Outward Bound California

Financial Statements

Years Ended December 31, 2019 and 2018

OUTWARD BOUND CALIFORNIA

WIPFLI

WIPFLI

Independent Auditor's Report

Outward Bound California
San Francisco, California

Report on the Financial Statements

We have audited the accompanying financial statements of Outward Bound California, (a nonprofit organizations) which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses 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; 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.

Auditor's 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. 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 auditor's 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, 2019 and 2018, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.

Emphasis of Matter
As discussed in Note 16 to the financial statements, Outward Bound California has been affected by the COVID-19 outbreak. Our opinion is not modified with respect to this matter.

Wipfli LLP

Wipfli LLP
South Portland, Maine
March 11, 2021

Outward Bound California

Statements of Financial Position

Years Ended December 31,	2019	2018
ASSETS		
Current Assets		
Cash	$ 1,719,880	$ 1,303,409
Accounts receivable	29,056	82,315
Prepaid expenses	76,937	90,220
Contributions receivable - current portion	1,062,314	975,000
Other current assets	1,004	250
Total Current Assets	2,889,191	2,451,194
Property and equipment - Net	259,480	199,210
Other Assets		
Contributions receivable - long term	264,197	679,224
Investment in OBSG	111,282	105,069
Security deposits	26,268	26,268
Endowment investments	267,365	223,316
Total Other Assets	669,112	1,033,877
Total Assets	$ 3,817,783	$ 3,684,281
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	$ 147,521	$ 37,440
Accrued expenses	215,226	211,055
Current portion of capital leases	23,834	27,194
Deferred revenue	149,435	105,385
Other current liabilities	25,635	830
Total Current Liabilities	561,651	381,904
Non-Current Liabilities		
Long term portion of capital leases	31,342	55,227
Total Non-Current Liabilities	31,342	55,227
Total Liabilities	592,993	437,131
Net Assets		
Without donor restriction	925,233	652,761
With donor restriction	2,299,557	2,594,389
Time and purpose	3,224,790	3,247,150
Total Liabilities and Net Assets	$ 3,817,783	$ 3,684,281

See accompanying notes to financial statements.

Outward Bound California

Statement of Activities

Year Ended December 31, 2019	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenues			
Course tuition and fees	$ 2,254,509	$ -	$ 2,254,509
Contributions and grants	770,404	1,492,462	2,262,866
Other income	98,222	-	98,222
Net assets released from restrictions	1,831,343	(1,831,343)	-
Total Operating Revenues	$ 4,954,478	$ (338,881)	$ 4,615,597
Operating Expenses			
Program	$ 3,694,471	$ -	$ 3,694,471
General Management and administration	160,601	-	160,601
Fundraising and development	833,147	-	833,147
Total Expenses	4,688,219	-	4,688,219
Change in Net Assets - Operations	266,259	(338,881)	(72,622)
Non-Operating Activities			
Change in equity in investment	6,213	-	6,213
Investment income	-	44,049	44,049
Change in Net Assets - Non-Operating	6,213	44,049	50,262
Total Change in Net Assets	272,472	(294,832)	(22,360)
Net Assets, Beginning of Year	652,761	2,594,389	3,247,150
Net Assets, End of Year	$ 925,233	$ 2,299,557	$ 3,224,790

See accompanying notes to financial statements.

Outward Bound California

Statement of Activities

Year Ended December 31, 2018	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenues			
Course tuition and fees	$ 1,949,477	$ -	$ 1,949,477
Contributions and grants	910,161	1,001,483	1,911,644
Other income	50,976	-	50,976
Net asset released from restrictions	1,429,562	(1,429,562)	-
Total Operating Revenues	$ 4,340,176	$ (428,079)	$ 3,912,097
Operating Expenses			
Program	$ 3,490,446	$ -	$ 3,490,446
General management and administration	137,520	-	137,520
Fundraising and development	676,540	-	676,540
Total Expenses	4,304,506	-	4,304,506
Change in Net Assets - Operations	35,670	(428,079)	(392,409)
Non-Operating Activities			
Change in equity in investment	2,031	-	2,031
Investment loss	-	(23,643)	(23,643)
Change in Net Assets - Non-Operating	2,031	(23,643)	(21,612)
Total Change in Net Assets	37,701	(451,722)	(414,021)
Net Assets, Beginning of Year	615,060	3,046,111	3,661,171
Net Assets, End of Year	$ 652,761	$ 2,594,389	$ 3,247,150

See accompanying notes to financial statements.

Outward Bound California

Statement of Functional Expenses

Year Ended December 31, 2019	Program	Supporting Services General	Supporting Services Fund Raising	Total
Salaries	$ 2,018,375	$ 78,961	$ 348,296	$ 2,445,632
Payroll taxes and benefits	304,048	12,168	53,669	369,885
National fees	224,977	1,176	5,506	231,659
Employee expenses	87,630	15,012	13,016	115,658
Facility expenses	262,278	2,020	8,704	273,002
Insurance	69,934	2,178	9,687	81,799
Professional fees	37,905	35,942	247,100	320,947
Vehicle expenses	55,731	-	-	55,731
Food	131,101	-	-	131,101
Communication	21,370	-	-	21,370
Program and equipment costs	148,488	-	-	148,488
Travel	83,247	775	2,863	86,885
Bank and credit card fees	56,159	229	11,192	67,580
Depreciation	55,825	-	-	55,825
Office and general expenses	81,628	10,854	31,682	124,164
Promotional expenses	48,712	196	43	48,951
Office equipment and supplies	2,765	1,090	36	3,891
Event expenses	4,298	-	101,353	105,651
Total Expenses	$ 3,694,471	$ 160,601	$ 833,147	$ 4,688,219

See accompanying notes to financial statements.

Outward Bound California

Statement of Functional Expenses

Year Ended December 31, 2018	Program	Supporting Services		Total
		General	Fund Raising	
Salaries	$ 1,956,060	$ 67,546	$ 296,440	$ 2,320,046
Payroll taxes and benefits	241,909	12,685	59,692	314,286
National fees	185,610	816	4,809	191,235
Employee expenses	114,632	11,456	35,315	161,403
Facility expenses	257,342	43	270	257,655
Insurance	72,608	4,295	8,555	85,458
Professional fees	14,464	32,386	52,202	99,052
Vehicle expenses	61,919	-	-	61,919
Food	123,575	-	-	123,575
Communication	13,948	-	-	13,948
Program and equipment costs	143,919	-	-	143,919
Travel	82,407	839	3,909	87,155
Bank and credit card fees	44,408	255	10,636	55,299
Depreciation	82,798	-	-	82,798
Office and general expenses	59,482	6,925	48,555	114,962
Promotional expenses	30,716	61	810	31,587
Office equipment and supplies	4,266	213	199	4,678
Event expenses	383	-	155,148	155,531
Total Expenses	$ 3,490,446	$ 137,520	$ 676,540	$ 4,304,506

See accompanying notes to financial statements.

Outward Bound California

Statements of Cash Flows

Years Ended December 31,	2019	2018
Cash flows from operating activities:		
Change in net assets	$ (22,360)	$ (414,021)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	55,825	82,798
Investment (gain) loss	(37,629)	29,191
Change in equity investment	(6,213)	(2,031)
(Increase) decrease in:		
Accounts receivable	53,259	(40,931)
Contributions receivable	327,713	346,094
Prepaid expenses	13,283	(17,131)
Security deposits	-	(4,525)
Other current assets	(754)	1,868
Increase (decrease) in:		
Accounts payable	110,081	(33,495)
Accrued expenses	4,171	60,432
Deferred revenue	44,050	5
Other current liabilities	24,805	(2,430)
Net cash flows from operating activities	566,231	5,824
Cash flows from investing activities:		
Purchase of property and equipment	(116,095)	(48,855)
Purchase investments	(6,420)	(5,614)
Net cash flows from investing activities	(122,515)	(54,469)
Cash flows from financing activities:		
Repayment of capital lease obligation	(27,245)	(22,450)
Net cash flows from financing activities	(27,245)	(22,450)
Net change in cash and cash equivalents	416,471	(71,095)
Cash and cash equivalents at beginning of year	1,303,409	1,374,504
Cash and cash equivalents at end of year	$ 1,719,880	$ 1,303,409

See accompanying notes to financial statements.

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. Outward Bound California (OBCA), based in San Francisco, bring 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. 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, 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 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.

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

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.

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 unelectable 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 unelectable accounts was considered necessary as of December 31, 2019 and 2018.

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, and repairs and maintenance costs in excess of $5,000 that extend the useful life the asset are capitalized.

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.

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

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%

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. 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

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

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.

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

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.

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 us 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.

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

For the year ended 2019, 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.

Recently Adopted Pronouncements

Contributions

In June 2018, the FASB released Accounting Standards Update (ASU) 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The amendments in this update assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The Organization adopted the guidance for the year ended 2019 with no effect on its recognition of contributions received.

Recent Accounting Pronouncements

Revenue Recognition - In May 2014, FASB ASU 2014-09, Revenue from Contracts with Customers, to 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 year ending 2020. Management presently does not expect a significant change in revenue recognition.

Leases - In February 2016, FASB issued ASU 2019 - 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 statement of financial position. This guidance is effective for the Organization's year ending 2022. Management is currently evaluating the impact of adoption on its financial statements.

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, 2019 and 2018, 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.

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:

	2019	2018
Cash and cash equivalents	$ 1,336,000	$ 1,303,409
Accounts receivable	29,056	82,315
Pledges receivable	1,062,314	975,000
Total financial assets available for expenditure	$ 2,427,370	$ 2,360,724

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: Property and Equipment

Property and equipment consisted of the following as of December 31

	2019	2018
Vehicles	$ 204,047	$ 178,864
Course Equipment	62,810	62,810
Leasehold improvements	162,514	139,744
Design and development	109,812	41,669
	539,183	423,087
Less accumulated depreciation	(279,703)	(223,877)
	$ 259,480	$ 199,210

Note 4: Contributions Receivable

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

	2019	2018
Unconditional promises to give before unamortized discount	$ 1,367,314	$ 1,677,612
Less: unamortized discount	(40,803)	(23,388)
Net unconditional promises to give	1,326,511	1,654,224
Amounts due in:		
Less than one year	1,062,314	975,000
One to five years	305,000	702,612
Total	$ 1,367,314	$ 1,677,612

Note 4: Contributions Receivable (Continued)

The discount rates used for the calculation of the unamortized discount range from 3.84% to 5.84%.

Note 5: Investments and Endowment Funds

Investment consisted of the following at December 31:

	2019	2018
Investment in Outward Bound Services Group	$ 111,282	$ 105,069

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

	2019	2018
Change in equity of Outward Bound Services Group Investment	$ 6,213	$ 2,031

Endowment investments consisted of the following at December 31:

	2019	2018
Cash and cash equivalents	$ 35	$ 35
Equity funds	172,762	136,293
Bond funds	94,568	86,988
	$ 267,365	$ 223,316

Endowment net asset composition by type of fund as of December 31, 2019 are, as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds:			
Original donor-restricted gift	$ -	$ 246,959	$ 246,959
Accumulated investment gains	-	20,406	20,406
Total	$ -	$ 267,365	$ 267,365

Endowment net asset composition by type of fund as of December 31, 2018 are, as follows

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds:			
Original donor-restricted gift	$ -	$ 246,959	$ 246,959
Accumulated investment losses	-	(23,643)	(23,643)
Total	$ -	$ 223,316	$ 223,316

Note 5: Investments and Endowment Funds (Continued)

Changes in endowment net assets for the year ended 2019 is, as follows:

December 31, 2018	Without Donor Restrictions	With Donor Restrictions	Total
Beginning of year	$ -	$ 223,316	$ 223,316
Net investment income	-	44,049	44,049
Total	$ -	$ 267,365	$ 267,365

Changes in endowment net assets for the year ended 2018 is, as follows:

December 31, 2018	Without Donor Restrictions	With Donor Restrictions	Total
Beginning of year	$ -	$ 246,959	$ 246,959
Net investment loss	-	(23,643)	(23,643)
Total	$ -	$ 223,316	$ 223,316

Note 6: Net Assets with Donor Restriction

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

	2019	2018
Subject to expenditure for specified purpose:		
Programs	$ 456,525	$ 234,003
Scholarships	39,224	48,823
Capital campaign	1,536,443	2,088,247
Total purpose restricted	2,032,192	2,371,073
Endowments:		
Perpetual in nature	246,959	246,959
Appreciation	20,406	-
Underwater endowments	-	(23,643)
Total endowment	267,365	223,316
Total Net Assets with Donor Restrictions	$ 2,299,557	$ 2,594,389

Note 6: Net Assets with Donor Restriction (Continued)

Underwater funds - From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor of UPMIFA requires the Society to retain as a fund or perpetual duration. As of December 31, 2019, no individual funds were underwater. As of December 31, 2018, all four donor-restricted endowment funds were underwater. This deficiency resulted from unfavorable market fluctuations that occurred shortly after the investment of the contributions for donor-restricted endowment funds.

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:

	2019	2018
Operations	$ 285,388	$ 83,598
Scholarships	20,000	59,126
Programs	355,304	208,613
Cabin construction	-	12,930
Capital campaign	1,190,651	1,065,295
	$ 1,851,343	$ 1,429,562

Note 7: Lease Commitments

Operating Leases

The Organization leases additional office space from Tides, Inc. under a lease agreement that expired on August 31, 2019 and was renewed until August 31, 2024. Monthly lease payments will start out at $6,027 and increase by 6% each year. Total rent expense for the years ended 2019 and 2018 was $59,846 and $57,042, respectively.

The Organization leases the Midpines base camp from Outward Bound Holdco, LLC under a lease agreement that commenced January 1, 2012 and will expire on December 31, 2020. 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 2019 and 2018.

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 $2,346. Total rent expense for the years ended 2019 and 2018 was $49,044 and $21,462, respectively. There are no future minimum lease payments.

In 2018, the Organization entered into a lease agreement for additional staff housing that commenced February 1, 2018 and expired on January 31, 2019 after which the Organization will continue to rent the property on a month-to-month basis. Lease payments for the years ended 2019 and 2018 were $58,200 and $54,000, respectively. There are no future minimum lease payments.

Note 7: Lease Commitments (Continued)

The Organization leased a Southern California base camp under a lease agreement that commenced November 1, 2017 and expired October 31, 2018. The lease agreement was not renewed, but the organization is currently leasing the camp on a month-to-month basis. Lease payments for the years ended 2019 and 2018 were $17,112 and $16,185, respectively. There are no future minimum lease payments.

At December 31, 2019, the future minimum lease payments under operating leases are, as follows

Year ending December 31:		
2020	$	93,770
2021		78,196
2022		82,886
2023		87,856
2024		60,867
Total minimum operating lease payments	$	403,575

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:

		2019		2018
Vehicles	$	169,098	$	143,915
Less accumulated depreciation		102,077		68,677
Net book value	$	67,021	$	75,238

The assets are depreciated on a straight-line basis over five years. Depreciation expense was $25,183 and $25,851 for the years ended 2019 and 2018, respectively.

Note 7: Lease Commitments (Continued)

At December 31, 2019, the future minimum lease payments under capital lease are, as follows:

Year ending December 31:		
2020	$	28,141
2021		17,391
2022		13,268
2023		4,329
Total minimum lease payments		63,129
Less: Amount representing interest		(7,953)
Present value of minimum lease payments	$	55,176

Note 8: 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 2019 and 2018, the approved discretionary match contribution was 3% and 3%, and amounted to $48,951 and $31,953, respectively.

Note 9: 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 10: 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 2019 and 2018, the Organization's fees for enrollment to the OBSG amounted to $175,823 and $147,781, respectively.

Note 11: Fair Value Measurements

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

As of December 31, 2019	Fair Value	Level 1	Level 2	Level 3
Cash and cash equivalents	$ 35	$ 35	$ -	$ -
Equity funds	172,762	172,762	-	-
Bond funds	94,568	94,568	-	-
Total	$ 267,365	$ 267,365	$ -	$ -

As of December 31, 2018	Fair Value	Level 1	Level 2	Level 3
Cash and cash equivalents	$ 35	$ 35	$ -	$ -
Equity funds	136,293	136,293	-	-
Bond funds	86,988	86,988	-	-
Total	$ 223,316	$ 223,316	$ -	$ -

Note 12: Supplemental Disclosures Of Cash Flow Information

Supplemental disclosures of cash flow information are as followed for the years ended:

Years Ended December 31,	2019	2018
Cash paid during the year for:		
Interest	$ 7,852	$ 14,923
Supplemental schedule of non-cash activity:		
Gross additions of property and equipment	-	28,857
Amounts financed through capital leases	-	(28,857)
Net cash purchases of property and equipment	$ -	$ -

Note 13: Subsequent Event

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus as a “pandemic.” First identified in late 2019 and known now as COVID-19, the outbreak has impacted millions of individuals worldwide. In response, many countries have implemented measures to combat the outbreak which have impacted organizations, workforces, and economies. As of the date of issuance of the financial statements, Outward Bound California’s operations have been significantly impacted by mandatory shelter-in-place orders, travel restrictions, and other government-mandated restrictions.

Note 13: Subsequent Event (Continued)

In response to COVID-19, OBCA implemented a COVID-19 safety plan, which outlined the minimum requirements for safely operating programs during the pandemic. Ultimately, OBCA 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. Outward Bound California took various actions to reduce our operating costs and mitigate future financial impact, including reductions in overhead and direct program expenses.

Outward Bound California received $561,000 under the Paycheck Protection Program which is administered by the Small Business Administration. Outward Bound California is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The loan is uncollateralized.

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

Note 14: Evaluation of Subsequent Events

The Organization has evaluated subsequent events through March 11, 2021, 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.