

UPSTREAM ALLIANCE INC.

FINANCIAL STATEMENTS

As of

December 31, 2019

And for the

Year Then Ended

Lisa A. Allison, CPA

Independent Accountant's Review Report

To the Board of Directors
Upstream Alliance Inc.
1867 Lindamoor Drive
Annapolis, MD 21401

Report on the Financial Statements

I have reviewed the accompanying Statement of Financial Position - Cash Basis of Upstream Alliance Inc. (a Maryland non-profit organization) as of December 31, 2019, and the related Statements of Activities and Changes in Net Assets - Cash Basis, Functional Expenses - Cash Basis, and Cash Flows - Cash Basis for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

Management's Responsibility for the Financial Statements

Management has elected to present the financial statements on a modified cash basis of accounting, as described in Note 2. Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

My responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants and in accordance with International Standard on Review Engagements 2400 (Revised) issued by the International Auditing and Assurance Standards Board. Those standards require me to perform procedures to obtain limited assurance as a basis for reporting whether I am aware of any material modifications that should be made to the financial statements for them to be in accordance with the modified cash basis of accounting described in Note 2. I believe that the results of my procedures provide a reasonable basis for my conclusion.

Accountant's Conclusion

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the modified cash basis of accounting.

Lisa A. Allison, CPA

Severna Park, Maryland
July 21, 2020

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UPSTREAM ALLIANCE INC.
STATEMENT OF FINANCIAL POSITION - CASH BASIS
DECEMBER 31, 2019

ASSETS

Cash and cash equivalents	
Cash - Unrestricted	\$ 55,514
Savings Account	121,385
Savings Account - Board Designated Reserve Fund	50,922
Total Cash and cash equivalents	227,821
Investment Account	10,344
Total Current Assets	238,165
Property and equipment	
Camping and Kayaking equipment, net of accumulated depreciation of \$18,804	19,349
Office equipment, net of accumulated depreciation of \$920	1,915
Total Property and equipment	21,264
Total assets	\$ 259,429

LIABILITIES AND NET ASSETS

LIABILITIES

Payroll liabilities	\$ 3,544
Total liabilities	3,544

NET ASSETS

Without donor restrictions	255,885
With donor restrictions	-
Total net assets	255,885
Total liabilities and net assets	\$ 259,429

UPSTREAM ALLIANCE INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Operating activities			
REVENUES AND OTHER SUPPORT			
Contributions	\$ 102,548		\$ 102,548
Grants	140,000	70,000	210,000
Trip and event fees	38,751		38,751
Interest and dividends	3,474		3,474
Unrealized net gains/losses from investments	5,274		5,274
Net assets released from restrictions	152,500	(152,500)	-
	442,547	(82,500)	360,047
EXPENSES			
Educational environmental expeditions & events	220,239	-	220,239
SEEC Initiative costs (See Note 4)	63,360	-	63,360
Total program expenses	283,599	-	283,599
Supporting services:			
Management and general	19,825	-	19,825
Fundraising	48,804	-	48,804
	68,629	-	68,629
Total support services	68,629	-	68,629
Total expenses	352,228	-	352,228
Change in net assets from operations	90,319	(82,500)	7,819
Net assets, beginning of year	165,566	82,500	248,066
Net assets, end of year	\$ 255,885	\$ -	\$ 255,885

UPSTREAM ALLIANCE INC.
STATEMENT OF FUNCTIONAL EXPENSES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Educational Environmental Expeditions and Events	SEEC Initiatives	Management and General	Fundraising	Total
Grants	\$ 61,440	\$ 14,000	\$ -	\$ -	\$ 75,440
Salaries and benefits	102,694	34,279	10,854	23,566	\$ 171,393
Consultants and subcontractors	6,460	9,489		19,813	\$ 35,762
Trip and event costs	14,351				\$ 14,351
Equipment rentals for trips	7,811				\$ 7,811
Trip and educational videos & books	1,362			3,670	\$ 5,032
Travel	9,842	5,223	281	858	\$ 16,204
Equipment and supplies	4,599	99			\$ 4,698
Office expenses, printing & shipping	748	270	2,120	897	\$ 4,035
Professional fees			4,954		\$ 4,954
Conference fees and registrations	280				\$ 280
Depreciation	7,739		333		\$ 8,072
Insurance	2,154		800		\$ 2,954
Other	759		483		\$ 1,242
	<u>\$ 220,239</u>	<u>\$ 63,360</u>	<u>\$ 19,825</u>	<u>\$ 48,804</u>	<u>\$ 352,228</u>

UPSTREAM ALLIANCE INC.
STATEMENT OF CASH FLOWS - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 7,819
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Depreciation	8,072
(Increase) decrease in other assets	1,429
(Decrease) increase in payroll liabilities	<u>(5,017)</u>
Net cash provided by (used in) operating activities	<u>12,303</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investments	(93)
Unrealized gains/losses on investments	(5,274)
Purchase of fixed assets	<u>(1,649)</u>
Net cash used in investing activities	<u>(7,016)</u>
Net increase (decrease) in cash and cash equivalents	5,287
Cash and cash equivalents, beginning of year	<u>222,534</u>
Cash and cash equivalents, end of year	<u><u>\$ 227,821</u></u>

UPSTREAM ALLIANCE INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2019

NOTE 1 – ORGANIZATION

Upstream Alliance Inc. (UA) was incorporated as a non-profit organization in the State of Maryland in 2015. The organization's mission is to provide powerful on-the-water experiences for conservation leaders who can improve public access, clean water and coastal resilience, while in partnership with organizations who champion these issue.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. Basis of Accounting – The financial statements of Upstream Alliance Inc. have been prepared using the modified cash basis of accounting. The cash basis of accounting consists of the reporting of cash receipts and disbursements and does not include the recording of receivables, long term assets or liabilities. Modifications used to the cash basis of accounting include the recording of property and equipment and its related tax depreciation and the recording of liabilities related to payroll withholdings.
- B. Basis of Presentation – Financial statement presentation follows the recommendations of the Financial Accounting Standards Board Accounting Standards Update No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities.
- C. Cash and Cash Equivalents – Cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and of an original maturity of three months or fewer. Upstream Alliance Inc. considers its savings accounts to be cash equivalents.
- D. Investments - Contributed equity instruments are held in an investment account and reported at fair value. It is not the organization's intent to maintain the equity instruments as long term investments.
- E. Income Taxes – Upstream Alliance Inc. qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code (IRC) and is not subject to federal and state income taxes; though it would be subject to tax on income unrelated to its exempt purposes. Accordingly, no provision for income taxes has been recorded in the Statement of Activities and Changes in Net Assets and no income taxes have been paid. Contributions to the organization are tax deductible to donors under Section 170 of the IRC. The organization is not classified as a private foundation.
- F. Use of Estimates in Preparing Financial Statements – Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from those estimates that were used.
- G. Subsequent Events - Upstream Alliance Inc. has evaluated subsequent events through July 21, 2020, which is the date through which the financial statements were available to be issued.
- H. Property and Equipment - The organization capitalizes all property and equipment with a cost over \$750 if purchased, and a fair value of \$750 at date of donation if received by contribution, and has a useful life when acquired of more than one year. Donations of property and equipment are recorded as support at their estimated fair value. Repairs and maintenance that do not significantly increase the useful life of the asset are expensed as incurred. Depreciation and amortization is computed using the asset's related accelerated tax method over the estimated useful lives of the assets, generally seven years. Equipment is reviewed for impairment when a significant change in the asset's use or another indicator of possible impairment is present. No impairment losses were recognized in the financial statements in the current period.

I. Contributions - Under SFAS ASU No. 2016-14, Accounting for Contributions Received and Contributions Made, contributions received are recorded as without donor restrictions or with donor restrictions depending on the absence or existence and nature of any donor restrictions. Contributions are recognized when received. Contributions of equity instruments are recorded at the fair value at the date of gift.

J. In-Kind Contributions - The organization benefits from personal services provided by a substantial number of volunteers. Those volunteers have donated significant amounts of time and services in the organization's program operations and in its fund-raising campaigns. However, the contributed services do not meet the criteria for recognition in financial statements. Generally Accepted Accounting Principals in the United States of America allow recognition of contributed services only if (a) the services create or enhance nonfinancial assets or (b) the services would have been purchased if not provided by contribution, require specialized skills, and are provided by individuals possessing those skills. No donated services are included in the statement of activities.

The organization's employees work from home offices and the organization's records, important documents and assets are stored on employee and officer property without rent. No contribution income and related rent expense has been recorded in the accompanying financial statements and could be significant if not contributed.

K. Expense Recognition and Allocation - The cost of providing the organization's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited on the basis of periodic time or usage studies.

General and administrative expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the organization.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The organization generally does not conduct its fundraising activities in conjunction with its other activities. In the few cases in which it does, such as when the annual report or donor acknowledgements contain requests for contributions, joint costs have been allocated between fundraising and general and administrative expenses in accordance with standards for accounting for costs of activities that include fundraising. Additionally, advertising costs are expensed as incurred.

NOTE 3 – INVESTMENTS

Investments at December 31, 2019 consist of US Common Stocks traded on a national securities exchange and are valued at the listed closing price on the last business day of the year. All the stocks held are in the same established technology company and are considered a short term investment.

NOTE 4 – Superintendents' Environmental Education Collaborative (SEEC)

In 2016 UA joined efforts with the North American Association for Environmental Education (NAAEE) and Project Learning Tree (PLT) to form the Superintendents' Environmental Education Collaborative (SEEC). The purpose of the SEEC is to create model environmental education programs that can be replicated across the nation. School superintendents learn about grant opportunities through Department of Education "Every Student Succeeds Act" (ESSA), best practices for environmental education, and strategies for implementing plans. Superintendents network with each other through conference calls, webinars and short wilderness outings during the annual conference of the American Association of School Administrators (AASA).

UA led the SEEC from 2016 until mid 2019 when it transitioned leadership to NAAEE, which included new branding and a new website. UA's goal is to catalyze initiatives but not maintain them long term. UA will continue to work with SEEC and plans to run their yearly expedition at the national superintendents' conference if they continue to be funded.

In both 2017 and 2018 UA received \$50,000 grants from the Pisces Foundation and \$3,000 in private donations towards the SEEC initiatives. In 2017 UA regranted \$20,000 to NAAEE to build a new website and rebrand SEEC and in early 2019 regranted \$14,000 of the 2018 grant to NAAEE to update and maintain the website along with other marketing materials. With the change of leadership in 2019, UA received no restricted funds towards SEEC in 2019.

On behalf of the SEEC, in 2018 UA hired the retired director of PLT as a contractor to be the SEEC Senior Advisor, she advises and leads initiatives within SEEC including recruiting state champions and leading regional efforts to advance environmental education. The SEEC Senior Advisor worked on an hourly basis with no contract until after the transition. From the Pisces Foundation Grant received in 2018, \$15,000 was designated to be used for this position for the period June 1, 2018 through May 31, 2019; and was completely expended.

NOTE 5 – Discover the Delaware Collaborative (DDC)

In 2018 UA joined with right other organizations to begin the Discover the Delaware Collaborative. DDC's mission is to promote education of and access to the Delaware River, and connects agents of change for the Delaware River through outdoor expeditions. DDC leads half day kayak expeditions 7-10 times per year out of Camden, NJ. UA, the County of Camden and the Center for Aquatic Sciences provided leaders for these free expeditions in 2019.

DDC's members are generally based in the Back Channel and Cooper River off the Delaware River in Philadelphia, PA and Camden, NJ and include the County of Camden, UrbanPromise, Center for Aquatic Sciences at Adventure Aquarium, New Jersey Conservation Foundation, Independence Seaport Museum, Cooper's Ferry Partnership, NJ Natural Lands Trust, Camden County Municipal Utilities Authority and Upstream Alliance Inc. UA and the County of Camden are currently the lead members.

In late December 2018 UA received a grant of \$82,500 from the William Penn Foundation for DDC initiatives. The \$82,500 provided for UA to maintain the leadership role in DDC for 2019, while directed to regrant to Environmental Leadership Strategies and the Center for Aquatic Sciences for that part of the work not currently within UA's strategic plan. The Center for Aquatic Sciences was regranted funds of \$2,000 and Environmental Leadership Strategies was regranted funds of \$61,440 in early 2019.

NOTE 6 – Related Parties and Significant Donors

The President of UA is also the President of Environmental Leadership Strategies, the roles are part-time positions with both organizations. The William Penn Foundation was aware of the relationship prior to issuing the DDC grant to UA in 2018 under which \$61,440 was regranted to Environments Leadership Strategies in early 2019.

A member of the UA Board of Directors also serves as chairman of a foundation which is a substantial contributor to UA, the entire foundation board approves the contributions and are aware of the relationship.

During 2019 nearly half of UA's contribution and grant revenues came from a single donor and they have repeated their donation in early 2020. This donor is an avid supporter of UA's mission but is not otherwise affiliated with the organization. There is no commitment to continue this support in the future.

NOTE 6 – Board Reserve Fund

In May 2018 the Board of Directors of UA established a Reserve Policy to build and maintain an adequate level of unrestricted net assets (the Board Reserve) to support the organization's operations and capital expenditure

needs in the event of cash shortfalls as may result from a loss of funding, delays in receiving grant funds and other related operating fund shortfalls, as well as special situations and unique opportunities for the organization, or spending increases in the event of unanticipated emergency developments. A target formula was created for the balance to be carried and set procedures established for the use of the Board Reserve.

In early 2019 a new saving account for this fund was opened and UA received a gift of \$50,000 to seed the fund. In early 2020 UA received a second gift of \$50,000 towards this fund.

NOTE 7 – Subsequent Events

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. The resulting restrictions on travel and quarantines imposed have had a negative impact on the U.S. economy and business activity globally, the full impact of which is not yet known and may result in an adverse impact to UA's operating results. Management is actively monitoring the situation but given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the UA is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2020.

Management has been proactive in maintaining communications with their mission partners and donors and in working to assure sufficient cash flow to guide the organization through this difficult time. The organization has secured funding from the Small Business Administration in 2020 including a \$2,000 Economic Injury Disaster Loan Grant and a \$33,323 Payroll Protection Program loan that the organization believes will be about 75% forgiven in 2020. During 2019 the organization began the use of a fundraising consultant to help establish relationships with additional donors and will continue this pursuit in 2020. Due to the outdoor nature of organizations mission, some program activities are expected to resume, within prescribed safety measures, during the second half of 2020.

Although the Company cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it will likely have an adverse effect on the Company's results of future operations, financial position, and liquidity in fiscal year 2020.

