	62,810	62,810
Leasehold improvements	164,777	162,514
Design and development	265,565	265,565
	682,865	705,785
Less accumulated depreciation	(399,016)	(341,104)
<b>Total</b>	<b>\$ 283,849</b>	<b>\$ 364,681</b>

### Note 5: Investments and Endowment Funds

Investment in OBSG consist of the following at December 31:

	2021	2020
Investment in Outward Bound Services Group	\$ 111,098	\$ 65,898

Change in value in investment consisted of the following for the years ended December 31:

	2021	2020
Change in value of Outward Bound Services Group Investment	\$ 45,200	\$ (45,384)

Endowment investments consisted of the following at December 31:

	2021	2020
Cash and cash equivalents	\$ 36	\$ 36
Equity funds	238,264	201,596
Bond funds	100,169	101,868
<b>Total</b>	<b>\$ 338,469</b>	<b>\$ 303,500</b>



# Outward Bound California

## Notes to Financial Statements

### Note 5: Investments and Endowment Funds (Continued)

Endowment net asset composition by type of fund are, as follows:

As of December 31, 2021	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds:			
Original donor-restricted gift	\$ -	\$ 246,959	\$ 246,959
Accumulated investment gains	-	76,279	76,279
Board designated funds	15,231	-	15,231
<b>Total</b>	<b>\$ 15,231</b>	<b>\$ 323,238</b>	<b>\$ 338,469</b>

As of December 31, 2020	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds:			
Original donor-restricted gift	\$ -	\$ 246,959	\$ 246,959
Accumulated investment gains	-	56,541	56,541
<b>Total</b>	<b>\$ -</b>	<b>\$ 303,500</b>	<b>\$ 303,500</b>

Changes in endowment net assets are, as follows:

Year ended December 31, 2021	Without Donor Restrictions	With Donor Restrictions	Total
Beginning of year	\$ -	\$ 303,500	\$ 303,500
Net investment income	-	34,969	34,969
Appropriations	15,231	(15,231)	-
<b>Total</b>	<b>\$ 15,231</b>	<b>\$ 323,238</b>	<b>\$ 338,469</b>

Year ended December 31, 2020	Without Donor Restrictions	With Donor Restrictions	Total
Beginning of year	\$ -	\$ 267,365	\$ 267,365
Net investment income	-	36,135	36,135
<b>Total</b>	<b>\$ -</b>	<b>\$ 303,500</b>	<b>\$ 303,500</b>

# Outward Bound California

## Notes to Financial Statements

### Note 6: Deferred Revenue

Deferred revenue is primarily from enrollment deposits and consists of the following for the years ended:

	2021	2020
Beginning of year	\$ 81,350	\$ 149,435
Additions	350,714	81,350
Revenue recognized	(81,350)	(149,435)
<b>Total</b>	<b>\$ 350,714</b>	<b>\$ 81,350</b>

### Note 7: Paycheck Protection Program

The Organization received grants awards of \$729,345 and \$561,000 from the Small Business Administration's (SBA) Paycheck Protection Program (PPP). The Organization has determined the awards are conditional grants and has applied the policy as described in Note 1. Accordingly, the awards are reported as a refundable advance liability until the conditions are substantially met or explicitly waived.

The Organization has interpreted the condition of the award to be the incurrence of eligible expenditures, adjusted for any decrease in full time equivalents and or salary/wage limitations, recognized in stages over the covered period of either 8 or 24 weeks. The Organization determined it substantially met the conditions of the award and recognized revenue of \$729,345 and \$561,000 for the years ended 2021 and 2020. In 2021, the Organization was notified by the lender and the SBA that the awards was forgiven in full.

### Note 8: Net Assets with Donor Restriction

Net assets with donor restriction are comprised of the following at December 31:

	2021	2020
Subject to expenditure for specified purpose:		
Programs	\$ 102,470	\$ 290,154
Scholarships	133,116	50,000
Capital campaign	2,027,193	1,106,110
<b>Total purpose restricted</b>	<b>2,262,779</b>	<b>1,446,264</b>
Endowments:		
Perpetual in nature	246,959	246,959
Appreciation	76,279	56,541
<b>Total endowment</b>	<b>323,238</b>	<b>303,500</b>
<b>Total Net Assets with Donor Restrictions</b>	<b>\$ 2,586,017</b>	<b>\$ 1,749,764</b>

# Outward Bound California

## Notes to Financial Statements

### Note 8: Net Assets with Donor Restriction (Continued)

The sources of net assets released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of events specified by the donors were as follows for the years ended December 31:

	2021	2020
Operations	\$ 650,000	\$ 150,000
Scholarships	186,363	42,724
Programs	390,085	253,372
Capital campaign	16,910	712,013
Total net assets released from restrictions	\$ 1,243,358	\$ 1,158,109

### Note 9: Lease Commitments

#### Operating Leases

The Organization leases the Midpines base camp from Outward Bound Holdco, LLC under a lease agreement that expired on December 31, 2021. 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 2021 and 2020.

The Organization leases other facilities on a month-to-month basis. Monthly lease payments were approximately \$9,125.

Total rent expense for the years ended 2021 and 2020 was \$52,939 and \$165,158, respectively.

#### Capital Leases

The Organization also has capital lease agreements 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:

	2021	2020
Vehicles	\$ 54,297	\$ 84,018
Less accumulated depreciation	(43,005)	(60,875)
Net book value	\$ 11,292	\$ 23,143

The assets are depreciated on a straight-line basis over five years. Depreciation expense was \$10,860 and \$16,805 for the years ended 2021 and 2020, respectively.

# Outward Bound California

## Notes to Financial Statements

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### Note 9: Lease Commitments (Continued)

At December 31, 2021, the future minimum lease payments under capital lease are, as follows:

*Years ending December 31:*

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2022	\$	13,268
2023		4,329
Total minimum lease payments		17,597
Less: Amount representing interest		(1,251)
Present value of minimum lease payments		\$ 16,346

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### Note 10: Retirement 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 2021 and 2020, the approved discretionary match contribution was 3%, and amounted to \$26,274 and \$31,595, respectively.

### Note 11: 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.

### Note 12: Related Party

The Organization is a member of the Outward Bound Services (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 2021 and 2020, the Organization's fees for enrollment to the OBSG amounted to \$125,944 and \$110,076, respectively.

# Outward Bound California

## Notes to Financial Statements

### Note 13: Fair Value Measurements

Fair values of assets measured on a recurring basis are, as follows:

As of December 31, 2021	Fair Value	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 36	\$ 36	\$ -	\$ -
Equity funds	238,264	238,264	-	-
Bond funds	100,169	100,169	-	-
<b>Total</b>	<b>\$ 338,469</b>	<b>\$ 338,469</b>	<b>\$ -</b>	<b>\$ -</b>

As of December 31, 2020	Fair Value	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 36	\$ 36	\$ -	\$ -
Equity funds	201,596	201,596	-	-
Bond funds	101,868	101,868	-	-
<b>Total</b>	<b>\$ 303,500</b>	<b>\$ 303,500</b>	<b>\$ -</b>	<b>\$ -</b>

### Note 14: Supplemental Disclosures Of Cash Flow Information

Supplemental disclosures of cash flow information are as follows:

Years Ended December 31,	2021	2020
Cash paid during the year for:		
Interest	\$ 1,251	\$ 4,001

### Note 15: Business Risks

In March 2020, the World Health Organization declared the outbreak of the COVID-19 pandemic. In response, many countries have implemented measures to combat the outbreak which have impacted organizations, workforces, and economies. For the year ended 2021, Outward Bound California's operations were significantly impacted by mandatory shelter-in-place orders, travel restrictions, and other government-mandated restrictions.

In response to COVID-19, the Organization implemented a COVID-19 safety plan, which outlined the minimum requirements for safely operating programs during the pandemic. Ultimately, Organization was required to halt all Group Partner and Open Enrollment programs in the Spring and Summer of 2020, which affected the Organization's earned revenue stream. The Organization took various actions to reduce our operating costs and mitigate future financial impact, including reductions in overhead and direct program expenses.

The future impact of the CV19 Crisis on the Organization, cannot be reasonably estimated at this time.

# Outward Bound California

## Notes to Financial Statements

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### **Note 16: Evaluation of Subsequent Events**

The Organization has evaluated subsequent events through November 15, 2022, 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.