

**UPSTREAM ALLIANCE INC.**

**FINANCIAL STATEMENTS**

**As of**

**December 31, 2020**

**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, 2020, 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  
March 19, 2021

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**UPSTREAM ALLIANCE INC.**  
**STATEMENT OF FINANCIAL POSITION - CASH BASIS**  
**DECEMBER 31, 2020**

ASSETS

Cash and cash equivalents	
Cash - Unrestricted	\$ 178,498
Savings Account	104,941
Savings Account - Board Designated Reserve Fund	101,130
Total Cash and cash equivalents	384,569
Investment Account	14,687
Total Current Assets	399,256
Property and equipment	
Camping and Kayaking equipment, net of accumulated depreciation of \$24,332	13,821
Office equipment, net of accumulated depreciation of \$1,726	1,109
Total Property and equipment	14,930
Total assets	\$ 414,186

LIABILITIES AND NET ASSETS

LIABILITIES

Payroll liabilities	\$ 4,436
Payroll Protection Loan	\$ 33,323
Total liabilities	37,759

NET ASSETS

Without donor restrictions	376,427
With donor restrictions	-
Total net assets	376,427
Total liabilities and net assets	\$ 414,186

**UPSTREAM ALLIANCE INC.**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS - CASH BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
Operating activities			
<b>REVENUES AND OTHER SUPPORT</b>			
Contributions	\$ 108,961		\$ 108,961
Grants	114,500	209,750	324,250
SBA Covid Grants	2,000		2,000
Interest and dividends	445		445
Unrealized net gains/losses from investments	4,207		4,207
Net assets released from restrictions	209,750	(209,750)	-
<b>Total revenues and other support</b>	<b>439,863</b>	<b>-</b>	<b>439,863</b>
<b>EXPENSES</b>			
Educational environmental expeditions & events	272,707	-	272,707
Total program expenses	272,707	-	272,707
Supporting services:			
Management and general	16,266	-	16,266
Fundraising	30,348	-	30,348
<b>Total support services</b>	<b>46,614</b>	<b>-</b>	<b>46,614</b>
<b>Total expenses</b>	<b>319,321</b>	<b>-</b>	<b>319,321</b>
<b>Change in net assets from operations</b>	<b>120,542</b>	<b>-</b>	<b>120,542</b>
Net assets, beginning of year	255,885	-	255,885
Net assets, end of year	\$ 376,427	\$ -	\$ 376,427

**UPSTREAM ALLIANCE INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES - CASH BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	Educational Environmental Expeditions and Events	Management and General	Fundraising	Total
Grants	\$ 57,825	\$ -	\$ -	\$ 57,825
Salaries and benefits	159,078	11,139	17,587	\$ 210,649
Consultants and subcontractors	12,147		10,500	\$ 22,647
Trip and event costs	179			\$ 179
Equipment rentals for trips	12,144			\$ 12,144
Trip and educational videos & books	3,250			\$ 3,250
Travel	6,321			\$ 6,321
Equipment and supplies	1,621			\$ 1,621
Office expenses, printing & shipping	2,544	2,367	2,261	\$ 7,172
Office rent	6,175			\$ 6,175
Professional fees	2,190	2,190		\$ 4,380
Conference fees and registrations	-			\$ -
Depreciation	6,334			\$ 6,334
Insurance	2,203	300		\$ 2,503
Other	696	270		\$ 966
	<u>\$ 272,707</u>	<u>\$ 16,266</u>	<u>\$ 30,348</u>	<u>\$ 342,166</u>

**UPSTREAM ALLIANCE INC.**  
**STATEMENT OF CASH FLOWS - CASH BASIS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 120,542
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:	
Depreciation	6,334
(Increase) decrease in other assets	-
(Decrease) increase in payroll liabilities	893
Net cash provided by (used in) operating activities	<u>127,769</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Reinvested Dividend Income	(136)
Unrealized gains/losses on investments	(4,207)
Purchase of fixed assets	-
Net cash used in investing activities	<u>(4,343)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from SBA Payroll Protection Loan	<u>33,323</u>
Net cash provided by financing activities	<u>33,323</u>
Net increase (decrease) in cash and cash equivalents	156,749
Cash and cash equivalents, beginning of year	<u>227,820</u>
Cash and cash equivalents, end of year	<u><u>\$ 384,569</u></u>

**UPSTREAM ALLIANCE INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2020**

**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 March 19, 2021, 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 document and most assets are stored on employee and officer property with little rent. No contribution income and related rent expense has been recorded in the accompanying financial statements and could be significant not contributed. The organization also rents storage space for expedition supplies from a third party on a month to month basis starting in 2020, monthly rent is \$170.

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, 2020 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 – Discover the Delaware Collaborative (DtD)**

In 2018 UA joined with eight other organizations to begin the Discover the Delaware Collaborative. DtD'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.

DtD'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, meeting weekly to coordinate efforts.



In late December 2018 UA received a grant of \$82,500 from the William Penn Foundation for DtD initiatives. The \$82,500 provided for UA to maintain the leadership role in DtD 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.

In 2020 the William Penn Foundation continued its support of DtD with a grant of \$74,250 to UA (through the New Jersey Conservation Foundation). Again, Environmental Leadership Strategies was regranted funds for work not currently within UA's strategic plan at a total of \$57,825. Other restricted funds for this work include \$3,500 from the Middle Run Foundation.

**NOTE 5 – 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 DtD grant to UA in 2018 under which \$61,440 was regranted to Environmental Leadership Strategies in early 2019 and again in early 2020 under which \$57,825 was regranted.

Since the inception of UA, the organization's President has donated the use of his sailboat as a remote office and the use of his two outboard motor vessels for expeditions at no charge to UA. As Environmental Leadership Strategies has begun to reduce activities in 2020 and the remote office is now also being used more to support DtD activities, UA's Board of Directors has agreed to begin paying a below market rental for the office and boat use. In 2020 UA's President was paid \$6,175 in office rental and \$6,760 for boat rentals.

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

During 2020 and 2019 over one third of UA's contribution and grant revenues came from a single donor and they have continued their support into 2021. 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 – COVID-19 Pandemic Impact**

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 future operating results. Management is actively monitoring the situation but is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for 2021.

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 should be forgiven in 2021. If the Payroll Protection Program loan is not forgiven, it will need to be paid back to the SBA beginning August 2021 over two years at 1% interest.

During the year the organization continued its mission with virtual meetings and began virtual programs for their supporters, including the "Conservation Celebrity Check In" educational series with almost weekly Zoom meetings with conservation celebrities educating and bolstering the UA network.

Due to the outdoor nature of the organization's mission, a limited number of program activities were able to resume within prescribed safety measures, during the second half of 2020. These activities were geared more towards select conservation leaders and those able to enact change. UA expects to continue a limited number of outdoor activities during 2021 and hopes to resume their larger expeditions later in the year.

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 2021.

