



NATIONAL OFFICE
One Thomas Circle NW | Suite 700
Washington, DC 20005
202.621.2375 out-teach.org

November 2025

Dear Friends and Supporters of Out Teach,

Thank you for your continued partnership and commitment to strengthening early science learning for all students. Enclosed are **Out Teach's audited financial statements for the fiscal year ending June 30, 2025**. An independent accounting firm, Councilor, Buchanan & Mitchell, P.C., has issued an **unmodified opinion**, affirming the accuracy of our financial reporting and the strong stewardship of our resources.

Out Teach equips teachers to bring learning to life for students through hands-on, outdoor science experiences. This past year, your support enabled us to expand our national reach, enhance program quality, and deepen our impact on teachers and students. Highlights include **equipping 869 educators** to impact tens of thousands of students, **building 23 new Outdoor Learning Labs**, **launching our new Evergreen sustainability program**, and **developing Out Teach Seed Packs™**, a new curriculum-aligned product that will help teachers spark curiosity through real-world learning. We also conducted our **first student outcomes study** to strengthen evidence of our impact.

FY2025 marked the culmination of our previous five-year strategic plan, powered by \$9.6M in growth capital, which exceeded our \$7M campaign goal. The deficit reflected in this year's audit is the result of a planned investment strategy. By securing growth capital in years prior, we were able to deploy resources toward program innovation, evaluation, and critical organizational capacity, positioning Out Teach for sustainable future growth. Out Teach remains financially stable, with sound liquidity and strong oversight ensuring we can continue advancing our mission with confidence.

With this solid foundation, **we launched a new strategic plan in FY2026** to guide the organization through FY2029. To support this next phase, we **initiated a \$7M growth capital campaign**, and subsequent to year-end secured a **\$1.3M lead commitment** along with additional early pledges. These investments accelerate our ability to scale high-quality science learning and deepen partnerships with schools and districts nationwide.

Our organization remains committed to transparency, accountability, and effective governance. Our Board of Directors and Finance Committee provide active oversight, ensuring our resources are managed responsibly and in service of our mission.

Thank you again for your trust and partnership. If you have any questions as you review the enclosed statements or would like to discuss our strategy or financial approach, please feel free to reach out. We welcome the opportunity to connect.

Warmly,

Jeanne McCarty
Chief Executive Officer



OUT TEACH

FINANCIAL STATEMENTS

JUNE 30, 2025 AND 2024

OUT TEACH

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Independent Auditor's Report

Board of Directors
Out Teach
Washington, DC

Opinion

We have audited the accompanying financial statements of Out Teach, which comprise the statements of financial position as of June 30, 2025 and 2024, 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, 2025 and 2024, 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.

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.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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 11, 2025

Certified Public Accountants

OUT TEACH

STATEMENTS OF FINANCIAL POSITION JUNE 30, 2025 AND 2024

	<u>2025</u>	<u>2024</u>
Assets		
Cash and Cash Equivalents	\$ 792,487	\$ 1,459,000
Accounts Receivable	523,060	1,002,148
Contributions Receivable	620,554	1,305,034
Prepaid Expenses and Other Assets	58,925	52,563
Property and Equipment		
Software and Equipment	45,000	45,000
Less Accumulated Depreciation	<u>(32,500)</u>	<u>(17,500)</u>
Property and Equipment, Net	<u>12,500</u>	<u>27,500</u>
Total Assets	<u>\$ 2,007,526</u>	<u>\$ 3,846,245</u>
Liabilities and Net Assets		
Liabilities		
Accounts Payable	\$ 298,730	\$ 224,610
Accrued Expenses	95,339	117,258
Deferred Revenue	<u>33,333</u>	<u>111,661</u>
Total Liabilities	427,402	453,529
Net Assets		
Without Donor Restrictions	938,039	2,092,976
With Donor Restrictions	<u>642,085</u>	<u>1,299,740</u>
Total Net Assets	<u>1,580,124</u>	<u>3,392,716</u>
Total Liabilities and Net Assets	<u>\$ 2,007,526</u>	<u>\$ 3,846,245</u>

See accompanying Notes to Financial Statements.

OUT TEACH

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues			
Contributions and Grants	\$ 1,726,978	\$ 427,521	\$ 2,154,499
Program Fees	628,213	-	628,213
Donated Services	107,827	-	107,827
Interest Income	33,421	-	33,421
Net Assets Released from Restrictions	<u>1,085,176</u>	<u>(1,085,176)</u>	<u>-</u>
Total Revenues	3,581,615	(657,655)	2,923,960
Expenses			
Program Services			
Educator Training	1,454,250	-	1,454,250
Outdoor Classrooms	1,179,116	-	1,179,116
Community Engagement	<u>1,158,948</u>	<u>-</u>	<u>1,158,948</u>
Total Program Services	3,792,314	-	3,792,314
Supporting Services			
Management and General	492,665	-	492,665
Fundraising	<u>451,573</u>	<u>-</u>	<u>451,573</u>
Total Supporting Services	<u>944,238</u>	<u>-</u>	<u>944,238</u>
Total Expenses	<u>4,736,552</u>	<u>-</u>	<u>4,736,552</u>
Change in Net Assets	(1,154,937)	(657,655)	(1,812,592)
Net Assets, Beginning of Year	<u>2,092,976</u>	<u>1,299,740</u>	<u>3,392,716</u>
Net Assets, End of Year	<u>\$ 938,039</u>	<u>\$ 642,085</u>	<u>\$ 1,580,124</u>

See accompanying Notes to Financial Statements.

OUT TEACH
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenues			
Contributions and Grants	\$ 1,735,575	\$ 896,464	\$ 2,632,039
Program Fees and Other Revenues	872,659	-	872,659
Donated Services	197,877	-	197,877
Interest Income	4,391	-	4,391
Realized Gain on Investments	80,006	-	80,006
Net Assets Released from Restrictions	<u>1,010,685</u>	<u>(1,010,685)</u>	<u>-</u>
Total Revenues	3,901,193	(114,221)	3,786,972
Expenses			
Program Services			
Educator Training	1,484,032	-	1,484,032
Outdoor Classrooms	1,079,403	-	1,079,403
Community Engagement	<u>1,208,716</u>	<u>-</u>	<u>1,208,716</u>
Total Program Services	3,772,151	-	3,772,151
Supporting Services			
Management and General	599,023	-	599,023
Fundraising	<u>505,233</u>	<u>-</u>	<u>505,233</u>
Total Supporting Services	<u>1,104,256</u>	<u>-</u>	<u>1,104,256</u>
Total Expenses	<u>4,876,407</u>	<u>-</u>	<u>4,876,407</u>
Change in Net Assets	(975,214)	(114,221)	(1,089,435)
Net Assets, Beginning of Year	<u>3,068,190</u>	<u>1,413,961</u>	<u>4,482,151</u>
Net Assets, End of Year	<u><u>\$ 2,092,976</u></u>	<u><u>\$ 1,299,740</u></u>	<u><u>\$ 3,392,716</u></u>

See accompanying Notes to Financial Statements.

OUT TEACH

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2025

	Program Services				Supporting Services		Total Expenses
	Educator Training	Outdoor Classrooms	Community Engagement	Total Program Services	Management and General	Fundraising	
Salaries	\$ 957,209	\$ 477,066	\$ 852,481	\$ 2,286,756	\$ 247,956	\$ 191,738	\$ 2,726,450
Outdoor Classroom Materials and Skilled Labor	2,019	436,552	12,344	450,915	202	134	451,251
Professional Learning	6,553	400	2,149	9,102	260	340	9,702
Benefits	176,962	42,403	102,262	321,627	92,756	64,368	478,751
Professional Fees	232,823	92,641	59,298	384,762	87,063	171,423	643,248
Facilities and Equipment	4,105	1,542	973	6,620	14,636	-	21,256
Depreciation and Amortization	-	-	15,000	15,000	-	-	15,000
Marketing and Communications	4,320	2,322	24,436	31,078	2,048	3,688	36,814
Office Expenses	40,774	11,785	19,933	72,492	27,950	6,251	106,693
Insurance	4,984	2,694	1,751	9,429	7,155	2,290	18,874
Other General Operating Expenses	7,886	9,967	41,084	58,937	10,048	4,579	73,564
Bad Debt Expense	-	50,000	-	50,000	-	-	50,000
Travel and Transportation	16,615	51,744	27,237	95,596	2,591	6,762	104,949
Total Expenses	\$ 1,454,250	\$ 1,179,116	\$ 1,158,948	\$ 3,792,314	\$ 492,665	\$ 451,573	\$ 4,736,552

See accompanying Notes to Financial Statements.

OUT TEACH

STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED JUNE 30, 2024

	Program Services				Supporting Services		Total Expenses
	Educator Training	Outdoor Classrooms	Community Engagement	Total Program Services	Management and General	Fundraising	
Salaries	\$ 976,373	\$ 425,678	\$ 862,864	\$ 2,264,915	\$ 206,592	\$ 261,235	\$ 2,732,742
Outdoor Classroom Materials and Skilled Labor	21,533	463,094	5,997	490,624	165	224	491,013
Professional Learning	12,325	17,209	1,724	31,258	139	-	31,397
Benefits	187,697	51,306	107,776	346,779	88,148	56,846	491,773
Professional Fees	202,727	86,498	57,606	346,831	171,098	163,027	680,956
Facilities and Equipment	4,798	-	5,096	9,894	40,413	-	50,307
Depreciation and Amortization	-	-	15,000	15,000	-	-	15,000
Marketing and Communications	8,298	4,428	90,291	103,017	7,725	3,756	114,498
Office Expenses	30,327	14,173	9,990	54,490	33,505	7,622	95,617
Insurance	4,977	2,690	1,748	9,415	8,654	2,287	20,356
Other General Operating Expenses	7,095	2,620	14,646	24,361	8,607	2,821	35,789
Travel and Transportation	27,882	11,707	35,978	75,567	33,977	7,415	116,959
Total Expenses	\$ 1,484,032	\$ 1,079,403	\$ 1,208,716	\$ 3,772,151	\$ 599,023	\$ 505,233	\$ 4,876,407

See accompanying Notes to Financial Statements.

OUT TEACH

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
Cash Flows from Operating Activities		
Change in Net Assets	\$ (1,812,592)	\$ (1,089,435)
Adjustments to Reconcile Change in Net Assets to		
Net Cash Used in Operating Activities		
Depreciation and Amortization	15,000	15,000
Gain on Investments	-	(80,006)
(Increase) Decrease in Assets		
Accounts Receivable	479,088	(110,894)
Contributions Receivable	684,480	(582,072)
Prepaid Expenses and Other Assets	(6,362)	5,385
Increase (Decrease) in Liabilities		
Accounts Payable	74,120	(31,149)
Accounts Expenses	(21,919)	(27,989)
Deferred Revenue	(78,328)	53,062
Net Cash Used in Operating Activities	(666,513)	(1,848,098)
Cash Flows from Investing Activities		
Purchases of Investments	-	(1,064,468)
Proceeds from Sales of Investments	-	3,087,000
Net Cash Provided by Investing Activities	-	2,022,532
Cash Flows from Financing Activities		
Proceeds from Line of Credit	25,000	-
Repayments on Line of Credit	(25,000)	-
Net Cash Provide by Financing Activities	-	-
Net (Decrease) Increase in Cash and Cash Equivalents	(666,513)	174,434
Cash and Cash Equivalents, Beginning of Year	1,459,000	1,284,566
Cash and Cash Equivalents, End of Year	<u>\$ 792,487</u>	<u>\$ 1,459,000</u>

See accompanying Notes to Financial Statements.

OUT TEACH

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025 AND 2024

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Out Teach is a national education nonprofit headquartered in Washington, D.C., with regional hubs in Dallas-Fort Worth, Texas; Charlotte, North Carolina; and Atlanta, Georgia. Founded by teachers in 2006, Out Teach equips educators to transform schoolyards and outdoor spaces into dynamic classrooms where students explore science through real-world experiences.

Mission

Out Teach's mission is to inspire and prepare today's elementary students to explore the wonders of science and become tomorrow's innovators. Out Teach works to ensure that all students—regardless of race, zip code, or access to resources—receive high-quality, engaging science instruction from an early age.

Background and Growth

Since its incorporation in Fort Worth, Texas, in 2006, Out Teach has grown from its local roots into a national leader in early science education. In fiscal year 2025, Out Teach successfully completed a five-year strategic plan that strengthened teacher and student impact by elevating early science education, advancing evaluation to drive broader change, and innovating its programs to support greater scale. A \$9.6 million growth capital campaign enabled Out Teach to expand its programs and extend its reach to thousands of educators and students across the United States.

In May 2025, Out Teach's Board of Directors approved a new strategic plan that will guide Out Teach from fiscal year 2026 through fiscal year 2029.

Out Teach deploys its resources through three primary program areas:

Educator Training: Out Teach provides professional learning and curriculum-aligned resources to PK-5 teachers, equipping them to integrate real-world science experiences that also strengthen math and literacy skills. During the year ended June 30, 2025, Out Teach coached approximately 302 teachers across 67 schools in 12 districts, positively impacting an estimated 7,550 students annually.

In fiscal year 2025, the professional learning team also designed and developed a new product, Out Teach Seed Packs™, scheduled to be launched in September 2025. Out Teach Seed Packs™ are hands-on, curriculum-aligned lesson kits that help teachers spark curiosity and teach core science, math, and literacy concepts through real-world, outdoor experiences.

Outdoor Classrooms: Out Teach designs and constructs Outdoor Learning Labs at elementary schools to support hands-on, real-world science and math experiences. These projects are often made possible through corporate and community partnerships that provide funding and volunteers. In fiscal year 2025, Out Teach also launched a sustainability program, Evergreen, focused on the long-term success of Outdoor Learning Labs. During the year ended June 30, 2025, Out Teach built or enhanced 23 Outdoor Learning Labs, benefiting an estimated 6,000 students annually, and managed 551 volunteers to support these spaces. Out Teach piloted the new sustainability program with 10 additional schools to establish best practices for maintaining and integrating outdoor learning into daily instruction.

OUT TEACH

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025 AND 2024

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

Background and Growth (Continued)

Community Engagement: Out Teach advances early science education by generating evidence, sharing best practices, and collaborating with districts, policymakers, and corporate partners to strengthen science learning nationwide. This work includes conference participation, coalition engagement, storytelling, publications, and media outreach that raise awareness about the importance of equitable, high-quality early science education.

In fiscal year 2025, Out Teach launched a new student outcomes study to measure its programs' impact on science knowledge, science practices, and students' interest in science and STEM fields.

Total Reach

In fiscal year 2025, Out Teach impacted 869 teachers and 12,011 students through its professional learning and Outdoor Learning Labs programs.

Because many schools benefited from multiple initiatives, these totals represent unduplicated counts of teachers and students positively impacted across programs.

Financial Statement Presentation

Out Teach has presented its financial statements in accordance with US 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, 2025 and 2024.

OUT TEACH

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025 AND 2024

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

Income Taxes (Continued)

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.

Management has analyzed the tax positions taken by Out Teach, and has concluded that as of June 30, 2025 and 2024, 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.

Out Teach uses the loss-rate method to estimate expected credit losses based on historical experience, current conditions, and reasonable and supportable forecasts about collectability. Historical credit loss experience provides the basis for the estimation of expected credit losses and adjustments are made for differences in current and forecasted risk characteristics and economic conditions. In addition, allowance for credit losses is measured on a collective (pool) basis when similar risk characteristics exist. Accounts receivable that do not share risk characteristics are evaluated on an individual basis. As of June 30, 2025 and 2024, the management of Out Teach believes that all such amounts are fully collectible and no allowance for credit losses or write offs or recoveries was established. Contributions receivable due in more than one year are discounted at 4.4%.

Contributions Receivable

Contributions receivable consist primarily of promises to give from individuals, corporations, and organizations still owed at year end. Management reviews the collectability of the contributions receivable on a regular basis. As of June 30, 2025 and 2024, no allowance for doubtful accounts was established.

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.

OUT TEACH

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025 AND 2024

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

Property and Equipment (Continued)

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.

Revenue Recognition

Out Teach recognizes teacher training and other programmatic revenue at the point in time the training and program occurs. Revenue from teacher training is included in program fees and other revenues in the statements of activities.

Revenue recognized for the years ended June 30, 2025 and 2024, that was included in the deferred revenue balance at the beginning of each year, was approximately \$67,000 and \$59,000, respectively. The beginning balances of deferred revenue and accounts receivable as of July 1, 2024, were approximately \$112,000 and \$1,002,000, respectively. The beginning balances of deferred revenue and accounts receivable as of July 1, 2023, were approximately \$59,000 and \$891,000, 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 program fees for which services will be provided 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.

OUT TEACH

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025 AND 2024

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

Functional Allocation of Expenses (Continued)

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, benefits, facilities and equipment, insurance, and general expenses.

Reclassifications

Certain 2024 amounts have been reclassified for comparative purposes.

2. ADOPTION OF ACCOUNTING STANDARDS CODIFICATION TOPIC 326

During the year ended June 30, 2024, Out Teach adopted Financial Accounting Standards Board's (FASB) Accounting Standards Update (ASU) 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. ASU 2016-13 revises the accounting requirements related to the measurement of credit losses and requires organizations to measure all expected credit losses for financial assets based on historical experience, current conditions, and reasonable and supportable forecasts about collectability.

Assets must be presented in the financial statements at the net amount expected to be collected. All assets that fall within the scope of ASU 2016-13 were evaluated to determine if the measurement of expected credit losses is material. Out Teach adopted ASU 2016-13 on a modified retrospective basis and the effect of the adoption was not material to the financial statements.

3. LIQUIDITY AND AVAILABLE 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, 2025, the following financial assets and liquidity sources were available for general operating purpose:

Financial Assets

Cash and Cash Equivalents	\$ 792,487
Accounts Receivable	523,060
Contributions Receivable	449,394
Less With Donor Purpose Restrictions	<u>(30,000)</u>
Financial Assets Available to Meet Cash	
Needs for General Expenditures within One Year	1,734,941

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, 2026	<u>\$ 3,734,941</u>

OUT TEACH

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025 AND 2024

3. LIQUIDITY AND AVAILABLE RESOURCES (CONTINUED)

As of June 30, 2024, the following financial assets and liquidity sources were available for general operating purpose:

Financial Assets

Cash and Cash Equivalents	\$ 1,459,000
Accounts Receivable	1,002,148
Contributions Receivable	1,045,570
Less With Donor Purpose Restrictions	<u>(442,942)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures in the Year Ended June 30, 2025	3,063,776

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 Ended June 30, 2025	<u>\$ 5,063,776</u>

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, 2025 and 2024. Contributions receivable consisted of the following as of June 30, 2025 and 2024:

	2025	2024
Due in Less Than One Year	\$ 449,394	\$ 1,045,570
Due in One to Five Years	<u>189,000</u>	<u>270,000</u>
Total Contributions Receivable	638,394	1,315,570
Less Discount to Present Value	<u>(17,840)</u>	<u>(10,536)</u>
Contributions Receivable, Net	<u>\$ 620,554</u>	<u>\$ 1,305,034</u>

6. NET ASSETS WITH DONOR RESTRICTIONS FOR PURPOSE AND TIMING

As of June 30, 2025 and 2024, Out Teach's net assets with donor restrictions consisted of the following:

Description	2025	2024
Educator Training	\$ 30,000	\$ 442,942
Timing	<u>612,085</u>	<u>856,798</u>
Total Net Assets with Donor Restrictions for Purpose and Timing	<u>\$ 642,085</u>	<u>\$ 1,299,740</u>

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NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025 AND 2024

6. NET ASSETS WITH DONOR RESTRICTIONS FOR PURPOSE AND TIMING (CONTINUED)

For the years ended June 30, 2025 and 2024, net assets were released from restrictions as follows:

Description	2025	2024
Educator Training	\$ 472,942	\$ 359,852
Outdoor Classrooms	-	60,000
Timing	612,234	590,833
Total Net Assets Released from Restrictions	\$ 1,085,176	\$ 1,010,685

7. LINE OF CREDIT

In December 2022, Out Teach entered into a line of credit (the LOC) agreement with a bank. Under the terms of the agreement, Out Teach may borrow up to \$2,000,000. 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 the cash balance held at Merrill Lynch. The LOC 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.

In December 2024, Out Teach amended its LOC agreement to extend the expiration date to December 2025 and revise the applicable interest rate. The LOC's terms and borrowing limit remained unchanged. Under the amended agreement, the interest rate was updated to the Daily Secured Overnight Financing Rate (SOFR), a variable rate that may change on each banking day, plus a margin of 2.25 percentage points.

In May 2025, Out Teach drew \$25,000 under the LOC, which was fully repaid later that month. As of June 30, 2025 and 2024, there were no outstanding balances under the line of credit.

8. 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, 2025 and 2024, contributions to the Plan were approximately \$65,000 and \$61,000, respectively.

9. DONATED SERVICES

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, 2025 and 2024, were considered without donor restrictions and able to be used by Out Teach as determined by the Board of Directors and management.

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NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025 AND 2024

9. DONATED SERVICES (CONTINUED)

For the year ended June 30, 2025, the total of these services and other products was approximately \$108,000.

Description	Programs	Management and General	Fundraising	Total
Professional Fees	\$ 68,549	\$ 12,730	\$ 16,648	\$ 97,927
Other General Operating Expenses	6,930	1,287	1,683	9,900
Total Donated Services	<u>\$ 75,479</u>	<u>\$ 14,017</u>	<u>\$ 18,331</u>	<u>\$ 107,827</u>

For the year ended June 30, 2024, the total of these services and other products was approximately \$198,000.

Description	Programs	Management and General	Fundraising	Total
Professional Fees	\$ 112,842	\$ 42,497	\$ 42,538	\$ 197,877
Total Donated Services	<u>\$ 112,842</u>	<u>\$ 42,497</u>	<u>\$ 42,538</u>	<u>\$ 197,877</u>

10. STRATEGIC INVESTMENT OF GROWTH CAPITAL

As indicated in the accompanying financial statements, Out Teach has experienced net decreases in net assets for the years ended June 30, 2025 and 2024.

In fiscal year 2025, Out Teach successfully concluded a five-year strategic plan that included a \$7 million growth capital campaign. Out Teach exceeded this goal, raising \$9.6 million. This campaign generated significant surpluses in fiscal years 2020 - 2022, which were intentionally invested from fiscal years 2023 - 2025 to advance five strategic priorities. As a result, recent fiscal years reflect planned deficits consistent with its board-approved spending plan.

In fiscal year 2026, Out Teach launched a new strategic plan to guide Out Teach through fiscal year 2029. Out Teach initiated a \$7 million growth capital campaign to support this new direction. Subsequent to year end, Out Teach secured a \$1.3 million lead commitment and additional pledges toward the new plan. Management believes Out Teach remains financially sound and strategically positioned for continued growth.

11. RELATED PARTY TRANSACTIONS

During the year ended June 30, 2025, Out Teach received a pledge commitment totaling \$130,000 from a relative of one of Out Teach's employees. The outstanding pledge is included in contributions receivable in the statement of financial position as of June 30, 2025.

12. SUBSEQUENT EVENTS

Out Teach has evaluated subsequent events through November 11, 2025, the date on which the financial statements were available to be issued.