

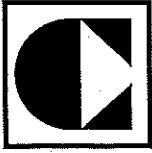
FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT

**ARLINGTON OUTDOOR EDUCATION  
ASSOCIATION, INC.**

December 31, 2025

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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, 2025, 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, 2025, and the changes in its net assets and its functional expenses and cash flows for the year 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 Annovato, P.C.*

Fairfax, Virginia  
March 16, 2026

**Arlington Outdoor Education Association, Inc.**  
**Balance Sheet**  
**December 31, 2025**  
(See Independent Auditor's Report and notes to financial statements)

**Assets**

Current Assets		
Cash and cash equivalents	\$	943,877
Investments		33,990
Property and equipment, net of accumulated depreciation of \$646,044		<u>2,450,059</u>
	\$	<u><u>3,427,926</u></u>

**Liabilities and Net Assets**

Current Liabilities		
Accounts payable	\$	8,618
Note payable		550,000
Net Assets		
Without restrictions		2,857,896
With restrictions		<u>11,412</u>
		<u>2,869,308</u>
	\$	<u><u>3,427,926</u></u>

**Arlington Outdoor Education Association, Inc.**  
**Statement of Activities**  
**For the year ended December 31, 2025**  
(See Independent Auditor's Report and notes to financial statements)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Revenues and Other Support:</b>			
Contributions	\$ 64,874	\$ 200,000	\$ 264,874
Program service	144,100	-	144,100
United Way	4,385	-	4,385
Interest and dividends	25,809	-	25,809
Unrealized gain on investments	7,927	-	7,927
Loss on asset disposal	(1,463)	-	(1,463)
<b>Net assets released from restrictions:</b>			
Satisfaction of program restrictions	<u>203,285</u>	<u>(203,285)</u>	<u>-</u>
<b>Total Revenues and Other Support</b>	<b>448,917</b>	<b>(3,285)</b>	<b>445,632</b>
<b>Expenses:</b>			
Program expenses			
Outdoor education	193,362	-	193,362
General and administrative	20,177	-	20,177
Development	72,507	-	72,507
Special events	<u>1,753</u>	<u>-</u>	<u>1,753</u>
<b>Total Expenses</b>	<b><u>287,799</u></b>	<b><u>-</u></b>	<b><u>287,799</u></b>
<b>Change in Net Assets</b>	<b>161,118</b>	<b>(3,285)</b>	<b>157,833</b>
Net Assets, beginning of year	<u>2,696,778</u>	<u>14,697</u>	<u>2,711,475</u>
Net Assets, end of year	<u><u>\$ 2,857,896</u></u>	<u><u>\$ 11,412</u></u>	<u><u>\$ 2,869,308</u></u>

**Arlington Outdoor Education Association, Inc.**  
**Statement of Cash Flows**  
**For the year ended December 31, 2025**  
(See Independent Auditor's Report and notes to financial statements)

Cash flows from operating activities:	
Change in net assets	\$ 157,833
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation and amortization	42,190
Unrealized gain on investments	(7,927)
Loss on asset disposal	1,463
(Increase) decrease in interest receivable	15,369
(Increase) decrease in prepaid expenses	20,060
(Increase) decrease in deposit	12,500
Increase (decrease) in payables	<u>2,452</u>
Net cash provided (used ) by operating activities	243,940
Cash flows from investing activities:	
Purchase of fixed assets	(37,509)
Purchase of land	(1,299,565)
Redemptions of investments (net)	321,961
Proceeds from maturing certificates of deposit	<u>993,235</u>
Net cash provided (used ) by investing activities	<u>(21,878)</u>
Cash flows from financing activities:	
Proceeds from loan	<u>550,000</u>
Net increase in cash and cash equivalents	772,062
Cash, beginning of year	<u>171,815</u>
Cash, end of year	<u>\$ 943,877</u>

Supplemental disclosures of cash flow information:

Non-cash transactions:

During the year the Foundation had the following noncash transactions which were excluded from the statement of cash flows:

Disposal of fixed assets	\$ 12,385
Accumulated depreciation	(10,922)
Loss on disposal	<u>\$ 1,463</u>

Cash paid during the year for:

Income taxes	\$ -
Interest expense	<u>\$ 27,155</u>

Arlington Outdoor Education Association, Inc.  
Statement of Functional Expenses  
For the year ended December 31, 2025

(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>Ttl Supporting Services</u>	<u>Total Expense</u>		
Property and facility maintenance	\$ 95,275	\$ -	\$ -	\$ -	\$ 95,275		
Professional fees	-	15,747	65,000	80,747	80,747		
Depreciation and amortization	42,190	-	-	-	42,190		
Interest expense	27,155	-	-	-	27,155		
Real estate tax	15,310	-	-	-	15,310		
Office/other expense	3,706	2,471	6,177	8,648	12,354		
Insurance	4,173	-	-	-	4,173		
Backpacks/supplies	3,285	-	-	-	3,285		
Communication	2,268	-	-	-	2,268		
Investment fees	-	1,959	-	1,959	1,959		
Software and database	-	-	920	920	920		
Merchandise	-	-	410	410	410		
	<u>\$ 193,362</u>	<u>\$ 20,177</u>	<u>\$ 72,507</u>	<u>\$ 92,684</u>	<u>\$ 286,046</u>		

**Arlington Outdoor Education Association, Inc.**  
**Notes to Financial Statements**  
**December 31, 2025**  
(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, 2025**  
(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 maintains 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.

**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, 2025.

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, 2025**  
(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 March 16, 2026 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, 2026 are as follows:

Financial assets:	
Cash and cash equivalents	\$ 943,877
Investment	<u>33,990</u>
Financial assets available for general expenditures within one year	<u>\$977,867</u>

**Arlington Outdoor Education Association, Inc.**  
**Notes to Financial Statements**  
**December 31, 2025**  
(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	\$ 1,683,869
Buildings/Improvements	1,408,592
Equipment	<u>3,642</u>
	3,096,103
Accumulated depreciation	<u>(646,044)</u>
Net book value	<u>\$ 2,450,059</u>

Depreciation expense for the year ended December 31, 2025 is \$42,190.

**Note G – Investments**

The adjusted basis and fair value as of December 31, 2025 are as follows:

	<b>Adjusted Basis</b>	<b>Fair Value</b>	<b>Unrealized Gains</b>
Agency fund	<u>\$ 26,063</u>	<u>\$ 33,990</u>	<u>\$ 7,927</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, 2025**  
(See Independent Auditor's Report)

**Note G – Investments, continued**

Investment income for the year ended December 31, 2025 consists of the following:

Interest and dividends	<u>\$ 25,809</u>
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**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, 2025:

<b><u>Description</u></b>	<b><u>Fair Value</u></b>	<b><u>Significant Observable Inputs (Level 1)</u></b>
Agency fund	<u>\$ 33,990</u>	<u>\$ 33,990</u>

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

**Arlington Outdoor Education Association, Inc.**  
**Notes to Financial Statements**  
**December 31, 2025**  
(See Independent Auditor's Report)

**Note I – Long-term Debt**

In 2025, AOEA obtained a loan in the amount of \$550,000 to secure the purchase of the land referred to in Note N. The note is for 24 months at 7.25% interest. Interest is payable monthly with a final balloon payment due on maturity. The note is secured by the land.

**Note J – Net Assets with Restrictions**

Net assets with restrictions at December 31, 2025 are available for the following purposes:

Welcome pavilion	\$ 1,116
Retirement project	3,200
Monarch waystation	1,703
Discovery backpacks	4,393
Nature discovery trail phase 2	<u>1,000</u>
	<u>\$ 11,412</u>

**Note K – Memorandum of Understanding**

Beginning on July 1, 2006, AOEA 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 AOEA \$144,099 for the year ending December 31, 2025. 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 a16 major donor as discussed in Note L.

**Note L – Major Donors**

During the year ended December 31, 2025, AOEA received \$344,100 from two major donors, which accounts for 77% of total support for the period.

**Note M – 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.

**Arlington Outdoor Education Association, Inc.**  
**Notes to Financial Statements**  
**December 31, 2025**  
(See Independent Auditor's Report)

**Note N – Land purchase**

In April 2025, AOEА purchased land in anticipation of future development options for the Outdoor Lab. The total cost of the purchase was \$1,299,565. The purchase was partially financed with a loan.