



OUT TEACH

FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

OUT TEACH

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JUNE 30, 2023 AND 2022**

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Independent Auditor's Report

Board of Directors
Out Teach
Washington, D.C.

Opinion

We have audited the accompanying financial statements of Out Teach, which comprise the statements of financial position as of June 30, 2023 and 2022, 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 financial statements referred to above present fairly, in all material respects, the financial position of Out Teach as of June 30, 2023 and 2022, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Out Teach 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.

Emphasis of Matter

As discussed in Note 2 of the financial statements, Out Teach adopted Financial Accounting Standards Board's (FASB) Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)*. Our opinion is not modified with respect to this matter.

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 Out Teach's ability to continue as a going concern within one year after the date that 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Out Teach'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 Out Teach'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.

Councilor, Buchanan + Mitchell, P.C.

Bethesda, Maryland
November 21, 2023

Certified Public Accountants

OUT TEACH

**STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022**

	2023	2022
Assets		
Cash and Cash Equivalents	\$ 1,284,566	\$ 4,560,763
Accounts Receivable	891,254	573,705
Contributions Receivable, Net	722,962	1,126,907
Employee Retention Credit	-	254,163
Prepaid Expenses and Other Assets	57,948	18,806
Investment	1,942,526	-
Property and Equipment, Net		
Furniture and Equipment	-	46,785
Software and Computers	45,000	328,462
<hr/>		
Total Property and Equipment	45,000	375,247
Less Accumulated Depreciation	(2,500)	(375,247)
<hr/>		
Property and Equipment, Net	42,500	-
<hr/>		
Total Assets	\$ 4,941,756	\$ 6,534,344
<hr/>		
Liabilities and Net Assets		
Liabilities		
Accounts Payable	\$ 255,759	\$ 95,164
Accrued Expenses	145,247	102,258
PPP Loan Payable	-	26,163
Deferred Revenue	58,599	-
<hr/>		
Total Liabilities	459,605	223,585
Net Assets		
Without Donor Restrictions	3,068,190	3,851,926
With Donor Restrictions	1,413,961	2,458,833
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Total Net Assets	4,482,151	6,310,759
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Total Liabilities and Net Assets	\$ 4,941,756	\$ 6,534,344
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See accompanying Notes to Financial Statements.

OUT TEACH

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and Revenues			
Contributions and Grants	\$ 1,571,058	\$ 216,666	\$ 1,787,724
Program Fees and Other Revenues	851,902	-	851,902
In-Kind Contributions	210,272	-	210,272
Interest Income	15,314	-	15,314
Unrealized Gain on Investments	74,480	-	74,480
Net Assets Released from Restrictions	<u>1,261,538</u>	<u>(1,261,538)</u>	<u>-</u>
 Total Revenues	 3,984,564	 (1,044,872)	 2,939,692
Expenses			
Program Services			
Educator Training	1,676,331	-	1,676,331
Outdoor Classrooms	1,031,655	-	1,031,655
Community Engagement	<u>1,119,750</u>	<u>-</u>	<u>1,119,750</u>
 Total Program Services	 3,827,736	 -	 3,827,736
Supporting Services			
Management and General	647,272	-	647,272
Fundraising	<u>293,292</u>	<u>-</u>	<u>293,292</u>
 Total Supporting Services	 <u>940,564</u>	 <u>-</u>	 <u>940,564</u>
 Total Expenses	 <u>4,768,300</u>	 <u>-</u>	 <u>4,768,300</u>
 Change in Net Assets	 (783,736)	 (1,044,872)	 (1,828,608)
Net Assets, Beginning of Year	<u>3,851,926</u>	<u>2,458,833</u>	<u>6,310,759</u>
 Net Assets, End of Year	 <u><u>\$ 3,068,190</u></u>	 <u><u>\$ 1,413,961</u></u>	 <u><u>\$ 4,482,151</u></u>

See accompanying Notes to Financial Statements.

OUT TEACH

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>As Restated Total</u>
Support and Revenues			
Contributions and Grants	\$ 3,738,457	\$ 1,208,833	\$ 4,947,290
Program Fees and Other Revenues	784,607	-	784,607
In-Kind Contributions	126,228	-	126,228
Interest Income	1,116	-	1,116
Net Assets Released from Restrictions	<u>1,140,000</u>	<u>(1,140,000)</u>	<u>-</u>
 Total Revenues	 5,790,408	 68,833	 5,859,241
Expenses			
Program Services			
Educator Training	1,408,070	-	1,408,070
Outdoor Classrooms	607,942	-	607,942
Community Engagement	<u>987,277</u>	<u>-</u>	<u>987,277</u>
 Total Program Services	 3,003,289	 -	 3,003,289
Supporting Services			
Management and General	556,778	-	556,778
Fundraising	<u>231,209</u>	<u>-</u>	<u>231,209</u>
 Total Supporting Services	 <u>787,987</u>	 <u>-</u>	 <u>787,987</u>
 Total Expenses	 <u>3,791,276</u>	 <u>-</u>	 <u>3,791,276</u>
 Change in Net Assets	 1,999,132	 68,833	 2,067,965
Net Assets, Beginning of Year	<u>1,852,794</u>	<u>2,390,000</u>	<u>4,242,794</u>
 Net Assets, End of Year	 <u><u>\$ 3,851,926</u></u>	 <u><u>\$ 2,458,833</u></u>	 <u><u>\$ 6,310,759</u></u>

See accompanying Notes to Financial Statements.

OUT TEACH

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2023

	Program Services			Supporting Services		Total Expenses	
	Educator Training	Outdoor Classrooms	Community Engagement	Total Program Services	Management and General		Fundraising
Salaries	\$ 1,146,552	\$ 362,487	\$ 631,446	\$ 2,140,485	\$ 231,910	\$ 186,879	\$ 2,559,274
Outdoor Classroom Materials and Skilled Labor	9,936	456,897	1,713	468,546	234	-	468,780
Professional Learning	24,011	15,315	5,434	44,760	103	25	44,888
Benefits	217,675	59,793	70,771	348,239	65,995	38,059	452,293
Professional Fees	133,333	65,585	183,721	382,639	209,632	48,938	641,209
Facilities and Equipment	475	-	4,924	5,399	46,584	-	51,983
Depreciation and Amortization	-	-	2,500	2,500	-	-	2,500
Marketing and Communications	11,779	10,841	109,506	132,126	32,781	3,783	168,690
Office Expenses	51,229	21,137	31,525	103,891	13,837	12,514	130,242
Insurance	3,583	1,938	1,260	6,781	12,375	1,646	20,802
Other General Operating Expenses	31,475	3,848	15,246	50,569	14,718	-	65,287
Travel and Transportation	46,283	33,814	61,704	141,801	19,103	1,448	162,352
Total Expenses	\$ 1,676,331	\$ 1,031,655	\$ 1,119,750	\$ 3,827,736	\$ 647,272	\$ 293,292	\$ 4,768,300

See accompanying Notes to Financial Statements.

OUT TEACH

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2022

	Program Services			Supporting Services		Total Expenses	
	Educator Training	Outdoor Classrooms	Community Engagement	Total Program Services	Management and General		Fundraising
Salaries	\$ 1,008,749	\$ 243,515	\$ 566,921	\$ 1,819,185	\$ 199,783	\$ 143,438	\$ 2,162,406
Outdoor Classroom Materials and Skilled Labor	-	223,885	-	223,885	-	-	223,885
Professional Learning	19,204	-	-	19,204	-	-	19,204
Benefits	170,357	49,571	50,176	270,104	48,943	33,620	352,667
Professional Fees	138,392	33,781	204,660	376,833	191,539	44,284	612,656
Facilities and Equipment	-	1,315	3,497	4,812	44,032	-	48,844
Marketing and Communications	11,258	5	54,782	66,045	335	789	67,169
Office Expenses	20,002	16,162	33,074	69,238	63,458	3,769	136,465
Insurance	-	-	20,178	20,178	-	-	20,178
Other General Operating Expenses	12,902	5,566	41,823	60,291	3,368	4,000	67,659
Travel and Transportation	27,206	34,142	12,166	73,514	5,320	1,309	80,143
Total Expenses	\$ 1,408,070	\$ 607,942	\$ 987,277	\$ 3,003,289	\$ 556,778	\$ 231,209	\$ 3,791,276

See accompanying Notes to Financial Statements.

OUT TEACH

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities		
Change in Net Assets	\$ (1,828,608)	\$ 2,067,965
Adjustments to Reconcile Change in Net Assets to Net Cash (Used in) Provided by Operating Activities		
Depreciation and Amortization	2,500	-
Net Unrealized Gain on Investments	(74,480)	-
<u>(Increase) Decrease in Assets</u>		
Accounts Receivable	(317,549)	(360,017)
Contributions Receivable	403,945	(356,558)
Employee Retention Credit	254,163	(254,163)
Prepaid Expenses and Other Assets	(39,142)	15,160
<u>Increase (Decrease) in Liabilities</u>		
Accounts Payable	160,595	29,538
Accounts Expenses	42,989	(5,584)
PPP Refundable Advance	-	(465,582)
Deferred Revenue	58,599	(91,949)
Net Cash (Used in) Provided by Operating Activities	<u>(1,336,988)</u>	578,810
Cash Flows from Investing Activities		
Purchases of Property and Equipment	(45,000)	-
Purchases of Investments	(6,083,046)	-
Proceeds from Sales of Investments	4,215,000	-
Net Cash Used in Investing Activities	<u>(1,913,046)</u>	-
Cash Flows from Financing Activities		
PPP Loan Payable	(26,163)	6,205
Net Cash (Used in) Provided by Financing Activities	<u>(26,163)</u>	6,205
Net (Decrease) Increase in Cash and Cash Equivalents	(3,276,197)	585,015
Cash and Cash Equivalents, Beginning of Year	4,560,763	3,975,748
Cash and Cash Equivalents, End of Year	<u>\$ 1,284,566</u>	<u>\$ 4,560,763</u>
Supplementary Disclosure of Cash Flow Information		
Cash Paid during the Year for Interest	\$ 340	\$ -

See accompanying Notes to Financial Statements.

OUT TEACH

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023 AND 2022

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Out Teach was organized and incorporated on September 19, 2006, in Texas. Out Teach is headquartered in Washington, D.C., has offices in Dallas-Fort Worth, Texas, Charlotte, North Carolina, and Atlanta, Georgia, and serves elementary schools in Florida, Georgia, Maryland, North Carolina, Texas, Virginia, and Washington, D.C.

Out Teach is a national organization built to inspire and prepare today's elementary students to become the next generation of fearless innovators. Designed by teachers, for teachers, Out Teach's personalized hands-on training, collaborative partnerships, and easily accessible resources equip thousands of teachers in schools across the US with the tools and know-how to transform the outdoors into active learning labs. From math to science, and language arts, Out Teach is building a future where every student - no matter what they look like or where they come from - experiences teaching and learning in a way that forever prepares them to move through the world undaunted by challenges and passionate about new possibilities. Out Teach's approach puts teachers at the center, so they can put students first.

Out Teach equips teachers with the confidence and know-how they need to transform the outdoors into active labs that bring learning to life in science and beyond by focusing on personalized professional learning, outdoor spaces, and easily accessible resources. During the year ended June 30, 2023, Out Teach programs reached 1,596 teachers and 39,900 students. Out Teach also reaches more than 118,000 students each year who have access to Out Teach outdoor learning labs at their schools.

Out Teach focuses on the following programs and services:

Coaching and Inspiring Teachers: To help all elementary students build the early knowledge and skills they need to succeed in school and life, Out Teach equips teachers to use outdoor spaces for engaging, hands-on experiences that make science real, relevant, and relatable for every student every day. Out Teach provides teachers in historically underserved communities and schools with proven professional learning programs, including job-embedded coaching, group trainings, professional learning communities, as well as online resources, so they can harness the power of outdoor experiences to accelerate learning and spark a passion for science. In the last fiscal year, Out Teach trained and coached 765 teachers to unlock the performance of more than 19,125 students and reached additional teachers through workshops at conferences and webinars.

Building Outdoor Learning Labs and Providing Instructional Tools for Schools: Out Teach believes in the power of learning through experiences. By going outside the classroom to bring learning to life, Out Teach helps every student grow a scientific mindset that empowers them to ask questions, expand learning, and move from theory to action. To provide more equitable access to real-world science experiences, Out Teach designs and builds outdoor learning labs at underserved elementary schools. Out Teach also provides schools and districts with expert advice on improving campuses with outdoor learning features designed to integrate science seamlessly into instruction. Out Teach's corporate partners provide funding and volunteers to support its mission, and during the year ended June 30, 2023, Out Teach rallied more than 600 volunteers to help construct Outdoor Learning Labs. Last year, its labs brought science to life for more than 118,000 students in 188 schools.

OUT TEACH

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023 AND 2022

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Organization (Continued)

Promoting Broader Change through Community Engagement: Out Teach conducts research, presents at national conferences, leads conversations on social media channels, and places stories in media outlets to inform communities and education decision-makers about the importance of early and effective science instruction, the benefits of real-world learning outdoors, and the results Out Teach has achieved.

Out Teach's multi-year strategic plan is focused on an ambitious goal to inspire and prepare more than 250,000 elementary students to become tomorrow's fearless innovators. How? By training more than 10,000 teachers to make real-world science a part of every school day. By June 30, 2023, Out Teach has reached 4,451 teachers toward this goal. Backed by a 10M capital investment campaign, Out Teach's three strategic priorities help students get there:

- **Elevating Early-Science Education:** There is no shortage of research showing that science is a powerful tool to equip students with the problem solving and critical thinking skills they need for any career path they choose, and especially the STEM jobs of the future. Every school partnership translates into evidence-based support for the impact real-world learning and reinventing science education can have on securing a workforce prepared to solve for the challenges of tomorrow.
- **Enabling Broader Change:** By building an evidence and narrative base that demonstrates that early science improves teaching and learning across the board, Out Teach enables an education system that creates real opportunities for all students to access science when it matters most for their futures - early on. With support from effective partnerships across states, districts, and corporations, and an investment in marketing and narrative strategies, Out Teach positions the reimagining of science education as a critically important, national topic, and works to create systemic change that sticks.
- **Innovating for Scale:** Out Teach has also adopted innovations that deepen and broaden its impact in order to transform science education, and help every teacher foster the critical 21st century skills that will help their students take on and solve tomorrow's challenges, including through its:
 - **Comprehensive and interactive learning journeys** that leverage technology to provide the support and tools educators need on a timeline that works for them. This includes a combination of asynchronous professional development, one-on-one virtual coaching, and best practice modeling videos. Upon completion, teachers receive micro-credentials to showcase their expertise.
 - **The Model Provider Program** in partnership with Dallas Independent School District's Office of Transformation and Innovation for the first-ever Out Teach Innovation School at Seagoville North Elementary School takes a whole school approach that serves as a national hub of innovation for Out Teach to pilot, test, refine, and evaluate its work and the critical importance of elementary science learning in the outdoors. With the incredible support of the District, national foundation partners, and Out Teach's corporate partners, this program serves as a model to scale its greatest opportunities for impact.

OUT TEACH

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023 AND 2022

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Organization (Continued)

Out Teach's business model includes multi-year strategic growth campaigns in which funding is raised in the early years for deployment in the latter years. Out Teach raised 7.6M between FY 2020 - FY 2022 and has completed the third full year of a 5-year strategic plan. In the last two years of its strategic plan, Out Teach is activating those resources and investing in its organizational capacity, and those showing a deficit at the end of fiscal year 2023. In management's opinion, Out Teach's strategic plan is on track.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting. Revenue is recognized when earned and expense when the obligation is incurred.

Financial Statement Presentation

Out Teach has presented its financial statements in accordance with U.S. Generally Accepted Accounting Principles. Under those principles, Out Teach is required to report information regarding its financial position and activities according to two classes of net assets:

- *Net Assets Without Donor Restrictions* - resources that are available for general operations and resources designated by Out Teach's board of directors for approved expenditures.
- *Net Assets With Donor Restrictions* - resources that are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Out Teach or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

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 of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

Out Teach is exempt from income taxes under Internal Revenue Code Section 501(c)(3). However, Out Teach is liable for federal and state income taxes on net income, if any, from unrelated business activities. Out Teach incurred no unrelated business income taxes for the years ended June 30, 2023 and 2022.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by Out Teach and recognize a tax liability (or asset) if Out Teach has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service.

OUT TEACH

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023 AND 2022

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

Management has analyzed the tax positions taken by Out Teach, and has concluded that as of June 30, 2023, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements.

Out Teach's IRS Form 990, *Return of Organization Exempt from Income Tax*, is subject to examination by the taxing authorities, generally for three years after filing.

Cash and Cash Equivalents

Cash and cash equivalent include cash on hand and other highly liquid instruments purchased with initial maturities of less than three months.

Accounts Receivable

Accounts receivable consist primarily of services provided to elementary schools where Out Teach has agreed to implement a program at the schools, which are unpaid at year end. Accounts receivable are stated at the amount billed to the elementary schools and are ordinarily due 30 days after the issuance of the invoice. Accounts past due more than 180 days are considered delinquent.

An allowance for doubtful accounts is provided for potentially uncollectible amounts. Management estimates the allowance for doubtful accounts based on historical experience, updated for current economic conditions, and aging of receivables based on due dates. If actual collection experience changes, revisions to the allowance may be necessary. Amounts are charged off against the allowance in the period in which they are deemed uncollectible. As of June 30, 2023 and 2022, no allowance for doubtful accounts was established.

Contributions Receivable

Contributions consist primarily of promises to give from individuals, corporations, and organizations still owed at year end. Management reviews the collectability of the accounts on a regular basis. As of June 30, 2023 and 2022, no allowance for doubtful accounts was established.

Investments

Investments are recorded at fair market value.

Property and Equipment

Property and equipment are stated at cost. Out Teach capitalizes all furniture and equipment purchases over \$5,000. Depreciation and amortization are determined using the straight-line method over the estimated useful life of the asset ranging from three to approximately fifteen years.

Donations of property and equipment are recorded as support at their fair value. Such donations are reported as unrestricted support unless the donor has restricted the donation for a specific purpose.

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NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023 AND 2022

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Out Teach recognizes teacher training and other programmatic revenue at the point in time the training and program occurs.

Revenue recognized for the years ended June 30, 2023 and 2022, that was included in the deferred revenue balance at the beginning of each year, was approximately \$0- and \$92,000, respectively. The beginning balances of deferred revenue and accounts receivable as of July 1, 2021, were approximately \$154,000 and \$298,500, respectively.

Contributions and Grants

Out Teach reports gifts of cash and other assets as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, donor restricted net assets are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Conditional gifts depend on the occurrence of a specified future and uncertain event to bind the potential donor and are recognized as assets and revenue when the conditions are substantially met. Amounts received for conditional contributions are recorded as refundable advances until the conditions have been met.

Deferred Revenue

Deferred revenue represents cash received at year end for sponsorships which will be held in the next fiscal year.

In-Kind Contributions

In addition to receiving cash contributions, Out Teach receives in-kind contributions from various donors. It is the policy of Out Teach to record the estimated fair value of certain in-kind contributions as an expense in its financial statements, and similarly an increase in support and revenue by a like amount. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by Out Teach.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and statements of functional expenses. Accordingly, certain costs have been allocated in the basis of estimated time devoted by employees among the programs and supporting services benefited.

These expenses require allocation on a reasonable basis that is consistently applied. Expenses that are directly associated with a particular program or supporting service are charged directly to that functional area. The expenses that are allocated include salaries, occupancy, insurance, and general expenses.

OUT TEACH

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023 AND 2022

2. ADOPTION OF ACCOUNTING STANDARD UPDATE 2020-07

During the year ended June 30, 2023, Out Teach adopted the Financial Accounting Standards Board's (FASB) Accounting Standard Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)*. This guidance is intended to increase transparency of contributed nonfinancial assets for nonprofits through enhancements to presentation and disclosure. Specifically, the ASU addresses the lack of transparency surrounding the measurement of contributed nonfinancial assets, as well as the amount of those contributions used in programs and other activities. Management believes that the adoption of this ASU enhances the transparency of financial information among nonprofit entities. The change in accounting principle was applied on a retrospective basis. The impact of adoption was not material to the financial statements, however, the presentation and disclosure of contributed nonfinancial assets has been enhanced.

3. LIQUIDITY AND AVAILABILITY OF RESOURCES

Out Teach's cash flows have seasonal variations due to the timing of revenue projects. Out Teach manages its liquidity to meet general expenditures, liabilities, and other obligations as they come due. Excess cash flows not needed for day-to-day operations are invested in interest-bearing accounts.

As of June 30, 2023, the following financial assets and liquidity sources were available for general operating purpose:

Financial Assets

Cash and Cash Equivalents	\$ 1,284,566
Accounts Receivable	891,254
Contributions Receivable	722,962
Investment	1,942,526
Less Donor Restricted Net Assets	<u>(1,413,961)</u>
Financial Assets Available to Meet Cash	
Needs for General Expenditures within One Year	3,427,347

Other Liquidity Resources

Available Line of Credit	<u>2,000,000</u>
Financial Assets and Other Liquidity Resources Available to Meet Cash	
Needs for General Expenditures in the Year Ending June 30, 2024	<u>\$ 5,427,347</u>

As of June 30, 2022, the following financial assets and liquidity sources were available for general operating purpose:

Financial Assets

Cash and Cash Equivalents	\$ 4,560,763
Accounts Receivable	573,705
Contributions Receivable	1,126,907
Employee Retention Credit	254,163
Less Donor Restricted Net Assets	<u>(2,458,833)</u>
Financial Assets Available to Meet Cash Needs for	
General Expenditures in the Year Ended June 30, 2023	<u>\$ 4,056,705</u>

OUT TEACH

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023 AND 2022

4. CONCENTRATION OF CREDIT RISK

Out Teach maintains cash balances at financial institutions, which at times during the year, exceeded the Federal Deposit Insurance Corporation (FDIC) limits. Management believes the risk in these situations to be minimal.

5. CONTRIBUTIONS RECEIVABLE

Contributions receivable due in more than one year were discounted at 4.4% as of June 30, 2023 and 2022. Contributions receivable consisted of the following as of June 30, 2023 and 2022:

	2023	2022
Due Within One Year	\$ 423,208	\$ 541,673
Due Within One to Five Years	312,943	610,984
Total Contributions Receivable	736,151	1,152,657
Less Discount to Present Value	(13,189)	(25,750)
Contributions Receivable, Net	\$ 722,962	\$ 1,126,907

6. FAIR VALUE MEASUREMENTS

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels as follows:

Level 1 - inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets (examples include equity securities).

Level 2 - inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability other than quoted prices, either directly or indirectly, including inputs in markets that are not considered to be active (examples include corporate or municipal bonds).

Level 3 - inputs to the valuation methodology are unobservable and significant to the fair value measurement. The inputs to the determination of fair value require significant management judgment (examples include certain private equity securities and split interest agreements).

The following presents Out Teach's assets measured at fair value on a recurring basis as of June 30, 2023:

Description	Fair Value	Level 1	Level 2	Level 3
U.S. Treasury Bills	\$ 1,942,526	\$ -	\$ 1,942,526	\$ -
Total Investments	\$ 1,942,526	\$ -	\$ 1,942,526	\$ -

There were no investments for the years ended June 30, 2022.

OUT TEACH

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023 AND 2022

7. NET ASSETS WITH DONOR RESTRICTIONS

As of June 30, 2023 and 2022, Out Teach's net assets with donor restrictions consisted of the following:

<u>Purpose</u>	<u>2023</u>	<u>2022</u>
Educator Training	\$ 697,794	\$ 1,019,833
Outdoor Classrooms	60,000	20,000
Timing	656,167	1,419,000
Total	<u>\$ 1,413,961</u>	<u>\$ 2,458,833</u>

For the years ended June 30, 2023 and 2022, net assets were released from restrictions as follows:

<u>Purpose</u>	<u>2023</u>	<u>2022</u>
Educator Training	\$ 422,038	\$ 75,000
Outdoor Classrooms	20,000	35,000
Timing	819,500	1,030,000
Total	<u>\$ 1,261,538</u>	<u>\$ 1,140,000</u>

8. EMPLOYEE RETENTION CREDIT

The employee retention credit (ERC) was created as part of the CARES Act in response to COVID-19 and provides employers a refundable tax credit against certain employment taxes after March 12, 2020. The Taxpayer Certainty and Disaster Tax Relief Act of 2020 extended the ERC through September 30, 2021.

Out Teach applied and received the ERC for the first, second, and third quarters of 2021 and retroactively for the fourth quarter of 2020 in the amount of approximately \$567,000 and the ERC is included in contributions and grants on the statement of activities for the year ended June 30, 2022.

No ERC was received during the year ended June 30, 2023.

9. LINE OF CREDIT

In December 2022, Out Teach entered into a line of credit agreement with a bank in the amount of \$2,000,000. Under the terms of the agreement, the interest rate on the line of credit is the BSBY Daily Floating Rate, which is a fluctuating rate of interest which can change on each banking day, plus 2.25 percentage points. The line of credit is secured by investment securities held at Merrill Lynch. The line of credit agreement contains restrictive covenants, including submission of financial information such as financial statements, tax returns, investment statements, and other information within 15 days after written request from the bank. As of June 30, 2023, no amounts were due under the line of credit.

10. RETIREMENT PLAN

Out Teach has a defined contribution retirement plan (the Plan) covering all employees who have completed one month of service. The Plan includes an annual discretionary employer contribution. Participants vest 100% immediately. For the years ended June 30, 2023 and 2022, contributions to the Plan were approximately \$56,000 and \$25,000, respectively.

OUT TEACH

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023 AND 2022

11. IN-KIND CONTRIBUTIONS

The value of donated services included as contributions and offsetting expenses in the financial statements mainly consist of services provided by consulting and law firms for various services. The value of donated services are based on current market rates for similar services. All donated services received by Out Teach for the years ended June 30, 2023 and 2022, were considered without donor restrictions and able to be used by Out Teach as determined by the Board of Directors and management.

For the year ended June 30, 2023, the total of these services and other products was approximately \$210,000.

<u>Description</u>	<u>Programs</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Professional Fees	\$ 150,724	\$ 37,606	\$ 17,911	\$ 206,241
Memberships and Dues	-	1,515	-	1,515
Food and Other Products	2,516	-	-	2,516
Total In-Kind	<u>\$ 153,240</u>	<u>\$ 39,121</u>	<u>\$ 17,911</u>	<u>\$ 210,272</u>

For the year ended June 30, 2022, the total of these services and other products was approximately \$126,000.

<u>Description</u>	<u>Programs</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Professional Fees	\$ 102,752	\$ 23,476	\$ -	\$ 126,228
Total In-Kind	<u>\$ 102,752</u>	<u>\$ 23,476</u>	<u>\$ -</u>	<u>\$ 126,228</u>

12. PPP LOAN PAYABLE

In May 2020, Out Teach received a Small Business Administration (SBA) loan under the Paycheck Protection Program (PPP) in the amount of \$481,945. During the year ended June 30, 2021, Out Teach applied and received partial forgiveness of the SBA loan for \$461,987. The remaining balance of \$19,958 was subject to an interest rate at 1%. The balance was paid off during the year ended June 30, 2022.

In February 2021, Out Teach received a Second SBA loan in the amount of \$465,582. In May 2022, Out Teach applied and received partial forgiveness of the SBA loan in the amount of \$439,419 and the amount is included in contributions and grants on the statement of activities for the year ended June 30, 2022. The remaining balance of \$26,163 is recorded as PPP loan payable in the statements of financial position. The loan was fully paid in July 2022.

13. SUBSEQUENT EVENTS

Out Teach has evaluated subsequent events through November 21, 2023, the date on which the financial statements were available to be issued.