



UPWARD UNLIMITED AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2020





REPORT OF INDEPENDENT AUDITOR

The Board of Directors
Upward Unlimited and Subsidiaries
Spartanburg, South Carolina

We have audited the accompanying consolidated financial statements of Upward Unlimited and Subsidiaries (“the Organization”), which consist of the consolidated statement of financial position as of September 30, 2020, and the related consolidated statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the consolidated 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 Organization'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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Upward Unlimited and Subsidiaries as of September 30, 2020, the consolidated changes in their net assets, and their consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

BATTIS MORRISON WALES & LEE, P.A. • CERTIFIED PUBLIC ACCOUNTANTS

OFFICES | ORLANDO • DALLAS
800.960.0803 • WWW.NONPROFITCPA.COM
KEEPING WATCH FOR NONPROFITS ACROSS THE UNITED STATES®

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The accompanying supplemental consolidating statement of financial position as of September 30, 2020 and the supplemental consolidating statement of activities for the year ended September 30, 2020, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the consolidated financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Batts Morrison Wales & Lee, P.A.

BATTS MORRISON WALES & LEE, P.A.

Orlando, Florida
December 16, 2020

UPWARD UNLIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
September 30, 2020

ASSETS

ASSETS

Cash and cash equivalents	\$ 5,367,936
Cash restricted for long-term purposes	1,429,879
Cash held for church partners	241,481
Investments	5,813,551
Accounts and other receivables, net	589,957
Prepays and other assets	108,198
Inventory, net	7,708,448
Note receivable	10,203,000
Property and equipment, net	<u>25,737,997</u>

Total assets \$ 57,200,447

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable and accrued expenses	\$ 1,203,978
Payable to church partners	241,481
Deferred revenue	99,593
Notes payable, net	<u>16,277,366</u>

Total liabilities 17,822,418

NET ASSETS

Without donor restrictions	39,310,087
With donor restrictions	<u>67,942</u>

Total net assets 39,378,029

Total liabilities and net assets \$ 57,200,447

UPWARD UNLIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF ACTIVITIES

For The Year Ended September 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE AND NET ASSETS RELEASED FROM RESTRICTIONS			
Program revenue, net	\$ 11,493,824	\$ —	\$ 11,493,824
Program support, net	1,713,210	—	1,713,210
Other revenue	1,260,318	—	1,260,318
Multi-sport center revenue	1,119,868	—	1,119,868
Investment income	376,553	—	376,553
Contributions	8,125	1,805	9,930
Net assets released from restrictions	<u>18,981</u>	<u>(18,981)</u>	<u>—</u>
Total public support and revenue and net assets released from restrictions	<u>15,990,879</u>	<u>(17,176)</u>	<u>15,973,703</u>
EXPENSES			
Program activities			
Sports ministry	13,611,949	—	13,611,949
Supporting activities			
General and administrative	<u>3,432,512</u>	<u>—</u>	<u>3,432,512</u>
Total expenses	<u>17,044,461</u>	<u>—</u>	<u>17,044,461</u>
CHANGE IN NET ASSETS	(1,053,582)	(17,176)	(1,070,758)
NET ASSETS - Beginning of year	<u>40,363,669</u>	<u>85,118</u>	<u>40,448,787</u>
NET ASSETS - End of year	<u>\$ 39,310,087</u>	<u>\$ 67,942</u>	<u>\$ 39,378,029</u>

The Accompanying Notes are an Integral
Part of These Consolidated Financial Statements

UPWARD UNLIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

For The Year Ended September 30, 2020

OPERATING CASH FLOWS

Cash received from program revenue	\$ 14,342,941
Cash received from other revenue	1,260,318
Cash received from investments	557,890
Cash received from contributors	9,930
Cash paid for operating activities and costs	(16,193,276)
Interest paid	<u>(499,972)</u>

Net operating cash flows **(522,169)**

INVESTING CASH FLOWS

Proceeds from sales of investments, net	2,207,250
Purchases of and improvements to property and equipment	<u>(637,333)</u>

Net investing cash flows **1,569,917**

NET CHANGE IN CASH, CASH EQUIVALENTS, AND RESTRICTED CASH

1,047,748

CASH, CASH EQUIVALENTS, AND RESTRICTED CASH

- Beginning of year **5,991,548**

CASH, CASH EQUIVALENTS, AND RESTRICTED CASH

- End of year **\$ 7,039,296**

REPORTED IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS FOLLOWS

Cash and cash equivalents	\$ 5,367,936
Cash restricted for long-term purposes	1,429,879
Cash held for church partners	<u>241,481</u>

Total cash, cash equivalents, and restricted cash **\$ 7,039,296**

RECONCILIATION OF CHANGE IN NET ASSETS TO NET OPERATING CASH FLOWS

Change in net assets	\$ (1,070,758)
Adjustments to reconcile change in net assets to net operating cash flows	
Depreciation and amortization	1,643,831
Write-down of inventory	388,124
Net loss on investments	181,337
Change in accounts and other receivables, net	134,696
Change in prepaids and other assets	(4,820)
Change in inventory, net	(732,224)
Change in accounts payable and accrued expenses	(395,783)
Change in payable to church partners	(547,915)
Change in deferred revenue	<u>(118,657)</u>

Net operating cash flows **\$ (522,169)**

The Accompanying Notes are an Integral
Part of These Consolidated Financial Statements

UPWARD UNLIMITED AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For The Year September 30, 2020

	<u>Program Activities</u>	<u>Supporting Activities</u>	
	<u>Sports Ministry</u>	<u>General and Administrative</u>	<u>Total Expenses</u>
Salaries and benefits	\$ 3,550,498	\$ 2,251,269	\$ 5,801,767
Cost of goods sold - product costs	5,125,831	—	5,125,831
Depreciation	1,496,502	118,423	1,614,925
Outside services	272,593	495,733	768,326
Other operating expenses	389,157	337,004	726,161
Occupancy	623,647	30,658	654,305
Interest and amortization of loan costs	418,034	110,843	528,877
Freight	447,586	20,874	468,460
Inventory obsolescence	388,124	—	388,124
Supplies	379,422	5,490	384,912
Insurance and taxes	170,086	14,593	184,679
Telephone and internet	98,183	8,262	106,445
Travel	79,707	8,685	88,392
Donations	75,530	—	75,530
Training	59,578	1,618	61,196
Marketing and advertising	—	28,615	28,615
Conference and meetings	25,521	445	25,966
Donated inventory and resources	11,950	—	11,950
Total expenses	<u>\$ 13,611,949</u>	<u>\$ 3,432,512</u>	<u>\$ 17,044,461</u>

The Accompanying Notes are an Integral
Part of These Consolidated Financial Statements

UPWARD UNLIMITED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2020

NOTE A – NATURE OF ACTIVITIES

Upward Unlimited (“Upward”) is a South Carolina nonprofit corporation. The purpose of Upward (doing business as Upward Sports) is to share the gospel and promote the discovery of Jesus in every community. Walking alongside churches in pursuing their mission, helping to overcome challenges and solve problems, and seeking to understand their unique circumstances and resources, Upward brings innovative solutions to create transformational sports experiences. Upward supports local churches with strategic consulting, logistics, materials, and spiritual support.

Upward also supports the local church’s mission by helping the local church engage with and serve their community through providing youth sports, including basketball, soccer, flag football, cheerleading, and sports camps. As part of its partnership with the local church, Upward developed and provides to the local church a comprehensive sports ministry program. Churches are charged a per-participant fee to cover the cost of the program, including customer support, online resources, league management software and support, and others. These participant fees constitute the primary source of Upward’s revenue.

The Upward Star Center is a sports complex located in Spartanburg, South Carolina which also serves as Upward’s corporate headquarters. The Star Center serves as a “living laboratory” to test and model new sports and concepts, and was designed to develop Christian leaders, coaches, referees, and partners to deliver the ultimate sports experience, while also serving as a training ground for young athletes.

In conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”), the consolidated financial statements of Upward include the accounts of the following organizations, which are separate legal entities. All significant interorganization transactions and balances have been eliminated in consolidation:

- Upward Unlimited Foundation (“the Foundation”) is a South Carolina nonprofit corporation. The Foundation’s purpose is to manage and administer certain assets for the benefit of Upward and to otherwise engage in activities which benefit Upward. Upward is the sole voting member of the Foundation.
- Upward Star Center, LLC (“the Star Center”) is a South Carolina limited liability company. The Star Center was formed to acquire, own, and maintain the Upward Star Center sports complex. Upward is the sole member of the Star Center.
- Upward Enterprises, Inc. (“Enterprises”) is a South Carolina corporation. Enterprises was formed to provide merchandise and other ancillary products and to promote Upward and its programs. Upward owns all outstanding shares of Enterprises. Enterprises does not engage in financial activities.
- The following legal entities were formed to facilitate the New Markets Tax Credit transaction described in Note H. None of these entities engage in financial transactions.

Upward Sports, LLC – a South Carolina limited liability company. Upward Unlimited is the sole member of this LLC.

Upward Fan, LLC and Tyger Lake Development, LLC – South Carolina limited liability companies. Upward Enterprises, Inc. is the sole member of each of these LLCs.

References to the Organization in these footnotes refer to the consolidated entity, unless otherwise stated.

UPWARD UNLIMITED AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
September 30, 2020

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

The Organization's program revenue, program support, and multi-sport center revenue is recorded in the period the service is provided or product is delivered.

The Organization recognizes cash contributions as revenue when the contributions are received by the Organization. Contributions received are recorded as support without or with donor restrictions, depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as "net assets released from restrictions."

Cash and cash equivalents

All investment instruments purchased or donated with original maturities of three months or less are considered to be cash equivalents.

Cash restricted for long-term purposes

Cash restricted for long-term purposes consist of amounts deposited into a sinking fund account held by a bank. See Note H.

Cash held for church partners

Cash held for church partners constitutes amounts received from individuals for Upward programs to be distributed to specific churches. Such amounts are remitted to churches bi-monthly. "Payable to church partners" represents the corresponding liability.

Investments

Investments consist primarily of mutual funds and are stated at estimated fair value.

Inventory

Inventory consists primarily of uniforms, sports equipment, and media items and is stated at the lower of cost or net realizable value, as determined by the average cost method. Inventory is stated net of an estimated reserve for obsolescence.

Property and equipment

Property and equipment is stated at cost, if purchased, or estimated fair value on the date of donation, if donated. Depreciation is provided using the straight-line method over the expected useful lives of the respective assets.

Net assets

Net assets without donor restrictions are available for use at the discretion of the Board of Directors and/or management for general operating purposes. Net assets with donor restrictions consist of amounts restricted by donors for various operating programs.

Functional allocation of expenses

The consolidated statement of functional expenses presents expenses by function and natural classification. Expenses directly attributable to a specific functional area are reported as expenses of those functional areas. Indirect costs that benefit multiple functional areas are allocated among the various functional areas based primarily on employee time and space utilization.

UPWARD UNLIMITED AND SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
 September 30, 2020

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income taxes

Upward and the Foundation are exempt from federal income tax as organizations described in Section 501(c)(3) of the Internal Revenue Code and from state income tax pursuant to state law. Each organization is further classified as a public charity and not a private foundation for federal tax purposes. The Star Center is a disregarded entity for federal income tax purposes. Enterprises is a taxable subsidiary which is subject to both federal and state income taxes. Upward engages in certain unrelated business activities. Income taxes, if any, generated by Upward and Enterprises are immaterial and are recognized as expenses when paid. The Foundation has not incurred unrelated business income taxes. As a result, no income tax provision or liability has been provided for in the accompanying consolidated financial statements.

Use of estimates

Management uses estimates and assumptions in preparing consolidated financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Significant estimates used in preparing these consolidated financial statements include those used in estimating the fair value of investments, the carrying value of inventory, and the useful lives of property and equipment. Actual results could differ from the estimates.

Economic uncertainties

In January 2020, the World Health Organization (“WHO”) announced a global health emergency related to the outbreak of a virus originating in China. In March 2020, WHO elevated the classification of the outbreak to a pandemic (“the pandemic”). Management is closely monitoring the potential impact of the pandemic on the Ministry’s financial condition and has taken actions to mitigate its impact. Such actions include availing the Ministry of relief measures available under federal law and reducing the overall scope and cost of operations. Because of the unknown impact on global commerce, management is not able to estimate the effects of the pandemic on its operating results, financial condition, or liquidity for the year ending September 30, 2021.

Subsequent events

The Organization has evaluated for possible financial reporting and disclosure subsequent events through December 16, 2020, the date as of which the consolidated financial statements were available to be issued.

NOTE C – LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure within one year of the date of the consolidated statement of financial position are as follows:

Cash and cash equivalents	\$ 5,367,936
Cash restricted for long-term purposes	1,429,879
Cash held for church partners	241,481
Investments	5,813,551
Accounts and other receivables, net	589,957
Note receivable	<u>10,203,000</u>
 Total financial assets available within one year	 23,645,804
 Less: Amounts unavailable for general expenditure within one year	
Cash restricted for long-term purposes – sinking fund (See Note H)	(1,429,879)
Cash held for church partners (See Note B)	(241,481)
Note receivable – maturity beyond one year (See Note H)	(10,203,000)
Due to donor restrictions	<u>(67,942)</u>
 Net financial assets available within one year	 <u>\$ 11,703,502</u>

UPWARD UNLIMITED AND SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
 September 30, 2020

NOTE C - LIQUIDITY AND AVAILABILITY OF RESOURCES (Continued)

The Organization is primarily supported by program revenue and support. As part of the Organization's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization has certain assets limited to use by donors. Because a donor's restriction requires resources to be used in a specific manner or in a future period, the Organization must maintain sufficient resources to meet its responsibilities to its donors. Thus, those financial assets are not available for general expenditure within one year of September 30, 2020, and are excluded from net financial assets available to meet general expenditures within one year. As described in Note J, the Organization also has a revolving line of credit in an amount up to \$4,000,000. Management believes the Organization has sufficient liquid assets available for general operations that may be drawn upon in the event of unanticipated financial distress or an immediate liquidity need.

NOTE D - CONCENTRATION OF CREDIT RISK

The Organization maintains its cash and cash equivalents in deposit accounts which may not be federally insured, may exceed federally insured limits, or may be insured by an entity other than an agency of the federal government. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk related to cash and cash equivalents.

NOTE E - INVESTMENTS

Investments consisted of the following as of September 30, 2020:

Category	
Mutual funds	\$ 5,467,775
Government obligations	254,426
Cash held in overnight sweep account	91,350
Total investments	\$ 5,813,551

U.S. GAAP defines fair value for an investment generally as the price an organization would receive upon selling the investment in an orderly transaction to an independent buyer in the principal or most advantageous market for the investment. The information available to measure fair value varies depending on the nature of each investment and its market or markets. Accordingly, U.S. GAAP recognizes a hierarchy of "inputs" an organization may use in determining or estimating fair value. The inputs are categorized into "levels" that relate to the extent to which an input is objectively observable and the extent to which markets exist for identical or comparable investments. In determining or estimating fair value, an organization is required to maximize the use of observable market data (to the extent available) and minimize the use of unobservable inputs. The hierarchy assigns the highest priority to unadjusted quoted prices in active markets for identical items (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

Following is a description of each of the three levels of input within the fair value hierarchy:

- Level 1 - Unadjusted quoted market prices in active markets for identical items
- Level 2 - Other significant observable inputs, such as quoted prices for similar items
- Level 3 - Significant unobservable inputs

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

UPWARD UNLIMITED AND SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
 September 30, 2020

NOTE E - INVESTMENTS (Continued)

The estimated fair value of investments, which are measured on a recurring basis at September 30, 2020, are as follows:

	Total	Level 1	Level 2	Level 3
Mutual funds	\$ 5,467,775	\$ 5,467,775	\$ —	\$ —
Government obligations	254,426	254,426	—	—
Total	\$ 5,722,201	\$ 5,722,201	\$ —	\$ —

NOTE F - INVENTORY

Inventory consisted of the following as of September 30, 2020:

Category	
Uniforms, sports equipment, and media items	\$ 11,509,234
Reserve for obsolescence	(3,800,786)
Net inventory	\$ 7,708,448

NOTE G - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of September 30, 2020:

Category	
Land and land improvements	\$ 15,729,531
Buildings and building improvements	19,641,788
Furniture, fixtures, and equipment	5,955,887
Total property and equipment	41,327,206
Less: Accumulated depreciation	(15,589,209)
Net property and equipment	\$ 25,737,997

Depreciation expense amounted to \$1,614,925 for the year ended September 30, 2020.

NOTE H - NOTES PAYABLE

During a prior year, the Organization obtained financing to partially fund the construction and outfitting of the Upward Star Center sports complex. The financing provided net proceeds of approximately \$15,000,000 to Upward Star Center, LLC.

In conjunction with the financing, Upward Unlimited Foundation advanced a \$10,203,000 "Leverage Loan" to Upward Spartanburg Investment Fund, LLC ("the Fund"), a wholly-owned subsidiary of SunTrust Community Capital, LLC ("STCC") to facilitate the provision of New Markets Tax Credit ("NMTC") equity to subsidize the Upward Star Center sports complex construction and outfitting. The Leverage Loan in the amount of \$10,203,000 is included in "Note receivable" in the accompanying consolidated statement of financial position.

UPWARD UNLIMITED AND SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
 September 30, 2020

NOTE H - NOTES PAYABLE (Continued)

Because the financing was obtained pursuant to an NMTC arrangement, the Star Center expects that it will not be required to repay a portion of the financing proceeds. This expectation is based on the assumption that STCC may voluntarily elect to sell its ownership interest in the Fund to the Foundation for \$1,000 at the end of the 7-year NMTC compliance period via a put/call agreement entered into by STCC and the Foundation at NMTC closing. In conjunction with STCC's expected exercise of the "put", the Foundation thus expects it would acquire full (indirect or direct) ownership of the \$10,203,000 of NMTC loans to the Star Center. If the Foundation does so, management estimates as of September 30, 2020, that income in the form of a noncash contribution equal to the difference between the \$15,000,000 NMTC loans and the \$10,203,000 Leverage Loan (approximately \$4,797,000) will be recognized in a future period if and when the anticipated transaction described above between STCC and the Foundation occurs. The Foundation and the Star Center could then make favorable arrangements between the entities regarding the loans going forward.

In connection with the financing arrangement described above, the Star Center entered into various loans. Each of the loans is collateralized as described in a certain credit agreement and other rights as described in the loan documents. The credit agreement contains certain financial covenants, the most restrictive of which requires Upward and the Foundation, on a combined basis, to maintain a minimum debt service coverage ratio and a minimum total liquidity ratio, as those terms are described in the credit agreement. Furthermore, Upward and certain of its subsidiaries are unconditional guarantors for each of the loans. The annual interest rate on each of the loans is 2.7977%, with interest payable quarterly on the 5th day of each September, December, March, and June until the loans are paid. Commencing on January 23, 2022, principal payments in amounts further described in the loan documents are required. All unpaid principal and interest is due on January 23, 2045. The loans cannot be prepaid in full or in part until after the seventh anniversary of the closing date of the loans (January 2022), at which time prepayment in full or in part may be made.

Following are the specific loans (by lender) entered into by the Star Center in connection with this financing arrangement as of September 30, 2020. None of the lenders listed below are related to Upward or any of its subsidiaries.

Greenville New Markets Opportunity II ("GNMO II") Fund I, LLC (Lender)

Facility Note A	\$ 6,802,000
Facility Note B	<u>3,198,000</u>
Subtotal GNMO II Fund I, LLC	10,000,000

ST CDE XVII, LLC (Lender)

Facility Note	<u>5,000,000</u>
Total Star Center loans payable	15,000,000

In addition to the above, the Foundation entered into a promissory note payable to SunTrust Bank with interest payable quarterly at a fixed rate of 3.95% per annum until maturity in January 2022. The note is secured by certain deposit accounts maintained by the Foundation at SunTrust Bank, as well as collateral described in a certain credit agreement, which also requires the Foundation to make deposits totaling \$2,000,000 over the seven-year NMTC compliance period described above. As of September 30, 2020, "cash restricted for long-term purposes" of approximately \$1,430,000 was held in the sinking fund account.

	<u>2,000,000</u>
Total notes payable	17,000,000

UPWARD UNLIMITED AND SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)
 September 30, 2020

NOTE H – NOTES PAYABLE (Continued)

Less: unamortized loan costs	<u>\$ (722,634)</u>
Notes payable, net	<u>\$ 16,277,366</u>

Approximate future maturities of notes payable (including required sinking fund payments) by year for the next five years and thereafter is as follows:

<u>Year Ending</u> <u>September 30,</u>		
2021	\$	286,000
2022		2,201,000
2023		472,000
2024		486,000
2025		499,000
Thereafter		<u>13,056,000</u>
Total	\$	<u>17,000,000</u>

Interest expense amounted to approximately \$500,000 for the year ended September 30, 2020.

NOTE I – RETIREMENT PLAN

Upward maintains a 401(k) plan (“the Plan”). Eligible employees may make elective deferral contributions to the Plan. Employer contributions to the Plan are discretionary. Upward made contributions to the Plan of approximately \$78,000 for the year ended September 30, 2020.

NOTE J – COMMITMENT

The Organization has available a revolving line of credit with a bank in an amount up to \$4,000,000 which is secured by certain collateral as described in the loan documents. Advances under the line of credit bear interest at the one-month LIBOR plus 1.75% per annum (with a floor of 3%). No amounts were advanced to the Organization under the line of credit during the year ended September 30, 2020. The line of credit matures March 2022.

Supplemental Consolidating Statements

UPWARD UNLIMITED AND SUBSIDIARIES
 SUPPLEMENTAL CONSOLIDATING STATEMENT OF FINANCIAL POSITION
 September 30, 2020
 (UNAUDITED)

ASSETS

	Upward Unlimited	Upward Unlimited Foundation	Upward Star Center, LLC	Eliminations	Total
ASSETS					
Cash and cash equivalents	\$ 4,976,566	\$ 366,370	\$ 25,000	\$ —	\$ 5,367,936
Cash restricted for long-term purposes	—	1,429,879	—	—	1,429,879
Cash held for church partners	241,481	—	—	—	241,481
Investments	5,813,551	—	—	—	5,813,551
Investments in subsidiaries	4,838,442	—	—	(4,838,442)	—
Accounts and other receivables, net	560,198	29,759	38,500	(38,500)	589,957
Prepays and other assets	108,198	—	—	—	108,198
Inventory, net	7,708,448	—	—	—	7,708,448
Note receivable	—	10,203,000	—	—	10,203,000
Property and equipment, net	<u>11,628,802</u>	<u>—</u>	<u>14,109,195</u>	<u>—</u>	<u>25,737,997</u>
Total assets	<u>\$35,875,686</u>	<u>\$12,029,008</u>	<u>\$14,172,695</u>	<u>\$ (4,876,942)</u>	<u>\$57,200,447</u>

LIABILITIES AND NET ASSETS

LIABILITIES					
Accounts payable and accrued expenses	\$ 1,204,323	\$ 3,184	\$ 34,971	\$ (38,500)	\$ 1,203,978
Payable to church partners	241,481	—	—	—	241,481
Deferred revenue	99,593	—	—	—	99,593
Notes payable, net	<u>(375,000)</u>	<u>1,978,743</u>	<u>14,673,623</u>	<u>—</u>	<u>16,277,366</u>
Total liabilities	<u>1,170,397</u>	<u>1,981,927</u>	<u>14,708,594</u>	<u>(38,500)</u>	<u>17,822,418</u>
NET ASSETS					
Without donor restrictions					
Undesignated	29,866,847	9,979,139	(535,899)	—	39,310,087
Capital investments	<u>4,838,442</u>	<u>—</u>	<u>—</u>	<u>(4,838,442)</u>	<u>—</u>
Total without donor restrictions	34,705,289	9,979,139	(535,899)	(4,838,442)	39,310,087
With donor restrictions	<u>—</u>	<u>67,942</u>	<u>—</u>	<u>—</u>	<u>67,942</u>
Total net assets	<u>34,705,289</u>	<u>10,047,081</u>	<u>(535,899)</u>	<u>(4,838,442)</u>	<u>39,378,029</u>
Total liabilities and net assets	<u>\$35,875,686</u>	<u>\$12,029,008</u>	<u>\$14,172,695</u>	<u>\$ (4,876,942)</u>	<u>\$57,200,447</u>

UPWARD UNLIMITED AND SUBSIDIARIES
SUPPLEMENTAL CONSOLIDATING STATEMENT OF ACTIVITIES
For The Year Ended September 30, 2020
(UNAUDITED)

	Upward Unlimited	Upward Unlimited Foundation	Upward Star Center, LLC	Upward Enterprises, Inc.	Eliminations	Total
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS						
Public support and revenue						
Program revenue, net	\$ 11,493,824	\$ —	\$ —	\$ —	\$ —	\$ 11,493,824
Program support, net	1,713,210	—	—	—	—	1,713,210
Other revenue	1,260,318	—	—	—	—	1,260,318
Multi-sport center revenue	1,119,868	—	—	—	—	1,119,868
Investment income	19,129	357,424	—	—	—	376,553
Rental income	—	—	462,000	—	(462,000)	—
Contributions	81,746	104	—	—	(73,725)	8,125
Total public support and revenue	15,688,095	357,528	462,000	—	(535,725)	15,971,898
Net assets released from restrictions						
Satisfaction of use restrictions	—	18,981	—	—	—	18,981
Total public support and revenue and net assets released from restrictions	15,688,095	376,509	462,000	—	(535,725)	15,990,879
Expenses						
Program activities						
Sports ministry	12,868,703	75,528	1,245,691	940	(578,913)	13,611,949
Supporting activities						
General and administrative	3,292,588	85,174	54,750	—	—	3,432,512
Total expenses	16,161,291	160,702	1,300,441	940	(578,913)	17,044,461
Change in net assets without donor restrictions	(473,196)	215,807	(838,441)	(940)	43,188	(1,053,582)
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS						
Contributions	—	1,805	—	—	—	1,805
Net assets released from restrictions	—	(18,981)	—	—	—	(18,981)
Change in net assets with donor restrictions	—	(17,176)	—	—	—	(17,176)
CHANGE IN NET ASSETS	(473,196)	198,631	(838,441)	(940)	43,188	(1,070,758)
NET ASSETS - Beginning of year	35,178,485	9,848,450	302,542	940	(4,881,630)	40,448,787
NET ASSETS - End of year	\$34,705,289	\$10,047,081	\$ (535,899)	\$ —	\$ (4,838,442)	\$39,378,029

See The Accompanying Report of Independent Auditor