



UPWARD UNLIMITED AND SUBSIDIARIES

Consolidated Financial Statements
With Independent Auditors' Report

September 30, 2019 and 2018

UPWARD UNLIMITED AND SUBSIDIARIES

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Upward Unlimited and Subsidiaries
Spartanburg, South Carolina

We have audited the accompanying consolidated financial statements of Upward Unlimited and Subsidiaries, which comprise the consolidated statements of financial position as of September 30, 2019 and 2018, and the related consolidated statements of activities, cash flows, and functional expenses for the years 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 entity'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 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors
Upward Unlimited and Subsidiaries
Spartanburg, South Carolina

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Upward Unlimited and Subsidiaries as of September 30, 2019 and 2018, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

Upward Unlimited and Subsidiaries has adopted Financial Accounting Standards Board (FASB) Accounting Standards Updates (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, and No. 2016-18, *Restricted Cash*, as described in Note 2. ASU No. 2016-14 has had a material effect on the presentation of the September 30, 2018 consolidated financial statements, and ASU No. 2016-18 has had a material effect on the presentation of the restricted cash in the consolidated statement of cash flows for the year ended September 30, 2018. Our opinion is not modified with respect to these matters.

Capin Crouse LLP

Columbia, South Carolina
December 19, 2019

UPWARD UNLIMITED AND SUBSIDIARIES

Consolidated Statements of Financial Position

	September 30,	
	2019	2018
ASSETS:		
Cash and cash equivalents	\$ 4,058,292	\$ 3,130,191
Cash held for church partners	789,396	729,702
Investments	8,202,138	8,020,414
Accounts and other receivable–net	724,653	1,050,119
Prepaid expenses and other assets	103,378	140,442
Inventory–net	7,364,348	6,789,008
Restricted cash (Note 7)	1,143,860	857,729
Note receivable	10,203,000	10,203,000
	32,589,065	30,920,605
Property and equipment–net	26,715,589	28,024,670
	\$ 59,304,654	\$ 58,945,275
Total Assets	\$ 59,304,654	\$ 58,945,275
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable	\$ 380,132	\$ 215,499
Accrued expenses	901,688	1,273,786
Accrued payroll and benefits payable	317,941	512,179
Payable to church partners	789,396	729,702
Deferred revenue	218,250	326,286
Notes payable–net	16,248,460	16,219,555
	18,855,867	19,277,007
Net assets:		
Without donor restrictions	40,363,669	39,569,872
With donor restrictions	85,118	98,396
	40,448,787	39,668,268
Total Liabilities and Net Assets	\$ 59,304,654	\$ 58,945,275

See notes to consolidated financial statements

UPWARD UNLIMITED AND SUBSIDIARIES

Consolidated Statements of Activities and Changes in Net Assets

	Years Ended	September 30,
	2019	2018
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:		
Revenue and Support:		
Revenue:		
Program—net of sales returns	\$ 15,099,030	\$ 17,378,102
Program support—net of sales returns	2,116,874	3,022,377
Conference fee income	9,216	29,460
Interest income	378,326	381,081
Multi-sport center revenue	1,380,464	1,397,346
Investment income (Note 4)	183,901	20,414
Loss on disposal of software development	-	(1,703,382)
Other income	944,872	1,318,485
	20,112,683	21,843,883
Support:		
Contributions	6,825	134,783
Special events:		
Revenue—without donor restrictions	-	9,200
Cost of direct donor benefits	-	(90,256)
Reclassifications—net assets released from restriction by satisfaction of purpose restrictions	27,823	30,009
Total Revenues and Support Without Donor Restrictions and Reclassifications	20,147,331	21,927,619
Expenses:		
Program services:		
Sports ministry	15,933,590	19,557,031
Supporting activities:		
Management and general	3,419,944	4,281,685
Fundraising	-	571,404
Total Expenses	19,353,534	24,410,120
Change in Net Assets Without Donor Restrictions	793,797	(2,482,501)

(continued)

See notes to consolidated financial statements

UPWARD UNLIMITED AND SUBSIDIARIES

Consolidated Statements of Activities and Changes in Net Assets (continued)

	Years Ended	September 30,
	2019	2018
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS:		
Contributions	14,545	91,666
Special events revenue—with donor restrictions	-	500
Reclassifications—net assets released from restrictions	(27,823)	(30,009)
Change in Net Assets With Donor Restrictions	<u>(13,278)</u>	<u>62,157</u>
Change in Net Assets	780,519	(2,420,344)
Net Assets, Beginning of Year	<u>39,668,268</u>	<u>42,088,612</u>
Net Assets, End of Year	<u>\$ 40,448,787</u>	<u>\$ 39,668,268</u>

See notes to consolidated financial statements

UPWARD UNLIMITED AND SUBSIDIARIES

Consolidated Statements of Cash Flows

	Year Ended September 30,	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 780,519	\$ (2,420,344)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	1,644,867	1,703,200
Amortization of debt issuance costs	28,905	28,905
Write-off of uncollectible accounts receivable	268,668	-
Write-down of inventory	953,190	843,126
Loss on sale or disposal of equipment	2,390	1,792,564
Realized and unrealized losses on investments	76,144	123,432
Changes in operating assets and liabilities:		
Accounts and other receivable	56,798	1,554
Inventory	(1,528,530)	389,004
Prepaid expenses and other assets	37,064	182,983
Accounts payable	164,633	(86,622)
Accrued expenses	(372,098)	(302,438)
Accrued payroll and benefits payable	(194,238)	188,253
Payable to church partners	59,694	60,954
Deferred revenue	(108,036)	13,775
Net Cash Provided by Operating Activities	1,869,970	2,518,346
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(257,868)	(8,143,846)
Purchases of property and equipment	(338,176)	(502,496)
Proceeds from sale of equipment	-	67,838
Net Cash Used by Investing Activities	(596,044)	(8,578,504)
Change in Cash, Cash Equivalents and Restricted Cash	1,273,926	(6,060,158)
Cash, Cash Equivalents, and Restricted Cash, Beginning of Year	4,717,622	10,777,780
Cash, Cash Equivalents, and Restricted Cash, End of Year	\$ 5,991,548	\$ 4,717,622

(continued)

See notes to consolidated financial statements

UPWARD UNLIMITED AND SUBSIDIARIES

Consolidated Statements of Cash Flows (continued)

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the consolidated statement of cash flows:

	Year Ended September 30,	
	2019	2018
Cash and cash equivalents	\$ 4,058,292	\$ 3,130,191
Cash held for church partners	789,396	729,702
Restricted cash	1,143,860	857,729
Total cash, cash equivalents, and restricted cash shown in the consolidated statements of cash flows	<u>\$ 5,991,548</u>	<u>\$ 4,717,622</u>
SUPPLEMENTAL DATA:		
Cash paid for interest	<u>\$ 512,463</u>	<u>\$ 504,678</u>

See notes to consolidated financial statements

UPWARD UNLIMITED AND SUBSIDIARIES

Consolidated Statement of Functional Expenses

Year Ended September 30, 2019

	Program Services	Supporting Services	Total
	Sports Ministry	Management and General	Expenses
Cost of goods sold–product costs	\$ 7,637,235	\$ -	\$ 7,637,235
Freight	527,953	22,135	550,088
Personnel:			
Salaries and wages	2,650,747	1,783,828	4,434,575
Employee benefits	537,800	342,523	880,323
Travel	264,640	10,807	275,447
Outside services	407,161	531,296	938,457
Conference and meetings	43,630	605	44,235
Supplies	224,142	7,936	232,078
Telephone/Internet	96,451	9,400	105,851
Marketing/Advertising	-	20,981	20,981
Training	37,134	3,161	40,295
Occupancy	624,782	25,425	650,207
Insurance and taxes	205,996	14,465	220,461
Depreciation	1,499,817	145,050	1,644,867
Interest	405,666	135,922	541,588
Donation expense	104,547	-	104,547
Donated inventory and resources	12,774	-	12,774
Other operating expenses	653,115	366,410	1,019,525
	\$ 15,933,590	\$ 3,419,944	\$ 19,353,534
	82.3%	17.7%	

See notes to consolidated financial statements

UPWARD UNLIMITED AND SUBSIDIARIES

Consolidated Statement of Functional Expenses

Year Ended September 30, 2018

	Program Services	Supporting Services		Total Expenses
	Sports Ministry	Management and General	Fundraising	
Cost of goods sold–product costs	\$ 8,869,538	\$ -	\$ -	\$ 8,869,538
Freight	579,778	24,801	289	604,868
Personnel:				
Salaries and wages	4,484,828	2,081,001	309,866	6,875,695
Employee benefits	885,622	350,634	42,830	1,279,086
Travel	357,250	10,863	2,945	371,058
Outside services	397,070	696,107	17,054	1,110,231
Conference and meetings	77,719	2,319	93,546	173,584
Supplies	232,149	4,170	6,930	243,249
Telephone/Internet	108,852	14,358	1,358	124,568
Marketing/Advertising	-	70,709	-	70,709
Training	16,638	1,721	-	18,359
Occupancy	725,016	49,282	3,455	777,753
Insurance and taxes	301,263	24,841	1,717	327,821
Depreciation	1,516,229	186,971	-	1,703,200
Interest	405,666	42,044	80,728	528,438
Donation expense	131,910	-	-	131,910
Donated inventory and resources	12,668	-	-	12,668
Other operating expenses	454,835	721,864	10,686	1,187,385
Total	\$ 19,557,031	\$ 4,281,685	\$ 571,404	\$ 24,410,120
	80.1%	17.5%	2.4%	

See notes to consolidated financial statements

UPWARD UNLIMITED AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2019 and 2018

1. NATURE OF THE ORGANIZATION:

Upward Unlimited (UU) and Subsidiaries (Upward) is the consolidated financial reporting entity for Upward Unlimited d/b/a Upward Sports (UU), Upward Enterprises d/b/a Upward Fan (UF), Upward Unlimited Foundation (Foundation), and Upward Star Center (LLC).

UU was incorporated in September 1995 as a South Carolina not-for-profit corporation and is exempt from federal income taxes on related activities under section 501(c)(3) of the Internal Revenue Code (Code) and S.C. Code Section 65-226(3). UU is classified as a publicly supported organization, which is not a private foundation under section 509(a)(1) of the Code, and contributions to it are tax deductible within the limits prescribed by the Code. However, the organization is subject to federal income tax on any unrelated business taxable income.

UU operates as an organization that exists to promote the discovery of Jesus through sports. UU brings churches, Christian leaders, and the communities they serve together through the universal language of sports, strengthening young athletes by helping them grow in mind, body, and soul.

UF is a C corporation subsidiary of UU, organized in 2010 for the purpose of providing merchandise and other auxiliary products to promote its parent corporation and its programming to children and their families. As of September 30, 2016, UF is inactive.

The Foundation was organized in 2011 as a subsidiary of UU. The Foundation is exempt from federal income taxes on related activities under section 501(c)(3) of the Internal Revenue Code (Code) and S.C. Code Section 65-226(3). The Foundation is classified as a supporting organization, which is not a private foundation under section 509(a)(1) of the Code, and contributions to it are tax deductible within the limits prescribed by the Code. The Foundation was organized for the purpose of accelerating the vision of UU by creating opportunities for individuals, institutions, corporations, and foundations to invest in the Upward Unlimited mission and vision. As of September 30, 2018, the Foundation no longer actively solicits contributions.

The Upward Star Center was organized in 2014 as a single-member limited liability company (LLC) of UU. The LLC was organized for the purpose of housing the assets of The Star Center sports complex of Spartanburg, SC, for the benefit of the New Market Tax Credit program described in Note 7.

Upward Sports is a nonprofit organization dedicated to promoting the discovery of Jesus through sports by being a trusted partner to churches in every community to increase the impact of the church's mission. Upward provides strategic consulting, logistics, materials and spiritual support churches need to engage with their communities through youth sports experiences for children in kindergarten through twelfth grade.

UPWARD UNLIMITED AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2019 and 2018

1. NATURE OF THE ORGANIZATION, continued:

The following activity types are offered by Upward:

Upward Recreation Offering—The primary function of this offering is the initial discovery of sports (and Christ) and developing a love for the game. To support the local church’s mission by helping them engage with and serve their community through the provision of youth sports programming, churches can participate in one or more of the following sports programs in the United States: basketball, cheerleading with basketball, soccer, flag football, cheerleading with flag football, and sports camps. UU develops and provides churches a comprehensive sports ministry program that is ready to be implemented as one of a church’s ministry services. As part of that comprehensive sports ministry program, churches are charged a fee per participant which covers the cost of the program. In exchange for these fees, the churches customer support, online resources for the league director, volunteers, parents, and children; league management software and support; and other program items that make the Upward Sports experience unique. These participant fees are the primary source of UU’s program revenue. In addition, UU generates program support revenue through other items that further enhance the game day experience.

Upward Star Center Facility Offerings—The primary function of this facility is to provide a world-class sports complex at our corporate headquarters, using the Gospel of Christ behind every sports program. The Star Center serves as a living laboratory to test and model new sports and concepts. The Star Center is designed to develop Christian leaders, coaches, referees, and partners to deliver the ultimate sports experience, while also being a training ground to help young athletes get better.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The consolidated financial statements have been prepared on the accrual basis. The significant accounting policies followed are described below to enhance the usefulness of the consolidated financial statements to the reader.

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the operations of UU, UF, Upward Star Center, and the Foundation, collectively referred to as Upward. All significant inter-company balances and transactions have been eliminated.

UPWARD UNLIMITED AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2019 and 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash held in various checking accounts. At September 30, 2019 and 2018, Upward's cash and cash equivalents exceeded federally insured limits by \$3,549,926 and \$2,743,104, respectively. Upward does not believe these funds to be at substantial risk of loss due to the lack of federal insurance coverage.

CASH HELD FOR CHURCH PARTNERS

Upward receives payments on behalf of churches participating in the Upward program, from the individuals involved in those church's specific leagues. A corresponding liability is recorded when the amounts are received. The balance is remitted to the churches bi-monthly. At September 30, 2019 and 2018, cash held for church partners exceeded federally insured limits by \$539,596 and \$340,582, respectively. Upward does not believe these funds to be at substantial risk of loss due to the lack of federal insurance coverage.

INVESTMENTS

Investments consist of funds invested in a portfolio of municipal bonds. Investments are carried at fair value with gains and losses included in the consolidated statements of activities.

ACCOUNTS AND OTHER RECEIVABLE—NET

Upward extends short-term credit to its ministry partners for participation fees and related products charged to them under the program. Accounts receivable are reported net of anticipated losses due to uncollectible accounts. Upward's policy for determining when receivables are past due or delinquent is 90 days after invoicing.

The allowance for doubtful accounts is maintained at a level which, in management's judgment, is adequate to absorb potential losses inherent in the receivable portfolio. The amount of the allowance is based on management's evaluation of the collectability of the receivable portfolio, including the nature of the portfolio, trends in historical loss experience, specific impaired accounts, and economic conditions. Uncollectible accounts are charged against the allowance for doubtful accounts when it is determined the amounts are uncollectible. Payments received from nonaccrual receivables are credited to appropriate receivable accounts. The allowance for doubtful accounts was \$285,505 and \$17,723 at September 30, 2019 and 2018, respectively.

Other receivable consists of accrued interest of \$29,759 and \$29,759 as of September 30, 2019 and 2018, respectively, due from the note receivable described in Note 7. Upward has not established an allowance for doubtful accounts, because, based upon past experience, all amounts are collectible.

PREPAID EXPENSES AND OTHER ASSETS

Prepaid expenses and other assets consists of prepaid insurance and other costs for which the benefit will be received by Upward in the near future.

UPWARD UNLIMITED AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2019 and 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

INVENTORY

Inventory consists of uniforms, equipment, instructional booklets, videos/DVDs, related sundry items, and shipping supplies. Inventories are stated at the lower of cost or net realizable value, determined using the average cost method, reduced by a reserve for inventory obsolescence.

The reserve for inventory obsolescence is maintained at a level that, in management's judgment, is adequate to absorb probable inventory losses. The amount is based upon historical inventory write-down experience, specific known risks, and current and anticipated economic conditions. Evaluation of these factors involves subjective estimates that may change. Additions to the reserve are provided through a charge to inventory obsolescence expense.

RESTRICTED CASH

Restricted cash consists of amounts which are required to be set aside as a sinking fund for future debt service, as disclosed in Note 7. At September 30, 2019 and 2018, restricted cash exceeded federally insured limits by \$893,860 and \$607,729, respectively. Upward does not believe these funds to be at substantial risk of loss due to the lack of federal insurance coverage.

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost or, if donated, at market value on the date of donation. Purchases of property and equipment valued at \$1,500 or more are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

Buildings	39 years
Office furniture and equipment	5-10 years
Computer equipment/software	2-5 years
Warehouse equipment	7-10 years

Maintenance and repairs, which do not improve or extend the life of the respective assets, are expensed as incurred. Property items retired, or otherwise disposed of, are eliminated from the assets and accumulated depreciation accounts. Gains or losses from disposals are included in the consolidated statements of activities and changes in net assets.

ACCRUED BENEFITS

Upward has adopted an all-inclusive policy to provide paid time off (PTO) for both vacation time and sick leave to all eligible employees. Time earned is based on length of service with Upward. Amounts earned renew on each employee's anniversary date with a provision for limited carryover of unused days from the prior year. Upon termination of employment, eligible employees can be paid up to 80 hours of unused PTO. As of September 30, 2019 and 2018, Upward had accrued benefits of \$141,668 and \$138,638, respectively, which are included in accrued payroll and benefits payable on the consolidated statements of financial position.

UPWARD UNLIMITED AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2019 and 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

NET ASSETS

The consolidated financial statements report amounts by classification of net assets:

Net assets without donor restrictions are currently available at the discretion of the board for use in operations.

Net assets with donor restrictions are contributed with donor stipulations for specific operating purposes or programs.

SUPPORT, REVENUE, AND EXPENSES

Revenue is recognized when earned and support when contributions are made, which may be when cash is received, unconditional promises are made, or ownership of other assets is transferred to Upward. Program revenue includes fees for participant items and access to administrative and league management systems, as well as printed and digital promotional materials for use in leagues, and is reported net of sales returns of \$364,916 and \$320,570 for the years ended September 30, 2019 and 2018, respectively. Program support revenue includes fees for optional sports equipment and apparel that support and promote the program, and is reported net of sales returns of \$15,284 and \$105,933 for the years ended September 30, 2019 and 2018, respectively.

Upward reports gifts of cash and other assets as restricted support if they are received with donor stipulation that limit the use of the donated amounts. When a stipulated time restriction ends or purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as satisfaction of purpose or time restriction.

Expenses are recorded when incurred in accordance with the accrual basis of accounting. The costs of providing various program services and supporting activities of Upward have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the program services and supporting activities benefited on the consolidated statements of functional expenses.

Upward's policy is to expense marketing/advertising costs as they are incurred. Marketing/advertising costs include the promotion of the program and recruiting of new churches. Marketing/advertising costs for the year ended September 30, 2019 and 2018 were \$20,981 and \$70,709, respectively.

EXPENSE ALLOCATION

The consolidated financial statements report certain categories of expenses that are attributable to one or more program or supporting function of Upward. Salaries and wages and employee benefits are allocated to the function where time and effort are expended. Depreciation, occupancy, interest, conference and meetings, supplies, telephone/internet, training, insurance and taxes are allocated by square footage. Freight, travel, outside services, and other operating expenses are allocated based on an analysis of the specific activities.

UPWARD UNLIMITED AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2019 and 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

SPECIAL EVENT

During the year ended September 30, 2018, the Foundation conducted a dinner designed to inform supporters about current operations and to expose potential new donors to the Foundation. For the year ended September 30, 2018, revenue received from the dinner totaled \$9,700, including \$9,200 of revenue without donor restriction and \$500 of revenue with donor restriction, less \$90,256 in costs for the direct benefits provided. All costs related to publicity, travel, related salaries, and administration of the event have been included in fundraising expenses; costs representing direct donor benefits have been netted against the related revenue. The Foundation also received intentions to give from donors attending the dinner, which are not recorded in the consolidated financial statements as they do not meet the requirements for recognition. No such event was held during the year ended September 30, 2019.

RECENTLY ADOPTED ACCOUNTING STANDARDS

In 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Updates (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* and No. 2016-18, *Restricted Cash*. Upward adopted the provisions of these new standards during the year ended September 30, 2019. In addition to changes in terminology used to describe categories of net assets throughout the consolidated financial statements, ASU No. 2016-14 added new disclosures regarding liquidity and the availability of resources (Note 3), and disclosures related to functional allocation of expenses were expanded (Note 2). In addition to changes to the accounting and reporting of restricted cash on the consolidated statements of cash flows, ASU No. 2016-18 included new disclosures in the consolidated statements of cash flows to reconcile cash, cash equivalents, and restricted cash.

CHANGE IN ACCOUNTING PRINCIPLE

As noted above, Upward has implemented ASU No. 2016-14 and ASU No. 2016-18 and has adjusted the presentation in these consolidated financial statements accordingly to reflect the changes in accounting principle related to the functional allocation of expenses and the classification of cash flows. These ASU have been applied retrospectively to all periods presented which had the following effects: ASU 2016-18 increased net cash provided by operating activities of \$60,954, decreased net cash used by investing activities of \$286,028, and increased the change in cash, cash equivalents, and restricted cash by \$346,982, for the year ended September 30, 2018.

UPWARD UNLIMITED AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2019 and 2018

3. LIQUIDITY AND FUNDS AVAILABLE:

The following reflects Upward's financial assets as of the consolidated statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the consolidated statement of financial position date.

Financial assets:

Cash and cash equivalents	\$ 4,058,292
Cash held for church partners	789,396
Investments	8,202,138
Accounts and other receivable-net	724,653
Restricted cash	1,143,860
Note receivable	10,203,000
Financial assets, at year end	<u>25,121,339</u>

Less those unavailable for general expenditures within one year due to:

Expected maturity beyond one year:

Note receivable	10,203,000
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Contractual or donor-imposed restrictions:

Cash held for church partners	789,396
Restricted cash	1,143,860
Restricted by donor with purpose and time restrictions	85,118
	<u>12,221,374</u>

Financial assets available to meet cash needs for general expenditures within one year

\$ 12,899,965

As more fully described in Note 8, Upward also has a committed line of credit in the amount of \$4,000,000, which it could draw upon in the event of an unanticipated liquidity need.

UPWARD UNLIMITED AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2019 and 2018

4. INVESTMENTS:

Investments consist of funds invested in municipal bonds, totaling \$4,000,393 and \$6,254,861, and cash held in investment accounts of \$4,201,745 and \$1,765,553, as of September 30, 2019 and 2018, respectively. Income on these investments consists of:

	Year Ended September 30,	
	2019	2018
Interest	\$ 280,382	\$ 158,055
Net realized and unrealized losses	(76,144)	(123,432)
Investment fees	(20,337)	(14,209)
	\$ 183,901	\$ 20,414

5. INVENTORY–NET:

Inventory–net consists of:

	September 30,	
	2019	2018
Uniforms, equipment, videos/DVDs, booklets, etc.	\$ 12,421,681	\$ 11,321,194
Reserve for inventory obsolescence	(5,057,333)	(4,532,186)
	\$ 7,364,348	\$ 6,789,008

6. PROPERTY AND EQUIPMENT–NET:

Property and equipment–net consists of:

	September 30,	
	2019	2018
Land and land improvements	\$ 15,725,427	\$ 15,665,272
Buildings	19,550,130	19,550,130
Computers and software	1,855,442	1,836,055
Vehicles	3,000	3,000
Lease improvements	101,235	101,235
Furniture, fixtures, and equipment	3,930,269	3,875,859
	41,165,503	41,031,551
Less accumulated depreciation	(14,449,914)	(13,006,881)
	\$ 26,715,589	\$ 28,024,670

UPWARD UNLIMITED AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2019 and 2018

7. NOTE RECEIVABLE AND NOTES PAYABLE:

To partially fund the construction of the new sports complex, The Upward Star Center, Upward entered into a New Markets Tax Credit (NMTC) financing arrangement on January 23, 2015. The NMTC Program was established under federal law by the Community Renewal Tax Relief Act of 2000. The program is designed to spur new or increased investments into operating businesses and real estate projects located in low-income communities by offering investors a federal tax credit in exchange for the investments. To earn the tax credit, SunTrust Community Capital, LLC (the NMTC Investor), must remain invested for a seven-year period, which will end in 2022 for Upward's project.

As part of this financing arrangement, the Foundation issued \$10.2 million as a note receivable to an investment fund, Upward Spartanburg Investment Fund, LLC, becoming a leveraged lender. Of this amount, \$2 million was acquired from a financial institution as a bridge loan.

The NMTC Investor, provided approximately \$4.8 million to the fund, representing the value of tax credits to be realized over the seven-year period.

This investment fund in turn made investments in two Community Development Entities (CDEs), ST CDE XVII, LLC and GNMO II Fund I, LLC, and holds 99.99% investor member interests in the CDEs. The CDEs made loans totaling \$15 million to the Upward Star Center project.

As part of this financing arrangement Upward has entered into a put and call agreement to take place at the end of the seven-year tax credit period. Under this agreement, the NMTC Investor can exercise an option to sell its interest in the investment fund to Upward. At that point, the NMTC Investor will have realized the full benefit of the tax credits. Upon exercise of the put option, 100% equity of the NMTC Investor note will be sold to Upward Foundation for \$1,000 plus other stated expenses.

The note receivable with the investment fund mentioned above for the Foundation is receiving quarterly interest-only payments for the first seven years at an interest rate of 3.5% per annum and matures on January 23, 2039.

Upward has not established an allowance for estimated losses, because, based upon historical payments and the nature of the affiliated organizations involved, all amounts are considered collectible. Upward monitors the credit quality of its note annually. As of September 30, 2019 and 2018, the full amount of the loan is current and performing.

UPWARD UNLIMITED AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2019 and 2018

7. NOTE RECEIVABLE AND NOTES PAYABLE, continued:

Notes payable—net consist of:

	Year Ended June 30,	
	2019	2018
<p>Promissory note payable to ST CDE XVII, LLC from Upward Star Center, LLC at an interest rate of 2.7977% per annum. Interest only payments for the first seven years. The loan matures on January 23, 2045. The loan is secured by the underlying assets of the NMTC qualified project.</p>	\$ 5,000,000	\$ 5,000,000
<p>Promissory note payable to GNMO II Fund I, LLC from Upward Star Center, LLC at an interest rate of 2.7977% per annum. Interest only payments for the first seven years. The loan matures on January 23, 2045. The loan is secured by the underlying assets of the NMTC qualified project.</p>	6,802,000	6,802,000
<p>Promissory note payable to GNMO II Fund I, LLC from Upward Star Center, LLC at an interest rate of 2.7977% per annum. Interest only payments for the first seven years. The loan matures on January 23, 2045. The loan is secured by the underlying assets of the NMTC qualified project.</p>	3,198,000	3,198,000
<p>Promissory note payable to SunTrust from Upward Unlimited Foundation at a fixed interest rate of 3.95% per annum for the term of the loan. Interest only payments are paid quarterly with lump sum payment due upon maturity. The loan matures on January 23, 2022. The loan is secured by deposits and investments held at SunTrust. The loan is also guaranteed by Upward Unlimited. As a condition of the loan, the Foundation is required to maintain a sinking fund with SunTrust. The Foundation is required to make annual payments to the sinking fund in the amount of \$285,715 on the first business day of January, commencing in January of 2016 until the loan is paid in full. The balance of the sinking fund was \$1,143,860 and \$857,729 as of September 30, 2019 and 2018, respectively, and is included in the restricted cash balance on the consolidated statements of financial position.</p>	2,000,000	2,000,000
	17,000,000	17,000,000
<p>Less unamortized loan costs</p>	(751,540)	(780,445)
	\$ 16,248,460	\$ 16,219,555

UPWARD UNLIMITED AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2019 and 2018

7. NOTE RECEIVABLE AND NOTES PAYABLE, continued:

Maturities of notes payable (including sinking fund payments) are as follows:

<u>Years Ending September 30,</u>	<u>Amounts</u>
2020	\$ 285,715
2021	285,715
2022	1,428,570
2023	-
2024	-
Thereafter	<u>15,000,000</u>
	<u>\$ 17,000,000</u>

Interest expense totaled \$541,588 and \$528,438 for the years ended September 30, 2019 and 2018, respectively.

Upward is required to comply with various covenants related to notes payable. Upward was in compliance with these requirements as of September 30, 2019 and 2018, respectively.

8. COMMITMENTS AND CONTINGENCIES:

LINES OF CREDIT

BB&T has extended to Upward, a revolving line of credit dated July 2009, updated November 2015. Upward utilizes the line of credit to underwrite the issuance of letters of credit that are required from time to time by vendors supplying merchandise to Upward, and for operating expenses. Outstanding balances accrue interest at the Libor Market Rate plus 1.75%. There was no outstanding balance on this line, nor any borrowings made, nor any interest paid as of and for the years ended September 30, 2019 and 2018. The line is secured by a blanket lien on underlying assets of UU, excluding the assets of the Upward Star Center. The line of credit has a maximum available credit of \$4,000,000 and matures March 16, 2020.

During the year ended September 30, 2018, TriState Capital Bank extended to Upward, a revolving line of credit. This line was closed during the year ended September 30, 2019. Upward utilized the line of credit for operating expenses. Outstanding balances accrued interest at 3.97%. There was no outstanding balance on this line as of September 30, 2019 and 2018, respectively. Borrowings on the line totaled \$2,000,000 and \$0-, and interest paid totaled \$12,711 and \$0-, for the years ended September 30, 2019 and 2018. The line was secured by the investments described in Note 4. The line of credit had a maximum available credit of \$5,000,000 and matured on demand.

UPWARD UNLIMITED AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2019 and 2018

9. RENTAL INCOME:

Upward has leased office space at the Star Center facility to a local health system under a noncancelable operating lease, expiring during in September 2024. The leased space is carried at the historical cost of \$572,434 and \$572,434, less accumulated depreciation of \$74,555 and \$59,877, as of September 30, 2019 and 2018, respectively. During the year ended September 30, 2019 and 2018, Upward received \$89,922 and \$88,159 in revenue under this lease, respectively. Future minimal rentals under the lease are as follows:

<u>Years Ending September 30,</u>	<u>Amounts</u>
2020	\$ 91,720
2021	93,555
2022	95,426
2023	97,334
2024	99,281
	<u>\$ 477,316</u>

10. RELATED PARTIES:

Upward donated cash to five affiliates in the amount of \$-0- and \$152,700 during the years ended September 30, 2019 and 2018, to assist with the entities' start up costs.

11. EMPLOYEE BENEFITS:

Upward has adopted a qualified Section 125 Cafeteria Plan (Plan) for health, dental, and cancer insurance coverage. Under the Plan, amounts contributed by eligible employees who participated in the Plan are not subject to income taxes.

Upward has also adopted an approved proto-type discretionary 401(k) plan. Qualified employees may participate up to 15% of their compensation. At the discretion of the board, Upward may match employee contributions. The matching contribution is determined and approved on an annual basis. For the years ended September 30, 2019 and 2018, Upward paid a board approved company match of 50% per dollar, up to 6% of the employee's compensation, amounting to \$70,866 and \$83,951, respectively.

UPWARD UNLIMITED AND SUBSIDIARIES

Notes to Consolidated Financial Statements

September 30, 2019 and 2018

12. FAIR VALUE MEASUREMENTS:

The *Fair Value Measurement and Disclosure* topic of the FASB Accounting Standards Codification establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. Upward uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, Upward measures using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available. All investments are valued using Level 2 inputs as of September 30, 2019 and 2018.

Methods and assumptions used by Upward in estimating fair value are as follows:

Municipal bonds—The fair value of these bonds is based upon yields currently available on comparable securities of issuers with similar credit ratings.

Changes in methods and assumptions—None.

15. SUBSEQUENT EVENTS:

Subsequent events were evaluated through December 19, 2019, which is the date the consolidated financial statements were available to be issued. Subsequent events after that date have not been evaluated.

SUPPLEMENTARY INFORMATION

**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY INFORMATION**

Board of Directors
Upward Unlimited and Subsidiaries
Spartanburg, South Carolina

We have audited the consolidated financial statements of Upward Unlimited and Subsidiaries for September 30, 2019 and 2018, and have issued our report thereon dated December 29, 2019, which contained an unmodified opinion on those consolidated financial statements. Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements of financial position as of September 30, 2019 and 2018, and consolidating statements of activities for the years ended September 30, 2019 and 2018, are presented for purposes of additional analysis of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Capin Crouse LLP

Columbia, South Carolina
December 19, 2019

UPWARD UNLIMITED AND SUBSIDIARIES

Consolidating Statement of Financial Position

September 30, 2019

	Upward Sports	Upward Fan	Upward Foundation	Upward Star Center, LLC	Eliminations	Total
ASSETS:						
Current assets:						
Cash and cash equivalents	\$ 3,566,782	\$ 940	\$ 453,070	\$ 37,500	\$ -	\$ 4,058,292
Cash held for church partners	789,396	-	-	-	-	789,396
Investments	8,202,138	-	-	-	-	8,202,138
Investment in subsidiaries	4,881,630	-	-	-	(4,881,630)	-
Accounts and other receivable–net	694,894	-	29,759	38,500	(38,500)	724,653
Prepays and other assets	103,378	-	-	-	-	103,378
Inventory–net	7,364,348	-	-	-	-	7,364,348
Restricted cash	-	-	1,143,860	-	-	1,143,860
Note receivable	-	-	10,203,000	-	-	10,203,000
	25,602,566	940	11,829,689	76,000	(4,920,130)	32,589,065
Property and equipment–net	11,793,509	-	-	14,922,080	-	26,715,589
Total Assets	\$ 37,396,075	\$ 940	\$ 11,829,689	\$ 14,998,080	\$ (4,920,130)	\$ 59,304,654

(continued)

UPWARD UNLIMITED AND SUBSIDIARIES

Consolidating Statement of Financial Position

September 30, 2019
(continued)

	Upward Sports	Upward Fan	Upward Foundation	Upward Star Center, LLC	Eliminations	Total
LIABILITIES AND NET ASSETS:						
Current liabilities:						
Accounts payable	\$ 418,632	\$ -	\$ -	\$ -	\$ (38,500)	\$ 380,132
Accrued expenses	863,371	-	3,346	34,971	-	901,688
Accrued payroll and benefits payable	317,941	-	-	-	-	317,941
Payable to church partners	789,396	-	-	-	-	789,396
Deferred revenue	218,250	-	-	-	-	218,250
Notes payable–net	(390,000)	-	1,977,893	14,660,567	-	16,248,460
	<u>2,217,590</u>	<u>-</u>	<u>1,981,239</u>	<u>14,695,538</u>	<u>(38,500)</u>	<u>18,855,867</u>
Net assets:						
Without donor restrictions						
Undesignated	30,296,855	940	9,763,332	302,542	-	40,363,669
Capital investments	4,881,630	-	-	-	(4,881,630)	-
	<u>35,178,485</u>	<u>940</u>	<u>9,763,332</u>	<u>302,542</u>	<u>(4,881,630)</u>	<u>40,363,669</u>
With donor restrictions						
	-	-	85,118	-	-	85,118
	<u>35,178,485</u>	<u>940</u>	<u>9,848,450</u>	<u>302,542</u>	<u>(4,881,630)</u>	<u>40,448,787</u>
Total Liabilities and Net Assets	\$ 37,396,075	\$ 940	\$ 11,829,689	\$ 14,998,080	\$ (4,920,130)	\$ 59,304,654

UPWARD UNLIMITED AND SUBSIDIARIES

Consolidating Statement of Financial Position

September 30, 2018

	Upward Sports	Upward Fan	Upward Foundation	Upward Star Center, LLC	Eliminations	Total
ASSETS:						
Current assets:						
Cash and cash equivalents	\$ 2,530,453	\$ 940	\$ 548,798	\$ 50,000	\$ -	\$ 3,130,191
Cash held for church partners	729,702	-	-	-	-	729,702
Investments	8,020,414	-	-	-	-	8,020,414
Investment in subsidiaries	4,923,785	-	-	-	(4,923,785)	-
Accounts and other receivable–net	1,020,320	-	29,799	38,500	(38,500)	1,050,119
Prepays and other assets	140,442	-	-	-	-	140,442
Inventory–net	6,789,008	-	-	-	-	6,789,008
Restricted cash	-	-	857,729	-	-	857,729
Note receivable	-	-	10,203,000	-	-	10,203,000
	24,154,124	940	11,639,326	88,500	(4,962,285)	30,920,605
Property and equipment–net	12,289,705	-	-	15,734,965	-	28,024,670
Total Assets	\$ 36,443,829	\$ 940	\$ 11,639,326	\$ 15,823,465	\$ (4,962,285)	\$ 58,945,275

(continued)

UPWARD UNLIMITED AND SUBSIDIARIES

Consolidating Statement of Financial Position

September 30, 2018
(continued)

	Upward Sports	Upward Fan	Upward Foundation	Upward Star Center, LLC	Eliminations	Total
LIABILITIES AND NET ASSETS:						
Current liabilities:						
Accounts payable	\$ 250,818	\$ -	\$ 3,181	\$ -	\$ (38,500)	\$ 215,499
Accrued expenses	1,238,815	-	-	34,971	-	1,273,786
Accrued payroll and benefits payable	512,179	-	-	-	-	512,179
Payable to church partners	729,702	-	-	-	-	729,702
Deferred revenue	326,286	-	-	-	-	326,286
Notes payable–net	(405,000)	-	1,977,043	14,647,512	-	16,219,555
	2,652,800	-	1,980,224	14,682,483	(38,500)	19,277,007
Net assets:						
Without donor restrictions:						
Undesignated	28,867,244	940	9,560,706	1,140,982	-	39,569,872
Capital investments	4,923,785	-	-	-	(4,923,785)	-
	33,791,029	940	9,560,706	1,140,982	(4,923,785)	39,569,872
With donor restrictions	-	-	98,396	-	-	98,396
	33,791,029	940	9,659,102	1,140,982	(4,923,785)	39,668,268
Total Liabilities and Net Assets	\$ 36,443,829	\$ 940	\$ 11,639,326	\$ 15,823,465	\$ (4,962,285)	\$ 58,945,275

UPWARD UNLIMITED AND SUBSIDIARIES

Consolidating Statement of Activities

Year Ended September 30, 2019

	Upward Sports	Upward Fan	Upward Foundation	Upward Star Center, LLC	Eliminations	Total
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:						
Support and Revenue:						
Revenue:						
Program—net of returns	\$ 15,099,030	\$ -	\$ -	\$ -	\$ -	\$ 15,099,030
Program support—net of returns	2,116,874	-	-	-	-	2,116,874
Conference fee income	9,216	-	-	-	-	9,216
Interest income	20,789	-	357,537	-	-	378,326
Multi-sport center revenue	1,380,464	-	-	-	-	1,380,464
Rental income	-	-	-	462,000	(462,000)	-
Investment income	183,901	-	-	-	-	183,901
Other income	944,872	-	-	-	-	944,872
	19,755,146	-	357,537	462,000	(462,000)	20,112,683
Support:						
Contributions	90,914	-	5,006	-	(89,095)	6,825
Reclassification—net assets released from restriction by satisfaction of purpose restrictions						
	-	-	27,823	-	-	27,823
Total support and revenue without donor restrictions and reclassifications						
	19,846,060	-	390,366	462,000	(551,095)	20,147,331

(continued)

UPWARD UNLIMITED AND SUBSIDIARIES

Consolidating Statement of Activities

Year Ended September 30, 2019
(continued)

	Upward Sports	Upward Fan	Upward Foundation	Upward Star Center, LLC	Eliminations	Total
Expenses:						
Program services:						
Sports ministry	15,215,939	-	100,823	1,167,923	(551,095)	15,933,590
Supporting activities:						
Management and general	3,242,665	-	86,917	90,362	-	3,419,944
Total Expenses	<u>18,458,604</u>	<u>-</u>	<u>187,740</u>	<u>1,258,285</u>	<u>(551,095)</u>	<u>19,353,534</u>
Distribution to member	-	-	-	(42,155)	42,155	-
Total change in net assets without donor restrictions	<u>1,387,456</u>	<u>-</u>	<u>202,626</u>	<u>(838,440)</u>	<u>42,155</u>	<u>793,797</u>
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS:						
Contributions	-	-	14,545	-	-	14,545
Reclassifications—net assets released from restrictions	-	-	(27,823)	-	-	(27,823)
Change in net assets with donor restrictions	<u>-</u>	<u>-</u>	<u>(13,278)</u>	<u>-</u>	<u>-</u>	<u>(13,278)</u>
Total change in net assets	1,387,456	-	189,348	(838,440)	42,155	780,519
Net Assets, beginning of year	<u>33,791,029</u>	<u>940</u>	<u>9,659,102</u>	<u>1,140,982</u>	<u>(4,923,785)</u>	<u>39,668,268</u>
Net Assets, end of year	<u>\$ 35,178,485</u>	<u>\$ 940</u>	<u>\$ 9,848,450</u>	<u>\$ 302,542</u>	<u>\$ (4,881,630)</u>	<u>\$ 40,448,787</u>

UPWARD UNLIMITED AND SUBSIDIARIES

Consolidating Statement of Activities

Year Ended September 30, 2018

	Upward Sports	Upward Fan	Upward Foundation	Upward Star Center, LLC	Eliminations	Total
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:						
Support and Revenue:						
Revenue:						
Program—net of returns	\$ 17,378,102	\$ -	\$ -	\$ -	\$ -	\$ 17,378,102
Program support—net of returns	3,022,377	-	-	-	-	3,022,377
Conference fee income	29,460	-	-	-	-	29,460
Interest income	23,664	-	357,417	-	-	381,081
Multi-sport center revenue	1,397,346	-	-	-	-	1,397,346
Rental income	-	-	-	462,000	(462,000)	-
Investment income	20,414	-	-	-	-	20,414
Loss on disposal of software development	(1,703,382)	-	-	-	-	(1,703,382)
Other income	1,318,485	-	-	-	-	1,318,485
	<u>21,486,466</u>	<u>-</u>	<u>357,417</u>	<u>462,000</u>	<u>(462,000)</u>	<u>21,843,883</u>
Support:						
Contributions	896	-	422,182	-	(288,295)	134,783
Special events:						
Revenue—without donor restrictions	-	-	9,200	-	-	9,200
Cost of direct donor benefits	-	-	(90,256)	-	-	(90,256)
	<u>896</u>	<u>-</u>	<u>341,126</u>	<u>-</u>	<u>(288,295)</u>	<u>53,727</u>
Reclassification—net assets released from restriction by satisfaction of purpose restrictions	-	-	30,009	-	-	30,009
Total support and revenue without donor restrictions and reclassifications	<u>21,487,362</u>	<u>-</u>	<u>728,552</u>	<u>462,000</u>	<u>(750,295)</u>	<u>21,927,619</u>

(continued)

UPWARD UNLIMITED AND SUBSIDIARIES

Consolidating Statement of Activities

Year Ended September 30, 2018
(continued)

	Upward Sports	Upward Fan	Upward Foundation	Upward Star Center, LLC	Eliminations	Total
Expenses:						
Program services:						
Sports ministry	18,944,216	-	131,909	1,231,201	(750,295)	19,557,031
Supporting activities:						
Management and general	4,187,105	-	-	94,580	-	4,281,685
Fund-raising	-	-	571,404	-	-	571,404
Total Expenses	<u>23,131,321</u>	<u>-</u>	<u>703,313</u>	<u>1,325,781</u>	<u>(750,295)</u>	<u>24,410,120</u>
Distribution to member	-	-	-	(42,337)	42,337	-
Total change in net assets without donor restrictions	<u>(1,643,959)</u>	<u>-</u>	<u>25,239</u>	<u>(906,118)</u>	<u>42,337</u>	<u>(2,482,501)</u>
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS:						
Contributions	-	-	91,666	-	-	91,666
Special events revenue—with donor restrictions	-	-	500	-	-	500
Reclassifications—net assets released from restrictions	-	-	(30,009)	-	-	(30,009)
Change in net assets with donor restrictions	<u>-</u>	<u>-</u>	<u>62,157</u>	<u>-</u>	<u>-</u>	<u>62,157</u>
Total change in net assets	(1,643,959)	-	87,396	(906,118)	42,337	(2,420,344)
Net Assets, beginning of year	<u>35,434,988</u>	<u>940</u>	<u>9,571,706</u>	<u>2,047,100</u>	<u>(4,966,122)</u>	<u>42,088,612</u>
Net Assets, end of year	<u>\$ 33,791,029</u>	<u>\$ 940</u>	<u>\$ 9,659,102</u>	<u>\$ 1,140,982</u>	<u>\$ (4,923,785)</u>	<u>\$ 39,668,268</u>