



REAL SCHOOL GARDENS D/B/A OUT TEACH

FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

REAL SCHOOL GARDENS D/B/A OUT TEACH

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JUNE 30, 2020 AND 2019**

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Independent Auditors' Report

To the Board of Directors
REAL School Gardens d/b/a Out Teach
Washington, D.C.

We have audited the accompanying financial statements of REAL School Gardens d/b/a Out Teach, which comprise the statements of financial position as of June 30, 2020 and 2019, 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 of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider 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 Out Teach as of June 30, 2020 and 2019, 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.

To the Board of Directors
REAL School Gardens d/b/a Out Teach

Emphasis of Matter

As discussed in Note 2 of the financial statements, Out Teach adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, and Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers*. Our opinion is not modified with respect to this matter.

Councilor, Buchanan + Mitchell, P.C.

Bethesda, Maryland
September 17, 2020

Certified Public Accountants

REAL SCHOOL GARDENS D/B/A OUT TEACH

**STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>As Restated 2019</u>
Assets		
Cash	\$ 1,579,975	\$ 633,500
Accounts Receivable	298,507	518,578
Contributions Receivable	1,616,596	196,724
Prepaid Expenses and Other Assets	22,243	28,727
Investments	-	299,626
Property and Equipment, Net	<u>24,507</u>	<u>8,672</u>
Total Assets	<u>\$ 3,541,828</u>	<u>\$ 1,685,827</u>
Liabilities and Net Assets		
Liabilities		
Accounts Payable	\$ 28,672	\$ 66,751
Accrued Expenses	130,681	110,948
PPP Refundable Advance	481,945	-
Line of Credit	301,006	-
Deferred Revenue	<u>154,450</u>	<u>251,668</u>
Total Current Liabilities	1,096,754	429,367
Net Assets		
Without Donor Restrictions	581,332	646,460
With Donor Restrictions	<u>1,863,742</u>	<u>610,000</u>
Total Net Assets	<u>2,445,074</u>	<u>1,256,460</u>
Total Liabilities and Net Assets	<u>\$ 3,541,828</u>	<u>\$ 1,685,827</u>

See accompanying Notes to Financial Statements.

REAL SCHOOL GARDENS D/B/A OUT TEACH

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and Revenues			
Contributions and Grants	\$ 542,025	\$ 2,738,742	\$ 3,280,767
Program Fees and Other Revenues	1,068,644	-	1,068,644
In-Kind Contributions	172,561	-	172,561
Investment Income	4,448	-	4,448
Net Assets Released from Restrictions	<u>1,485,000</u>	<u>(1,485,000)</u>	<u>-</u>
 Total Revenues	 3,272,678	 1,253,742	 4,526,420
Expenses			
Program Services			
Educator Training	990,112	-	990,112
Outdoor Classrooms	928,477	-	928,477
Community Engagement	<u>699,261</u>	<u>-</u>	<u>699,261</u>
 Total Program Services	 2,617,850	 -	 2,617,850
Supporting Services			
Management and General	242,433	-	242,433
Fundraising	<u>477,523</u>	<u>-</u>	<u>477,523</u>
 Total Supporting Services	 <u>719,956</u>	 <u>-</u>	 <u>719,956</u>
 Total Expenses	 <u>3,337,806</u>	 <u>-</u>	 <u>3,337,806</u>
 Change in Net Assets	 (65,128)	 1,253,742	 1,188,614
Net Assets, Beginning of Year	<u>646,460</u>	<u>610,000</u>	<u>1,256,460</u>
 Net Assets, End of Year	 <u><u>\$ 581,332</u></u>	 <u><u>\$ 1,863,742</u></u>	 <u><u>\$ 2,445,074</u></u>

See accompanying Notes to Financial Statements.

REAL SCHOOL GARDENS D/B/A OUT TEACH

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>As Restated Total</u>
Support and Revenues			
Contributions and Grants	\$ 1,635,180	\$ 480,000	\$ 2,115,180
Program Fees and Other Revenues	1,050,914	-	1,050,914
In-Kind Contributions	128,642	-	128,642
Investment Income	18,093	-	18,093
Net Assets Released from Restrictions	<u>863,000</u>	<u>(863,000)</u>	<u>-</u>
 Total Revenues	 3,695,829	 (383,000)	 3,312,829
Expenses			
Program Services			
Educator Training	1,070,493	-	1,070,493
Outdoor Classrooms	1,248,018	-	1,248,018
Community Engagement	<u>773,849</u>	<u>-</u>	<u>773,849</u>
 Total Program Services	 3,092,360	 -	 3,092,360
Supporting Services			
Management and General	358,154	-	358,154
Fundraising	<u>571,267</u>	<u>-</u>	<u>571,267</u>
 Total Supporting Services	 <u>929,421</u>	 <u>-</u>	 <u>929,421</u>
 Total Expenses	 <u>4,021,781</u>	 <u>-</u>	 <u>4,021,781</u>
 Change in Net Assets	 (325,952)	 (383,000)	 (708,952)
 Net Assets, Beginning of Year	 <u>972,412</u>	 <u>993,000</u>	 <u>1,965,412</u>
 Net Assets, End of Year	 <u><u>\$ 646,460</u></u>	 <u><u>\$ 610,000</u></u>	 <u><u>\$ 1,256,460</u></u>

See accompanying Notes to Financial Statements.

REAL SCHOOL GARDENS D/B/A OUT TEACH

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020**

	Program Services				Supporting Services		Total Expenses
	Educator Training	Outdoor Classrooms	Community Engagement	Total Program Services	Management and General	Fundraising	
Salaries	\$ 680,505	\$ 447,141	\$ 451,643	\$ 1,579,289	\$ 125,343	\$ 275,604	\$ 1,980,236
Outdoor Classroom Materials and Skilled Labor	-	258,370	-	258,370	-	-	258,370
Professional Learning	30,275	-	-	30,275	-	-	30,275
Benefits	108,126	70,821	71,730	250,677	19,867	43,732	314,276
Professional Fees	66,077	43,477	89,045	198,599	79,946	100,447	378,992
Facilities and Equipment	51,875	64,029	34,390	150,294	9,495	20,937	180,726
Depreciation	4,176	1,596	2,609	8,381	520	1,390	10,291
Marketing and Communications	-	805	16,417	17,222	-	161	17,383
Office Expenses	3,893	3,760	3,175	10,828	764	11,950	23,542
Insurance	6,372	4,187	4,229	14,788	1,174	2,581	18,543
Other General Operating Expenses	12,874	6,982	7,821	27,677	1,881	9,349	38,907
Travel and Transportation	25,939	27,309	18,202	71,450	3,443	11,372	86,265
Total Expenses	\$ 990,112	\$ 928,477	\$ 699,261	\$ 2,617,850	\$ 242,433	\$ 477,523	\$ 3,337,806

See accompanying Notes to Financial Statements.

REAL SCHOOL GARDENS D/B/A OUT TEACH

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019**

	Program Services				Supporting Services		Total Expenses
	Educator Training	Outdoor Classrooms	Community Engagement	Total Program Services	Management and General	Fundraising	
Salaries	\$ 590,878	\$ 511,557	\$ 481,945	\$ 1,584,380	\$ 173,681	\$ 340,257	\$ 2,098,318
Outdoor Classroom Materials and Skilled Labor	-	504,285	-	504,285	-	-	504,285
Benefits	83,598	72,375	68,186	224,159	24,573	48,140	296,872
Education Events	51,404	-	-	51,404	-	-	51,404
Professional Fees	202,392	45,997	107,679	356,068	97,657	119,183	572,908
Facilities and Equipment	39,642	43,051	32,334	115,027	11,652	22,828	149,507
Depreciation	7,310	6,329	5,962	19,601	2,149	4,209	25,959
Marketing and Communications	9,038	6,244	22,471	37,753	5,624	4,642	48,019
Office Expenses	5,586	8,439	1,244	15,269	21,998	700	37,967
Insurance	7,025	6,082	5,730	18,837	2,065	4,045	24,947
Other General Operating Expenses	13,574	13,443	12,571	39,588	12,107	10,502	62,197
Travel and Transportation	60,046	30,216	35,727	125,989	6,648	16,761	149,398
Total Expenses	\$ 1,070,493	\$ 1,248,018	\$ 773,849	\$ 3,092,360	\$ 358,154	\$ 571,267	\$ 4,021,781

See accompanying Notes to Financial Statements.

REAL SCHOOL GARDENS D/B/A OUT TEACH

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>As Restated 2019</u>
Cash Flows from Operating Activities		
Change in Net Assets	\$ 1,188,614	\$ (708,952)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities		
Depreciation	10,291	25,959
<u>(Increase) Decrease in Assets</u>		
Accounts Receivable	220,071	(460,524)
Contributions Receivable	(1,419,872)	269,978
Prepaid Expenses and Other Assets	6,484	11,620
<u>Increase (Decrease) in Liabilities</u>		
Accounts Payable	(38,079)	12,567
Accounts Expenses	19,733	14,580
Deferred Revenue	(97,218)	251,668
PPP Refundable Advance	481,945	-
Net Cash Provided by (Used in) Operating Activities	<u>371,969</u>	<u>(583,104)</u>
Cash Flows from Investing Activities		
Proceeds from Sales of Investments	596,748	988,069
Purchases of Investments	(297,122)	(493,818)
Purchases of Property and Equipment	<u>(26,126)</u>	<u>(15,668)</u>
Net Cash Provided by Investing Activities	<u>273,500</u>	<u>478,583</u>
Cash Flows from Financing Activities		
Line of Credit	<u>301,006</u>	-
Net Cash Provided by Financing Activities	<u>301,006</u>	-
Net Increase (Decrease) in Cash and Cash Equivalents	946,475	(104,521)
Cash and Cash Equivalents, Beginning of Year	<u>633,500</u>	<u>738,021</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 1,579,975</u></u>	<u><u>\$ 633,500</u></u>
Supplementary Disclosure of Cash Flow Information		
Cash Paid during the Year for Interest	\$ 1,006	\$ -

See accompanying Notes to Financial Statements.

REAL SCHOOL GARDENS D/B/A OUT TEACH

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

REAL School Gardens d/b/a Out Teach was organized and incorporated on September 19, 2006, in Texas. Out Teach's vision is that all students, no matter their resources, have access to an engaging hands-on education that transforms their lives.

Working toward this vision, Out Teach empowers teachers in low-income elementary schools to use the outdoors for experiential Science lessons, opening pathways to STEM careers and providing children with the 21st Century Skills they need to succeed both academically and professionally.

How Out Teach Works

- *Professional Learning & Support for Teachers:* Out Teach provides group trainings, job-embedded coaching, professional learning communities, and online resources to help teachers lead engaging hands-on Science lessons outdoors and embed Science into Math and Language Arts.
- *Outdoor Learning Tools:* Out Teach partners with companies to build and enhance Outdoor Learning Labs on school campuses, each one full of features designed to boost hands-on cross-curricular instruction.
- *Promoting Broader Change:* Out Teach conducts extensive research, presents at national conferences, and works with the media to raise awareness around the importance of early science instruction and the efficacy of hands-on learning outdoors.

Out Teach is headquartered in Washington, D.C., has offices in 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.

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 donor-imposed restrictions; temporary or permanent. Temporary restrictions are those that expire either by passage of time or fulfillment of purpose by actions of Out Teach. Permanent restrictions are those that neither expire by passage of time nor fulfillment of purpose.

REAL SCHOOL GARDENS D/B/A OUT TEACH

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

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

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 under Section 501(c)(3) of the Internal Revenue Code (the Code) from the payment of taxes on income other than unrelated business income. In addition, Out Teach has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code.

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

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

Accounts Receivable

Accounts receivable consist primarily of related services provided to elementary schools where Out Teach has agreed to implement a program at the schools that would include support for learning laboratory design, installation, and professional development. 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 has been 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.

Contributions Receivable

Contributions and grants receivable 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.

Investments

Investments are carried at fair value. The valuation of investments is based on quotations obtained from national securities exchanges. Changes in the fair value are included in investment income in the accompanying statements of activities.

REAL SCHOOL GARDENS D/B/A OUT TEACH

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

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

Property and Equipment

Property and equipment are stated at cost and are depreciated using the straight-line method over the estimated useful life of the asset. The estimated useful lives of property and equipment varies between 3 and 15 years. Out Teach capitalizes all furniture and equipment purchases over \$2,000. 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 as revenue when the training and program occurs. Out Teach recognizes event sponsorship revenue as revenue when the related event occurs.

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 collections by end of the fiscal year for event sponsorship for events which will be held in the next fiscal years.

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. For the years ended June 30, 2020 and 2019, Out Teach received \$172,561 and \$128,642, respectively, in in-kind goods and facilities.

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 among the programs and supporting services benefited. These expenses require allocation on a reasonable basis that is consistently applied.

REAL SCHOOL GARDENS D/B/A OUT TEACH

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

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

Functional Allocation of Expenses (Continued)

The expenses that are allocated include salaries, occupancy, insurance, and general expenses. Expenses that are directly associated with a particular program or supporting service are charged directly to that functional area. Certain other expenses have been allocated among the program and supporting services benefited, based on estimates of time devoted to those services by the employees.

2. ADOPTION OF ACCOUNTING STANDARDS

Adoption of Accounting Standards Update 2018-08

For the year ended June 30, 2020, Out Teach adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU provides additional guidance in (1) evaluating whether transactions should be accounted for as contributions (within the scope of ASC 958) or as exchange (reciprocal) transactions (subject to ASC 606); and (2) distinguishing between conditional and unconditional contributions. Management believes that the adoption of this ASU enhances the comparability of financial information among not-for-profit entities. This change in accounting principle was adopted retrospectively in 2020. The impact of adoption was not material to the financial statements.

Accounting Standards Codification Topic 606

For the year ended June 30, 2020, Out Teach adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers*. Management believes that the adoption of this standard provides better consistency and comparability across non-profit and for-profit entities. The standard requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard replaces most existing revenue recognition guidance in U.S. GAAP. This change in accounting principle was adopted using the full retrospective method in 2020. Accordingly, the prior year financial statements for 2019 have been restated and the cumulative effect of adoption has been charged to net assets with donor restrictions as of July 1, 2019, the beginning of the first period presented. The major effect of the adoption on the financial statements was that previously, revenue for event sponsorship was recognized at the time the promise was made. After adoption, revenue is recognized at the completion of each contract milestone. The cumulative effect of the adoption was recognized as a decrease to net assets with donor restrictions of \$821,949 and an increase to net assets without donor restrictions of \$397,215 on July 1, 2019.

REAL SCHOOL GARDENS D/B/A OUT TEACH

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

2. ADOPTION OF ACCOUNTING STANDARDS (CONTINUED)

Accounting Standards Codification Topic 606 (Continued)

A recap of the effect of the adoption of ASC Topic 606 in the year of adoption is as follows:

	June 30, 2019 <u>As Reported</u>	<u>Adjustments</u>	June 30, 2019 <u>As Adjusted</u>
<i>Statement of Financial Position</i>			
Deferred Revenue	\$ -	\$ 251,668	\$ 251,668
Accounts Receivable	693,078	(174,500)	518,578
Contributions Receivable	195,290	1,434	196,724
Net Assets without Donor Restrictions	249,245	397,215	646,460
Net Assets with Donor Restrictions	1,431,949	(821,949)	610,000
	June 30, 2019 <u>As Reported</u>	<u>Adjustments</u>	June 30, 2019 <u>As Adjusted</u>
<i>Statement of Activities</i>			
Contributions and Grants	\$ 2,937,129	\$ (821,949)	\$ 2,115,180
Program Fees and Other Revenues	653,699	397,215	1,050,914
Change in Net Assets with Donor Restrictions	(284,218)	(424,734)	(708,952)
	June 30, 2019 <u>As Reported</u>	<u>Adjustments</u>	June 30, 2019 <u>As Adjusted</u>
<i>Statement of Cash Flows</i>			
Increase/Decrease in			
Accounts Receivable	\$ (635,024)	\$ 174,500	\$ (460,524)
Contributions Receivable	271,412	(1,434)	269,978
Deferred Revenue	-	251,668	251,668
Changes in Net Assets	(284,218)	(424,734)	(708,952)

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 Treasury Bills.

As of June 30, 2020, the following financial assets and liquidity sources were available for general operating expenditure in the year ending June 30, 2021:

<i>Financial Assets</i>	
Cash and Cash Equivalents	\$ 1,579,975
Accounts Receivable	298,507
Contributions Receivable	1,616,596
Less Donor Restricted Net Assets	(1,863,742)
<i>Other Liquidity Resources</i>	
Available Line of Credit	<u>200,000</u>
Total Financial Assets Available within One Year	<u><u>\$ 1,831,336</u></u>

REAL SCHOOL GARDENS D/B/A OUT TEACH

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

3. LIQUIDITY AND AVAILABILITY OF RESOURCES (CONTINUED)

As of June 30, 2019, the following financial assets and liquidity sources were available for general operating expenditure in the year ending June 30, 2020:

Financial Assets

Cash and Cash Equivalents	\$ 633,500
Accounts Receivable	518,578
Contributions Receivable	196,724
Investments Available for Operating Purposes	299,626
Less Donor Restricted Net Assets	<u>(610,000)</u>
Total Financial Assets Available within One Year	<u><u>\$ 1,038,428</u></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) limit. Management believes the risk in these situations to be minimal.

Out Teach's investments are exposed to various risks such as interest rate, market, and credit. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near-term would materially affect investment balances and the amounts reported in the financial statements.

5. CONTRIBUTIONS RECEIVABLE

Out Teach has recorded contributions receivable at the present value of estimated future cash flows at June 30, 2020. Contributions receivable due in more than one year are discounted at approximately 0.79%. Contributions receivable consisted of the following as of June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Due Within One Year	\$ 1,129,004	\$ 171,724
Due Within One to Five Years	<u>500,000</u>	<u>25,000</u>
Total Contributions Receivable	1,629,004	196,724
Less Discount to Present Value	<u>(12,408)</u>	-
Contributions Receivable, Net	<u><u>\$ 1,616,596</u></u>	<u><u>\$ 196,724</u></u>

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);

REAL SCHOOL GARDENS D/B/A OUT TEACH

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019**

6. FAIR VALUE MEASUREMENTS (CONTINUED)

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).

Out Teach had no investments as of June 30, 2020. Investments measured at fair value consisted of the following as of June 30, 2019:

	Level 1	Level 2	Level 3	Total
U.S. Treasury Securities	\$ -	\$ 299,626	\$ -	\$ 299,626
Total Investments	\$ -	\$ 299,626	\$ -	\$ 299,626

Investment returns consist of interest and dividend income of \$4,448 and \$18,093 for the years ended June 30, 2020 and 2019, respectively.

7. PROPERTY AND EQUIPMENT

Out Teach held the following property and equipment as of June 30, 2020 and 2019:

	2020	2019
Website/Digital Education Platform	\$ 236,053	\$ 236,053
Computer Equipment and Software	92,409	81,121
Furniture and Fixtures	46,786	46,786
	375,248	363,960
Less Accumulated Depreciation and Amortization	(350,741)	(355,288)
Property and Equipment, Net	\$ 24,507	\$ 8,672

8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were \$1,863,742 and \$610,000 as of June 30, 2020 and 2019, respectively. These net assets were restricted by the donor for teacher professional development, outdoor learning lab design and construction, or thought leadership provided during the year. Net assets of \$1,485,000 and \$863,000 were released from donor restrictions by incurring expenses satisfying the purpose restriction imposed during the years ended June 30, 2020 and 2019, respectively.

9. COMMITMENTS AND CONTINGENCIES

Operating Lease

Out Teach leases facilities and equipment under operating lease agreements. Future minimum lease commitments under the agreements are as follows:

For the Years Ending June 30,

2021	\$ 35,392
2022	10,330
Total	\$ 45,722

Rent expense was \$113,968 and \$98,003 for the years ended June 30, 2020 and 2019, respectively.

REAL SCHOOL GARDENS D/B/A OUT TEACH

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020 AND 2019

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. Out Teach had no contributions into the Plan during the years ended June 30, 2020 or 2019.

11. PPP REFUNDABLE ADVANCE

During 2020, Out Teach received a Small Business Administration (SBA) loan under the Paycheck Protection Program (PPP) in the amount of \$481,945. PPP provides cash-flow assistance through 100% federally guaranteed loans to eligible recipients to maintain payroll during the COVID-19 public health emergency and cover certain other expenses. If Out Teach maintains its workforce and meets certain requirements, up to 100% of the loan may be forgiven by the SBA. No more than 40% of the forgiven amount may be for non-payroll costs. Loans under PPP have an interest rate of 1% and may negotiate to a five-year maturity date, if not forgiven.

Out Teach is accounting for this SBA loan as a conditional contribution since repayment has not been waived as of June 30, 2020, and as such the loan proceeds are shown as PPP Refundable Advance in the statements of financial position.

12. LINE OF CREDIT

Out Teach has an available line of credit in the amount of \$500,000. At June 30, 2020, the interest rate was 3.96%. The line of credit matures on August 31, 2021. The outstanding balance on the line of credit at June 30, 2020, was \$301,006 including \$1,006 of related accrued interest.

13. SUBSEQUENT EVENTS

The spread of COVID-19 (coronavirus disease) has had a disruptive impact on the daily life and operations of individuals, businesses, and nonprofits around the world. There is uncertainty about financial and economic impacts in all sectors of the economy. The financial markets have experienced significant volatility, and this may continue for an extended period of time. In light of these circumstances, management continues to assess how best to adapt to changed circumstances.

Out Teach has evaluated subsequent events through September 17, 2020, the date on which the financial statements were available to be issued.