

Up2Us, Inc.

Financial Statements and
Uniform Guidance Schedules
Together with Independent Auditors' Reports

August 31, 2021

Up2Us, Inc.

Financial Statements and
Uniform Guidance Schedules
Together with Independent Auditors' Reports

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TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7-13
UNIFORM GUIDANCE REPORTS AND SCHEDULES	
Schedule of Expenditures of Federal Awards	14
Notes to Schedule of Expenditures of Federal Awards	15
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with <i>Government Auditing Standards</i>	
Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	
Schedule of Findings and Questioned Costs	21-22
Corrective Action Plan	

Independent Auditors' Report

Board of Directors Up2Us, Inc.

We have audited the accompanying financial statements of Up2Us, Inc. ("Up2Us"), which comprise the statement of financial position as of August 31, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

Management's 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 auditors' 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 Up2Us, Inc. as of August 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Up2Us's August 31, 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 7, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 9, 2022 on our consideration of Up2Us's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Up2Us's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Up2Us's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

June 9, 2022

Up2Us, Inc.

Statement of Financial Position
August 31, 2021
(with comparative amounts at August 31, 2020)

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash	\$ 1,390,249	\$ 803,961
Government grants receivable, net	966,509	482,226
Contracts receivable, net	457,619	288,417
Contributions receivable, net	320,250	27,040
Prepaid expenses	-	2,900
Security deposits	<u>9,403</u>	<u>9,403</u>
	<u>\$ 3,144,030</u>	<u>\$ 1,613,947</u>
LIABILITIES AND NET ASSETS (DEFICIT)		
Liabilities		
Accounts payable and accrued expenses	\$ 453,037	\$ 717,800
Loan payable	-	50,000
Paycheck Protection Program loan payable	-	925,500
Deferred revenue	<u>354,595</u>	<u>66,525</u>
Total Liabilities	<u>807,632</u>	<u>1,759,825</u>
Net Assets (Deficit)		
Without donor restrictions	721,590	(1,854,773)
With donor restrictions	<u>1,614,808</u>	<u>1,708,895</u>
Total Net Assets (Deficit)	<u>2,336,398</u>	<u>(145,878)</u>
	<u>\$ 3,144,030</u>	<u>\$ 1,613,947</u>

See notes to financial statements

Up2Us, Inc.

Statement of Activities Year Ended August 31, 2021 (with summarized totals for the year ended August 31, 2020)

	2021		Total	2020 Total
	Without Donor Restrictions	With Donor Restrictions		
REVENUE AND SUPPORT				
Contributions	\$ 410,535	\$ 1,745,000	\$ 2,155,535	\$ 1,856,117
Government grants	2,902,944	-	2,902,944	3,357,496
Contract income	1,862,054	-	1,862,054	1,441,885
Donated services	241,078	-	241,078	254,767
Consulting income	49,451	-	49,451	109,165
Special event revenue (net of costs of direct benefits to donors of \$246 and \$0)	79,038	-	79,038	765
Other income	20,346	-	20,346	33,087
Net assets released from restrictions	<u>1,839,087</u>	<u>(1,839,087)</u>	<u>-</u>	<u>-</u>
Total Revenue and Support	<u>7,404,533</u>	<u>(94,087)</u>	<u>7,310,446</u>	<u>7,053,282</u>
EXPENSES				
Program services	4,364,455	-	4,364,455	5,871,328
Management and general	1,256,054	-	1,256,054	1,065,444
Fundraising	<u>133,161</u>	<u>-</u>	<u>133,161</u>	<u>121,542</u>
Total Expenses	<u>5,753,670</u>	<u>-</u>	<u>5,753,670</u>	<u>7,058,314</u>
Excess (Deficiency) of Revenue and Support Over Expenses	1,650,863	(94,087)	1,556,776	(5,032)
NON-OPERATING ACTIVITIES				
CARES Act revenue	<u>925,500</u>	<u>-</u>	<u>925,500</u>	<u>-</u>
Change in Net Assets (Deficit)	2,576,363	(94,087)	2,482,276	(5,032)
NET ASSETS (DEFICIT)				
Beginning of year	<u>(1,854,773)</u>	<u>1,708,895</u>	<u>(145,878)</u>	<u>(140,846)</u>
End of year	<u>\$ 721,590</u>	<u>\$ 1,614,808</u>	<u>\$ 2,336,398</u>	<u>\$ (145,878)</u>

See notes to financial statements

Up2Us, Inc.

Statement of Functional Expenses Year Ended August 31, 2021 (with summarized totals for the year ended August 31, 2020)

	2021			2020 Total	
	Program Services	Management and General	Fundraising		Total
Salaries	\$ 1,667,818	\$ 593,786	\$ 94,375	\$ 2,355,979	\$ 2,212,035
Payroll taxes and employee benefits	463,500	116,418	16,318	596,236	709,273
Coaches'/Vistas' living allowance	1,718,605	-	-	1,718,605	2,205,151
Total Personnel	<u>3,849,923</u>	<u>710,204</u>	<u>110,693</u>	<u>4,670,820</u>	<u>5,126,459</u>
Program expenses (including in-kind uniforms of \$75,000 and \$75,000)	131,071	5,650	771	137,492	151,974
Grants to sub-grantees	150,880	-	-	150,880	281,703
Rent (including in-kind of \$75,740 and \$95,054)	19,789	140,502	-	160,291	217,162
Telephone and utilities	15,835	19,102	488	35,425	34,299
Repairs and maintenance	-	358	-	358	8,873
Equipment rental	71	1,546	-	1,617	3,008
Professional fees (including in-kind legal fees of \$90,338 and \$84,713)	92,499	318,913	19,774	431,186	874,749
Insurance	655	12,582	-	13,237	20,593
Publications, office equipment and supplies	8,714	19,309	297	28,320	56,565
Dues and subscriptions	1,624	5,322	28	6,974	22,838
Travel and conferences	4,414	3,214	-	7,628	134,566
Licenses and fees	3,239	8,295	636	12,170	41,982
Stipend	81,902	200	-	82,102	71,693
Bad debt	-	9,037	-	9,037	8,641
Miscellaneous	3,839	1,820	720	6,379	3,209
	<u>4,364,455</u>	<u>1,256,054</u>	<u>133,407</u>	<u>5,753,916</u>	<u>7,058,314</u>
Less direct benefits to donors	-	-	(246)	(246)	-
Total Expenses Reported by Function on Statement of Activities	<u>\$ 4,364,455</u>	<u>\$ 1,256,054</u>	<u>\$ 133,161</u>	<u>\$ 5,753,670</u>	<u>\$ 7,058,314</u>

See notes to financial statements

Up2Us, Inc.

Statement of Cash Flows
Year Ended August 31, 2021
(with comparative amounts for the year ended August 31, 2020)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets (deficit)	\$ 2,482,276	\$ (5,032)
Adjustments to reconcile change in net assets (deficit) to net cash from operating activities		
Bad debt expense	9,037	8,641
Forgiveness of Paycheck Protection Program loan	(925,500)	-
Changes in assets and liabilities		
Government grants receivable	(484,283)	(312,568)
Contracts receivable	(178,239)	(31,573)
Contributions receivable	(293,210)	102,134
Prepaid expenses	2,900	3,724
Security deposits	-	(900)
Accounts payable and accrued expenses	(264,763)	408,753
Deferred revenue	288,070	(160,671)
Government grant advances	-	(27,162)
Net Cash From Operating Activities	636,288	(14,654)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from line of credit	-	70,621
Repayments of line of credit	-	(168,780)
Proceeds from Paycheck Protection Program loan	-	925,500
Proceeds from loan payable	-	175,000
Repayments of loans payable	(50,000)	(210,000)
Net Cash From Financing Activities	(50,000)	792,341
Net Change in Cash	586,288	777,687
CASH		
Beginning of year	803,961	26,274
End of year	\$ 1,390,249	\$ 803,961
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid	\$ 3,530	\$ 22,187
Taxes paid	315	190

See notes to financial statements

Up2Us, Inc.

Notes to Financial Statements
August 31, 2021

1. Organization and Tax Status

Up2Us, Inc. ("Up2Us") is leading a national movement to advance sports as a tool for addressing the critical issues facing youth in this nation, including childhood obesity, academic failure, and anti-social behavior. Up2Us accomplishes this by supporting a national network of more than 500 member organizations operating in all fifty states. Together, these organizations serve 20 million youth through both traditional and nontraditional sports. Upon joining Up2Us, these members pledge to share best practices, advance initiatives that extend opportunities to new youth, and deliver quality programs in underserved communities where there is a tremendous need for constructive outlets for kids.

Up2Us has been notified by the Internal Revenue Service that it is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code and has not been determined to be a private foundation as defined in Section 509(a).

2. Summary of Significant Accounting Policies

Basis of Presentation and Use of Estimates

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Net Asset Presentation

Resources for various purposes are classified for accounting and reporting purposes into net asset categories established according to nature and purpose as follows:

Without donor restrictions – consist of resources available for the general support of Up2Us's operations and that may be used at the discretion of the Up2Us's management and Board of Directors.

With donor restrictions – consist of resources which have either an implied or stated time restriction or have been restricted by donors for specified activities including gift instruments requiring the principal be invested in perpetuity and the income be used for specific or general purposes. Donor restrictions that have been satisfied are reported in the statement of activities as net assets released from restrictions and are reclassified to net assets without donor restrictions.

Contract Income and Contracts Receivable

Contract income is recognized as income when the service for a host site is provided. The difference between revenue recognized and cash received is reflected as contracts receivable or deferred revenue in the statement of financial position.

Up2Us, Inc.

Notes to Financial Statements
August 31, 2021

2. Summary of Significant Accounting Policies *(continued)*

Contract Income and Contracts Receivable (continued)

Payments that are expected to be received in less than one year are recorded at net realizable value. Those that are due beyond one year are recorded at net present value which is calculated using a risk adjusted rate of return. As of August 31, 2021, all outstanding contract receivables are due to be collected in less than one year.

Contribution and Contributions Receivable

Up2Us reports contributions at the earlier of when cash is received or at the time a pledge becomes unconditional in nature. Contributions received with restrictions from the donor for specific purposes or time periods are reported as net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Payments that are expected to be received in less than one year are recorded at net realizable value. Those that are due beyond one year are recorded at net present value which is calculated using a risk adjusted rate of return. As of August 31, 2021, all outstanding contributions receivable are due to be collected in less than one year.

Allowance for Doubtful Accounts

Management reviews receivables for collectability based on various factors such as historical experience and subsequent collections. Based on this review, management has established a reserve for potential uncollectible government grant payments of \$0 and \$34,251, contract payments of \$18,981 and \$60,757, and contributions payments of \$0 and \$12,650 as of August 31, 2021 and 2020.

Government Grants

Government grants are recognized as income when a reimbursable expense is incurred. The difference between revenue recognized and cash received is reflected as government grant receivable or government grant advances.

Donated Services and Rent

Donated services are recognized in circumstances where those services create or enhance non-financial assets or require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided in-kind.

Up2Us, Inc.

Notes to Financial Statements
August 31, 2021

2. Summary of Significant Accounting Policies *(continued)*

Donated Services and Rent (continued)

The following schedule reflects the details of the donated goods and services received for the years ended August 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Legal services	\$ 90,338	\$ 84,713
Rent	75,740	95,054
Program uniforms	<u>75,000</u>	<u>75,000</u>
	<u>\$ 241,078</u>	<u>\$ 254,767</u>

Functional Allocation of Expenses

The costs of providing various programs, management and general and fundraising services have been summarized on a functional basis. Expenses readily identifiable to program or supporting services are charged directly to that function. Categories of expenses attributable to program, management and general or fundraising services are allocated on a reasonable basis. Allocated expenses among program, management and general and fundraising include rent, professional fees, telephone and utilities, publications, office equipment and supplies, dues and subscriptions, travel and conferences, and licenses and fees which are allocated based on time and costs where efforts are made.

Measure of Operations

Up2Us has elected to present an operating measure in its statement of activities. Accordingly, items affecting operations are segregated from those not affecting operations. The CARES Act revenue is treated as non-operating.

Summarized Comparative Financial Statements

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Such information should be read in conjunction with Up2Us's 2020 financial statements, from which the summarized comparative information is derived.

Accounting for Uncertainty of Income Taxes

Up2Us recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that Up2Us has no uncertain tax positions that would require financial statement recognition and/or disclosure. Up2Us is no longer subject to examinations by the applicable taxing jurisdictions for the years prior to August 31, 2018.

Up2Us, Inc.

Notes to Financial Statements
August 31, 2021

2. Summary of Significant Accounting Policies *(continued)*

Subsequent Events

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is June 9, 2022.

3. Concentration of Credit Risk

Financial instruments that potentially subject Up2Us to concentrations of credit risk consists principally of cash on deposit with financial institutions, which from time to time may exceed the Federal Deposit Insurance Corporation ("FDIC") limit. Up2Us does not believe that a significant risk of loss, due to the failure of a financial institution presently exists.

4. Net Assets with Donor Restrictions

The following summarizes the changes in net assets with donor restrictions for the years ended August 31, 2021 and 2020:

<u>Purpose/Restriction</u>	<u>Balance at September 1, 2020</u>	<u>Additions</u>	<u>Releases</u>	<u>Balance at August 31, 2021</u>
Member services	\$ 779,231	\$ 1,485,000	\$ (1,150,379)	\$ 1,113,852
Coach Across America	854,755	115,000	(567,262)	402,493
Gala	39,699	145,000	(105,563)	79,136
Other	35,210	-	(15,883)	19,327
Total	<u>\$ 1,708,895</u>	<u>\$ 1,745,000</u>	<u>\$ (1,839,087)</u>	<u>\$ 1,614,808</u>

<u>Purpose/Restriction</u>	<u>Balance at September 1, 2019</u>	<u>Additions</u>	<u>Releases</u>	<u>Balance at August 31, 2020</u>
Member services	\$ 699,113	\$ 1,183,870	\$ (1,103,752)	\$ 779,231
Coach Across America	997,938	400,000	(543,183)	854,755
Gala	110,000	20,000	(90,301)	39,699
Other	48,500	-	(13,290)	35,210
Total	<u>\$ 1,855,551</u>	<u>\$ 1,603,870</u>	<u>\$ (1,750,526)</u>	<u>\$ 1,708,895</u>

5. Debt and Related Party Transactions

Bank Line of Credit

In 2016, Up2Us entered into a line of credit agreement with its primary bank in the amount of \$150,000 at a variable rate with monthly payments of 2% of the outstanding principal balance. As of August 31, 2021 and 2020, Up2Us had no outstanding balance.

Up2Us, Inc.

Notes to Financial Statements
August 31, 2021

5. Debt and Related Party Transactions (*continued*)

Related Party Loan

In October 2019, Up2Us entered into an interest-free loan of \$100,000 to be paid back over two years with family members of a key member of management (the “related party”) as a result of the financial condition of Up2Us. From time to time, Up2Us receives loans from multiple related parties. As of August 31, 2021, Up2Us has fully repaid the loan.

Paycheck Protection Program Loan

On April 23, 2020, Up2Us received loan proceeds in the amount of \$925,500 under the Paycheck Protection Program (the “PPP”). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (the “CARES Act”), provides for loans to qualifying entities for amounts up to 2.5 times the 2019 average monthly payroll expenses of the qualifying entity. The PPP loan bears an interest rate of 1% per annum. All or a portion of the PPP loan principal and accrued interest is forgivable as long as the borrower uses the loan proceeds for eligible purposes, as described in the CARES Act, over a period of either eight or twenty-four weeks (the “Covered Period”). The unforgiven portion of the PPP loan, if any, is payable within two years from the date of the loan. Loan payments of principal and interest are deferred until the amount of loan forgiveness is determined by the United States Small Business Administration (“SBA”). If Up2Us does not apply for forgiveness, payments begin approximately 6 months after the loan date.

On April 16, 2021, the SBA notified Up2Us that its application of forgiveness of the entire PPP loan had been accepted and no repayment of interest or principal would be required. Consequently, the entire loan amount of \$925,500 has been reported as CARES Act revenue in the accompanying 2021 statement of activities.

6. Retirement Plan

Up2Us sponsors a tax deferred annuity plan under 403(b) of the Internal Revenue Code for all full-time employees. The employees designate a percentage of their salaries to be contributed to the plan. The plan is non-contributory on the part of Up2Us.

7. Commitments and Contingencies

Program Audits

Government supported projects are subject to audit by the applicable granting agency. Management feels that there is minimal risk that the results of any such audit would reflect disallowed costs and has not recorded an allowance for such an event. Any disallowed costs that may arise in the future will be recognized when Up2Us is notified, and a liability is considered probable. Subsequent to August 31, 2021, only one such audit commenced and management believes no such liabilities are expected.

Up2Us, Inc.

Notes to Financial Statements August 31, 2021

7. Commitments and Contingencies *(continued)*

Leases

As of August 31, 2021, Up2Us has leases for rental of office spaces in New Orleans, LA and Baltimore, MD. The leases expire at various times through 2022. Rent expense including in-kind, was \$122,181 and \$217,162 for the years ended August 31, 2021 and 2020. At August 31, 2021, future minimum lease payments owed in 2022 under these agreements were \$32,395.

8. Liquidity and Availability of Financial Assets

The following reflects Up2Us's financial assets as of August 31, 2021 and 2020, reduced by the amounts not available for general use within one year of that date because of donor-advised or contractual restrictions.

	<u>2021</u>	<u>2020</u>
Cash	\$ 1,390,249	\$ 803,961
Government grants receivable, net	966,509	482,226
Contracts receivable, net	457,619	288,417
Contributions receivable, net	<u>320,250</u>	<u>27,040</u>
Financial Assets at Year End	3,134,627	1,601,644
Less amount unavailable for general expenditures:		
Amounts restricted by donors	<u>(1,614,808)</u>	<u>(1,708,895)</u>
Financial Assets at Year-end Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 1,519,819</u>	<u>\$ (107,251)</u>

Operations of Up2Us are funded primarily by government grants, contributions and program service fees. Proactive budgeting and cash management is utilized to ensure availability of funds. In response to the COVID-19 pandemic, Up2Us has maintained many of its operations remotely, which has resulted in economic efficiencies resulting in expense savings in categories such as facilities and travel. Up2Us intends to keep many of these efficiencies to maintain the lower cost of operations, which will continue to increase the financial assets available for general use.

9. Concentration of Revenue and Receivables

For the years ended August 31, 2021 and 2020, government revenue comprised 35% and 48% of total revenue. For the years ended August 31, 2021 and 2020, contribution revenue comprised 27% and 26% of total revenue. For the years ended August 31, 2021 and 2020, contract revenue comprised 23% and 20% of total revenue. At August 31, 2021, grants from one agency comprised 40% of Up2Us's total receivables. At August 31, 2020, grants from one agency comprised 27% of Up2Us's total receivables. At August 31, 2021, one private donor comprised 94% of Up2Us's total contributions receivable. At August 31, 2020, four private donors comprised 49%, 20%, 13% and 13% of Up2Us's total contributions receivable.

Up2Us, Inc.

Notes to Financial Statements
August 31, 2021

10. Management's Discussion of Current Economic Environment and Plans to Improve Results of Operations

In light of the on-going nature of the COVID-19 pandemic, Up2Us has created a remote/in-person program model which allows for flexibility in programming. This hybrid model has resulted in economic efficiencies resulting in expense savings in categories such as facilities and travel. Up2Us intends to keep many of these efficiencies to maintain the lower cost of operations.

In addition, due to the financial uncertainty during the COVID-19 pandemic, the AmeriCorps Corporation for National and Community Service ("AmeriCorps") waived the financial match requirement through Fiscal 2021 (July 2022) which helped to decrease the total expenditures needed to run the program and allow programs to scale down appropriately. In October of 2021, AmeriCorps provided American Recovery Plan Act funds to help cover any matching cost for programming. These funds allowed Up2Us to begin to scale up programming to pre-Covid numbers. Current forecasting models predict Fiscal 2023 could be one of the most impactful program years to date.

Up2Us continues to grow its programs and partnerships, including doubling program size in Los Angeles with a major baseball foundation, doubling the size of the Baltimore programming with a major football team, continuing sponsorships by large corporations, and hosting an in-person Gala scheduled for October of 2022.

11. Risks and Uncertainties

The ongoing coronavirus pandemic has resulted in substantial volatility in the global economy. The pandemic may potentially have an adverse effect on the results of operations. While management has implemented measures to mitigate the impact of the pandemic, including obtaining a PPP loan under the CARES Act as detailed in Note 5, the extent to which Up2Us's operations are impacted will depend on future developments, which are highly uncertain and cannot be predicted. As a result, management cannot reasonably estimate the overall impact of the coronavirus pandemic to Up2Us's future results of operations, cash flows, or financial condition.

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Up2Us, Inc.

Uniform Guidance Schedules and Reports

August 31, 2021

Up2Us, Inc.

**Schedule of Expenditures of Federal Awards
Year Ended August 31, 2021**

Federal Grantor/Pass-Through Grantor/ Program Title or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
Corporation for National and Community Service				
Direct Programs				
AmeriCorps	94.006		\$ -	\$ 1,563,908
Pass-through California Volunteers AmeriCorps	94.006	20AFHY27-F192	-	254,506
Pass-through Volunteer Louisiana AmeriCorps	94.006	18ACHLA0010003	-	122,727
Pass-through Serve Illinois AmeriCorps	94.006	07380022H	-	9,324
Pass-through Serve Illinois AmeriCorps	94.006	17380022I	-	153,669
Pass-through Serve Illinois AmeriCorps	94.006	FCSAY06264	-	4,432
Pass-through PennServe AmeriCorps	94.006	4100086601	-	109,022
Pass-through Serve Washington AmeriCorps	94.006	20AFHWA001	-	63,306
Pass-through Serve Washington AmeriCorps	94.006	21AC235099	-	3,878
Total AmeriCorps			-	2,284,772
Direct Programs				
Volunteers in Service to America	94.013		-	66,597
Total Corporation for National and Community Service			-	2,351,369
U.S. Department of Treasury				
Direct Programs				
State of Tennessee's Coronavirus Relief Fund	21.019		-	26,170
U.S. Department of Health and Human Services				
Direct Programs				
Community Programs to Improve Minority Health Grant Program	93.137		-	302,236
U.S. Department of Justice				
Direct Programs				
Juvenile Mentoring Program	16.726		150,880	223,325
Total Expenditures of Federal Awards			<u>\$ 150,880</u>	<u>\$ 2,903,100</u>

See independent auditors' report and notes to the Schedule of Expenditures of Federal Awards

Up2Us, Inc.

Notes to the Schedule of Expenditures of Federal Awards Year Ended August 31, 2021

1. **Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Up2Us, Inc. ("Up2Us") under programs of the federal government for the year ended August 31, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of Up2Us, it is not intended to and does not present the financial position, changes in net assets or cash flows of Up2Us.

2. **Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. **Nonmonetary Assistance**

Nonmonetary assistance is reported in the Schedule based on the amount disbursed or received. For the year ended August 31, 2021, Up2Us received no nonmonetary assistance.

4. **Indirect Cost Rate**

Up2Us has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed
In Accordance With *Government Auditing Standards***

Independent Auditors' Report

**Board of Directors
Up2Us, Inc.**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Up2Us, Inc. ("Up2Us"), which comprise the statement of financial position as of August 31, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 9, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Up2Us's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Up2Us's internal control. Accordingly, we do not express an opinion on the effectiveness of Up2Us's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Up2Us's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Up2Us's Response to Finding

Up2Us's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Up2Us's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PKF O'Connor Davies, LLP

June 9, 2022

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Independent Auditors' Report

Board of Directors
Up2Us, Inc.

Report on Compliance for Each Major Federal Program

We have audited Up2Us, Inc.'s ("Up2Us") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Up2Us's major federal programs for the year ended August 31, 2021. Up2Us's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Up2Us's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Up2Us's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Up2Us's compliance.

Opinion on Each Major Federal Program

In our opinion, Up2Us, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2021.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2021-002. Our opinion on each major federal program is not modified with respect to these matters.

Up2Us's response to the noncompliance finding identified in our audit is described in the accompanying Corrective Action Plan. Up2Us's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of Up2Us is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Up2Us's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Up2Us's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2021-002 that we consider to be a significant deficiency.

Up2Us's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Up2Us's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditure of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of Up2Us as of and for the year ended August 31, 2021, and have issued our report thereon dated June 9, 2022, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

PKF O'Connor Davies, LLP

July 15, 2022

Up2Us, Inc.

Schedule of Findings and Questioned Costs
Year Ended August 31, 2021

Section I – Summary of Auditors’ Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified
Internal control over financial reporting:
Material weakness(es) identified? _____ yes X no
Significant deficiency(ies) identified? X yes _____ none reported
Noncompliance material to the financial statements noted? _____ yes X no

Federal Awards

Internal control over major federal programs:
Material weakness(es) identified? _____ yes X no
Significant deficiency(ies) identified? X yes _____ none reported
Type of auditors’ report issued on compliance for major federal programs: Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? X yes _____ no

Identification of major federal programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
94.006	AmeriCorps

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000
Auditee qualified as low-risk auditee? _____ yes X no

Section II – Financial Statement Findings

2021-001 – Reconciliation of General Ledger Accounts and Audit Readiness

Criteria

The general ledger and certain account schedules should be maintained to permit the preparation of financial statements in accordance with U.S. GAAP.

Condition

Up2Us experienced turnover in the Finance Department with the departure of the Director of Finance. This caused a delay in receiving certain schedules specifically updates and changes to the Schedule of Expenditures of Federal Awards and the With Donor Restricted Net Asset Schedule. This resulted in multiple adjusting journal entries to be proposed and posted by the auditors.

Cause

The staff did not perform a timely analysis of general ledger accounts.

Effect

Account balances in the general ledger were not accurately stated and required adjustments.

Up2Us, Inc.

Schedule of Findings and Questioned Costs Year Ended August 31, 2021

Section II – Financial Statement Findings (continued)

2021-001 – Reconciliation of General Ledger Accounts and Audit Readiness (continued)

Recommendation

We recommend that Up2Us continuously analyze journal entries and account balances to ensure that financial records are updated, reconciled and reviewed. We also recommend implementing a month-end and year-end financial close checklist to ensure all schedules are reconciled by the time the audit commences.

Views of Responsible Officials

See Corrective Action Plan

Section III – Federal Award Findings and Questioned Costs

2021-002 – Timely Submission of Single Audit

Federal Assistance Listing Number: 94.006

Name of Program or Cluster: AmeriCorps

Agency: Corporation for National and Community Service

Criteria

Single audits are required to be submitted at the earlier of 30 days after the receipt of the auditors' report or nine months after the fiscal year end.

Condition

The single audit reports were not submitted by the due date.

Cause

The general ledger was not maintained in an efficient manner which led to delays during the audit.

Questioned Costs

None

Effect

Up2Us was not in conformity with the requirements for a single audit.

Recommendation

We recommend that management monitor the maintenance of the general ledger and monthly account analysis to help ensure a timelier close of the year-end audit and single audit process.

Views of Responsible Officials

See Corrective Action Plan

Section IV – Prior Year Findings

There were no prior year findings.

Corrective Action Plan



Section II – Financial Statement Findings

2021-001 – Reconciliation of General Ledger Accounts and Audit Readiness

Criteria

The general ledger and certain account schedules should be maintained to permit the preparation of financial statements in accordance with U.S. GAAP.

Condition

Up2Us experienced turnover in the Finance Department with the departure of the Director of Finance. This caused a delay in receiving certain schedules specifically updates and changes to the Schedule of Expenditures of Federal Awards and the With Donor Restricted Net Asset Schedule. This resulted in multiple adjusting journal entries to be proposed and posted by the auditors.

Cause

The staff did not perform a timely analysis of general ledger accounts.

Effect

Account balances in the general ledger were not accurately stated and required adjustments.

Recommendation

We recommend that Up2Us continuously analyze journal entries and account balances to ensure that financial records are updated, reconciled and reviewed. We also recommend implementing a month-end and year-end financial close checklist to ensure all schedules are reconciled by the time the audit commences.

Views of Responsible Officials and Corrective Action Plan

Up2Us Sports concurs with this opinion. Up2Us Sports hired a National Director of Finance in November 2021 to ensure timely analysis of general ledger accounts leading to more accurately stated balances. The National Director has also implemented month-end and year-end checklists to ensure more timely audits.

Section III – Federal Award Findings and Questioned Costs

2021-002 – Timely Submission of Single Audit

Federal Assistance Listing Number: 94.006

Name of Program or Cluster: AmeriCorps

Agency: Corporation for National and Community Service

Criteria

Single audits are required to be submitted at the earlier of 30 days after the receipt of the auditors' report or nine months after the fiscal year end.



Condition

The single audit reports were not submitted by the due date.

Cause

The general ledger was not maintained in an efficient manner which led to delays during the audit.

Questioned Costs

None

Effect

Up2Us was not in conformity with the requirements for a single audit.

Recommendation

We recommend that management monitor the maintenance of the general ledger and monthly account analysis to help ensure a timelier close of the year-end audit and single audit process.

Views of Responsible Officials and Corrective Action Plan

Up2Us Sports concurs with this opinion. Up2Us Sports hired a National Director of Finance in November 2021 to ensure timely general ledger maintenance and monthly account analysis.

Paul Caccamo (Jul 7, 2022 21:52 EDT)

Paul Caccamo, Chief Executive Officer

Sherah Alaimo, Chief Operating Officer






CA Plan Audit FY 21

Final Audit Report

2022-07-08

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By:	sherah alaimo (salaimo@up2ussports.org)
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"CA Plan Audit FY 21" History

-  Document created by sherah alaimo (salaimo@up2ussports.org)
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