

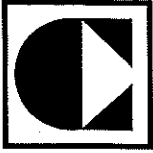
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

**ARLINGTON OUTDOOR EDUCATION
ASSOCIATION, INC.**

December 31, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Arlington Outdoor Education Association, Inc.

We have audited the accompanying financial statements of Arlington Outdoor Education Association, Inc. (a nonprofit organization), which comprise the balance sheet as of December 31, 2022, and the related statements of activities, cash flows and functional expenses for the year 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 Arlington Outdoor Education Association, Inc. as of December 31, 2022, and the changes in its net assets and its functional expenses and cash flows for the years then ended in accordance with accounting standards generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 Statement section of our report. We are required to be independent of Arlington Outdoor Education Association, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements related to our audit. 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.

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 judgement and maintain professional skepticism through 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 programs 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 Arlington Outdoor Education Association, Inc.'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Arlington Outdoor Education Association, Inc.'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.

Douglas Corey & Associates, P.C.

Fairfax, Virginia
November 9, 2023

Arlington Outdoor Education Association, Inc.
Balance Sheet
December 31, 2022
(See Independent Auditor's Report and notes to financial statements)

Assets

Current Assets	
Cash and cash equivalents	\$ 171,278
Receivables - other	<u>383</u>
Total current assets	171,661
Investments	1,229,589
Property and equipment, net of accumulated depreciation of \$538,770	<u>1,139,609</u>
	<u><u>\$ 2,540,859</u></u>

Liabilities and Net Assets

Current Liabilities	
Accounts payable	\$ 2,580
Net Assets	
Without restrictions	2,525,141
With restrictions	<u>13,138</u>
	<u>2,538,279</u>
	<u><u>\$ 2,540,859</u></u>

Arlington Outdoor Education Association, Inc.
Statement of Activities
For the year ended December 31, 2022
(See Independent Auditor's Report and notes to financial statements)

	<u>Without Restrictions</u>	<u>With Restrictions</u>	<u>Total</u>
Revenues and Other Support:			
Contributions	\$ 158,882	\$ -	\$ 158,882
United way	3,435	-	3,435
Special events	2,421	-	2,421
Interest and dividends	15,705	-	15,705
Realized gain (loss) on investments	(19,011)	-	(19,011)
Unrealized gain (loss) on investments	(36,815)	-	(36,815)
Net assets released from restrictions:			
Satisfaction of program restrictions	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues and Other Support	124,617	-	124,617
Expenses:			
Program expenses			
Outdoor education	160,173	-	160,173
General and administrative	6,177	-	6,177
Development	604	-	604
Special events	<u>2,141</u>	<u>-</u>	<u>2,141</u>
Total Expenses	<u>169,095</u>	<u>-</u>	<u>169,095</u>
Change in Net Assets	(44,478)	-	(44,478)
Net Assets, beginning of year	<u>2,569,619</u>	<u>13,138</u>	<u>2,582,757</u>
Net Assets, end of year	<u>\$ 2,525,141</u>	<u>\$ 13,138</u>	<u>\$ 2,538,279</u>

Arlington Outdoor Education Association, Inc.
Statement of Cash Flows
For the year ended December 31, 2022
(See Independent Auditor's Report and notes to financial statements)

Cash flows from operating activities:	
Change in net assets	\$ (44,478)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	33,082
Realized loss on investments	19,011
Unrealized loss on investments	36,815
(Increase) decrease in prepaid expenses	3,047
Increase (decrease) in payables	<u>2,500</u>
Net cash provided (used) by operating activities	49,977
Cash flows from investing activities:	
Proceeds from sale of invesments	3,857
Purchases of investments	(10,457)
Purchases of certificates of deposits	(735,458)
Proceeds from maturing certificates of deposit	<u>137,652</u>
Net cash provided (used) by investing activities	<u>(604,406)</u>
Net decrease in cash and cash equivalents	(554,429)
Cash, beginning of year	<u>725,707</u>
Cash, end of year	<u><u>\$ 171,278</u></u>
Supplemental disclosures of cash flow information:	
Cash paid during the year for:	
Income taxes	\$ <u><u>-</u></u>
Interest expense	\$ <u><u>-</u></u>

Arlington Outdoor Education Association, Inc.
Statement of Functional Expenses
For the year ended December 31, 2022

(See Independent Auditor's Report and notes to financial statements)

	<u>Program Service</u>		<u>Supporting Services</u>			<u>Total Expense</u>
	<u>Outdoor Education</u>	<u>Mgmt and General</u>	<u>Fundraising</u>	<u>Ttd Supporting Services</u>		
Equipment rental and maintenance	\$ 95,810	\$ -	\$ -	\$ -	\$ -	95,810
Depreciation and amortization	33,082	-	-	-	-	33,082
Real estate tax	13,716	-	-	-	-	13,716
Professional fees	13,200	-	-	-	-	13,200
Other expenses	84	2,995	604	3,599	3,683	3,683
Investment fees	-	3,182	-	3,182	3,182	3,182
Insurance	3,047	-	-	-	-	3,047
License and permits	693	-	-	-	-	693
Community outreach	541	-	-	-	-	541
	<u>\$ 160,173</u>	<u>\$ 6,177</u>	<u>\$ 604</u>	<u>\$ 6,781</u>	<u>\$ 6,781</u>	<u>\$ 166,954</u>

Arlington Outdoor Education Association, Inc.
Notes to Financial Statements
December 31, 2022
(See Independent Auditor's Report)

Note A - Nature of Organization

Arlington Outdoor Education Association, Inc. (AOEA) was formed in 1967 to purchase and operate the Phoebe Hall Knipling Outdoor Laboratory. AOEAs purpose is to provide a facility and support a school program designed to give urban school children from Arlington, Virginia an opportunity to learn science, arts, humanities, and vocational skills in a natural setting. The Outdoor Lab provides hands-on outdoor and environmental education to more than 9,000 students each year.

Note B - Summary of Accounting Policies

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

1. Method of Accounting

AOEA's financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

2. Financial Statement Presentation

Under U.S. generally accepted accounting principles, AOEAs is required to report information regarding its financial position and activities according to two classes of net assets:

Net Assets Without Restrictions represent resources that are not subject to donor-imposed or other restrictions and are available for operations at management's discretion.

Net Assets With Restrictions represent resources restricted by the donor as to purpose or by the passage of time.

3. Revenue Recognition

Contributions received are recorded as with or without restrictions depending on the existence and/or nature of any donor restriction.

All restricted support is reported as an increase in net assets with restrictions. When a restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, net assets with restrictions are reclassified to net assets without restrictions and reported in the statement of activities as net assets released from restrictions.

Arlington Outdoor Education Association, Inc.
Notes to Financial Statements
December 31, 2022
(See Independent Auditor's Report)

Note B - Summary of Accounting Policies, continued

4. Property and Equipment

Property and equipment is recorded at cost at the date of acquisition. They are depreciated using the tax basis over the estimated useful lives of the assets.

5. Investments

AOEA's investments consist of a 18-month, 15-month and 12-month certificates of deposit and an investment in an agency fund. The agency fund is a fund established with the Arlington Community Foundation whereby AOEA selects the investment pool and the Foundation manages it. The agency fund is exclusively used for AOEA's benefit. The certificates have maturity dates ranging from 2023 thru 2024. The certificates and the agency fund are recognized at fair value on the balance sheet.

6. Functional Allocation of Expenses

AOEA allocates its expenses on a functional basis among its various programs, general and administrative, and fundraising. Expenses are identified with a specific program, general and administrative, or fundraising are allocated directly according to their natural expenditure classification.

7. Income Taxes

Income taxes are not provided for in the financial statements since AOEA is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and similar state provisions.

AOEA follows the guidance of Accounting Standards Codification (ASC) 740, Accounting for Income Taxes, related to uncertainties in income taxes, which prescribes a threshold of more likely than not for recognition and derecognition of tax positions taken or expected to be taken in a tax return. There are no such uncertain tax positions for AOEA for the year ended December 31, 2022.

AOEA's tax returns are subject to possible examination by taxing authorities. For federal income tax purposes, the tax returns essentially remain open for possible examination for a period of three years after the respective filing deadlines of those returns.

Arlington Outdoor Education Association, Inc.
Notes to Financial Statements
December 31, 2022
(See Independent Auditor's Report)

Note B – Summary of Accounting Policies, continued

8. Cash and cash equivalents

For purposes of the statement of cash flows, AOEA considers all highly liquid instruments purchased with a maturity of three months or less to be cash and cash equivalents.

9. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note C – Date of Management’s Review

In preparing the financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through November 9, 2023, the date that the financial statements were available to be issued.

Note D—Liquidity and Availability of Financial Assets

AOEA maintains a liquid cash balance in checking and savings accounts in an amount necessary to meet its anticipated operating expenditures for the next two years.

AOEA’s financial assets available for general expenditures through December 31, 2023 are as follows:

Financial assets:	
Cash and cash equivalents	\$ 171,278
Investments	<u>1,229,589</u>
 Financial assets available for general expenditures within one year	 <u>\$1,400,867</u>

Arlington Outdoor Education Association, Inc.
Notes to Financial Statements
December 31, 2022
(See Independent Auditor's Report)

Note E – Concentration of Credit Risk

AOEA maintains cash balances at financial institutions that, at times, may exceed Federal Deposit Insurance Corporation's insured limit of \$250,000. AOEА has not experienced any losses in such accounts and believes they are not exposed to any significant credit risk.

Note F – Property and Equipment

Property and equipment is as follows:

Land	\$384,304
Buildings/Improvements	1,290,433
Equipment	<u>3,642</u>
	1,678,379
Accumulated depreciation	<u>(538,770)</u>
Net book value	<u>\$1,139,609</u>

Depreciation expense for the year ended December 31, 2022 is \$33,082.

Note G – Investments

The adjusted basis and fair value as of December 31, 2022 are as follows:

	Adjusted Basis	Fair Value	Unrealized Gains (Losses)
Certificates of deposit	\$ 941,035	\$ 941,276	\$ 241
Agency fund	<u>325,369</u>	<u>288,313</u>	<u>(37,056)</u>
	<u>\$1,266,404</u>	<u>\$1,229,589</u>	<u>\$(36,815)</u>

The Agency Fund is a fixed income fund managed by the Arlington Community Foundation. The fixed income fund is a pooled fund consisting of cash and bonds. The investment reported for AOEА is their share of the total amount.

Arlington Outdoor Education Association, Inc.
Notes to Financial Statements
December 31, 2022
(See Independent Auditor's Report)

Note G – Investments, continued

Investment income for the year ended December 31, 2022 consists of the following:

Interest and dividends	\$15,705
Realized gain (loss) on investments	(19,011)
Unrealized gain (loss) on investments	<u>(36,815)</u>
 Total investment income	 <u>\$ (40,121)</u>

Note H – Fair Value Measurements

FASB ASC 820-10 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

The fair value measurements and levels within the fair value hierarchy of those measurements for the assets reported at fair value on a recurring basis at December 31, 2021:

<u>Description</u>	<u>Fair Value</u>	<u>Significant Observable Inputs (Level 1)</u>
Certificates of Deposit	\$ 941,276	\$ 941,276
Agency fund	<u>288,313</u>	<u>288,313</u>
	<u>\$ 1,229,589</u>	<u>\$ 1,229,589</u>

Arlington Outdoor Education Association, Inc.
Notes to Financial Statements
December 31, 2022
(See Independent Auditor's Report)

Note H – Fair Value Measurements, continued

The carrying amounts reflected in the balance sheet for cash, accounts receivable, and, accounts payable approximates fair value due to the short maturities of those instruments.

Note I – Net Assets with Restrictions

Net assets with restrictions at December 31, 2022 are available for the following purposes:

Outdoor classroom/gazebo	\$ 12,500
Camperships	233
Butterfly garden	<u>405</u>
	<u>\$ 13,138</u>

Note J – Memorandum of Understanding

Beginning on July 1, 2006, AOEА entered into a Memorandum of Understanding (MOU) with Arlington County Public Schools. Arlington County Public Schools has exclusive use of the Outdoor Lab on specified days. Arlington County Public Schools paid AOEА \$127,534 for the year ending December 31, 2022. The amount will be adjusted by the CPI for subsequent year payments. The MOU will automatically be renewed for successive three-year terms unless either party gives notice. Arlington County Public Schools is a major donor as discussed in Note J.

Note K – Major Donors

During the year ended December 31, 2022, AOEА received \$127,534 from one major donor, which accounts for 71% of total support for the period.

Note L – Contributed Services

Unpaid volunteers contribute their time to forward the Organization's program services. Those donated services do not meet the criteria for recognition as donated services under generally accepted accounting principles, therefore the value of this contributed time is not reflected in the accompanying financial statements.