

OUTWARD BOUND INTERNATIONAL, INC.

Audited Financial Statements

December 31, 2018 and 2017

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Independent Auditor's Report

To the Board of Directors
Outward Bound International

Report on Financial Statements

We have audited the accompanying financial statements of Outward Bound International, Inc. (a nonprofit organization) which comprise the statements of financial position as of December 31, 2018 and 2017 and the related statements of activity and cash flows for the years then ended, and the related notes to the financial statements.

Management' 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Outbound International, Inc. as of December 31, 2018 and 2017, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



CLARK & CLARK, PC
June 5, 2019

OUTWARD BOUND INTERNATIONAL, INC.
Statements of Financial Position
December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$830,281	\$731,620
Prepaid expenses	5,234	5,240
Receivables from OBI Centers, net of allowance for doubtful accounts of \$3,000 for 2018 and 2017.	<u>98,548</u>	<u>117,704</u>
Total current assets	934,063	854,564
Property and equipment	5,869	3,759
Accumulated depreciation	<u>(2,125)</u>	<u>(1,128)</u>
Property and equipment	3,744	2,631
Total Assets	<u>\$937,807</u>	<u>\$857,195</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 78,510	\$135,237
Funds held for others	<u>-</u>	<u>14,326</u>
Total current liabilities	78,510	149,563
Net Assets:		
Net assets - unrestricted	<u>859,297</u>	<u>707,632</u>
Total net assets	859,297	707,632
Total Liabilities and Net Assets	<u>\$937,807</u>	<u>\$857,195</u>

The accompanying notes are an integral part of the financial statements.

OUTWARD BOUND INTERNATIONAL, INC.
Statements of Activities
For the Years Ended December 31, 2018 & 2017

	<u>2018</u>	<u>2017</u>
REVENUE AND SUPPORT:		
Fees from Centers	\$297,423	\$281,769
Contributions	200,070	13,456
Other income	<u>15,302</u>	<u>17,185</u>
Total Revenue and Support	512,795	312,410
OPERATING EXPENSES:		
Bad debts	13,858	-0-
Bank charges	3,882	3,987
Depreciation	998	753
Insurance	12,349	11,279
Legal & professional	42,692	60,715
Office supplies and miscellaneous	1,423	4,798
Personnel	210,343	198,686
Printing and publications	10,653	14,076
Rent	7,339	8,010
Telephone and internet	2,393	1,790
Travel	<u>56,190</u>	<u>50,470</u>
Total Operating Expenses	362,120	354,564
Operating income (loss)	150,675	(42,154)
OTHER INCOME (LOSS):		
Investment income	<u>990</u>	<u>634</u>
Total other income (loss)	990	634
Decrease in net assets	<u>\$151,665</u>	<u>\$(41,520)</u>
Net assets- beginning of year	\$707,632	\$749,152
Increase (decrease) in net assets	<u>151,665</u>	<u>(41,520)</u>
Net assets- end of year	<u>\$859,297</u>	<u>\$707,632</u>

The accompanying notes are an integral part of the financial statements

OUTWARD BOUND INTERNATIONAL, INC.
Statements of Cash Flows
Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	\$151,665	\$(41,520)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	997	753
(Increase) decrease in:		
Restricted cash – funds held for others	-	(474)
Accounts receivable	19,157	(40,264)
Prepaid expenses	-	(2,483)
Increase (decrease) in:		
Accounts payable	(56,727)	(27,767)
Funds held for others	<u>(14,326)</u>	<u>-0-</u>
Cash flows provided by operations	100,766	(111,755)
 CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of office equipment	<u>(2,105)</u>	<u>-0-</u>
Cash flows used by investing activities	(2,105)	-0-
 Increase (decrease) in cash and cash equivalents	 <u>\$98,661</u>	 <u>\$(111,755)</u>
 Cash and cash equivalents at beginning of year	 \$731,620	 \$843,375
Increase in cash and cash equivalents	<u>98,661</u>	<u>(111,755)</u>
Cash and cash equivalents at end of year	<u>\$830,281</u>	<u>\$731,620</u>

The accompanying notes are an integral part of the financial statements.

OUTWARD BOUND INTERNATIONAL, INC.
Notes to Financial Statements
December 31, 2018 and 2017

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A. *Organization and Activities* - Outward Bound International, Inc. (hereafter referred to as the Organization) was organized as a not-for-profit corporation in the state of New York on February 23, 2001. The Organization is exempt from U.S. federal income taxes in accordance with the provisions of Section 501(c) (3) of the Internal Revenue Code. The purpose of Outward Bound International is to provide coordination, support and leadership to Outward Bound programs worldwide that deliver experiential programs for outdoor adventure to stimulate personal development and generate understanding between people.

During the year 2013 the Board of Directors created a Canadian not-for-profit entity, effective January 1, 2014. The Canadian entity operates with the same charitable purpose and the same Board of Directors. These financial statements include the activities and position of both the U.S. and Canadian entities and are stated in U.S. dollars.

B. *Basis of Accounting* - The Organization's financial statements are prepared using the accrual basis of accounting as required under generally accepted accounting principles for non-profit organizations in the United States of America.

C. *Cash and Cash Equivalents* - The Organization considers all unrestricted liquid investments with original maturities of three months or less to be cash equivalents.

D. *Property and Equipment* - Property and equipment are stated on the basis of cost. Depreciation is computed on the straight-line method over the estimated useful life of the related asset. Repairs and maintenance are expensed when incurred and purchases with a cost in excess of \$2,000 are capitalized

E. *Fees from Centers* - Fees are based upon a percentage of revenues from each center and paid on an annual basis for the calendar year.

F. *Operating Expenses* - Due to the size and nature of the Organization, approximately 83% of the operations are program related and 17% are administrative. As of December 31, 2018 and 2017, approximately \$300,559 and \$294,286 of the expenses are program related and approximately \$61,561 and \$60,276 were administrative, respectively.

G. *Use of Estimates* - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions that affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

H. *Concentration of Credit Risk* - The Organization maintains cash in bank deposit accounts which exceed federally insured limits and has not experienced losses in such accounts and believes it is not exposed to material credit risk on its cash and cash equivalents.

Financial instruments that potentially subject the Organization to concentration of credit risk consist primarily of accounts receivable. In the normal course of activities, the Organization records receivables and promises of support and performs ongoing evaluations of its ability to collect receivables. Management has recognized all significant uncollectible receivables as bad debt and believes it is not exposed to any further significant credit risk.

OUTWARD BOUND INTERNATIONAL, INC.

Notes to Financial Statements

December 31, 2018 and 2017

NOTE 1 - ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

- I. *Investments*** - The Directors of the Organization have chosen not to invest funds into instruments that carry the risk of loss accordingly cash is maintained in interest bearing savings and no fair market valuations are required.

NOTE 2 - FUNDS HELD FOR OTHERS

As part of the service the Organization provides to support educational programs, the Organization engages attorneys to assist various schools around the world with startup activities. Such activities are primarily legal centered pertaining to the use of the Outward Bound name and any related trademark issues. The Organization collects funds from the schools to pay for such services and then pays the attorneys directly. The funds collected for such costs are not available to the Organization for operations, and accordingly, have been segregated in the statement of financial position from the cash available for use by the Organization.

In the current year the balance of the funds held for others have been held for several years and management decided to recognize the balances as earned revenue.

NOTE 3 - SUBSEQUENT EVENTS

The Organization has evaluated subsequent events from the date of the statement of financial position through June 5, 2019 and has determined that there are no subsequent events to disclose.