

FINANCIAL STATEMENTS



**FOR THE YEARS ENDED
DECEMBER 31, 2020 AND 2019**

UPWARDLY GLOBAL

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CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Upwardly Global
New York, New York

We have audited the accompanying financial statements of Upwardly Global, which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 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 auditor's 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.

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MEMBER OF CPAMERICA INTERNATIONAL, AN AFFILIATE OF CROWE GLOBAL
MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Upwardly Global as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Gelman Rosenberg & Freedman

July 22, 2021

UPWARDLY GLOBAL

STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2020 AND 2019

ASSETS

	<u>2020</u>	<u>2019</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 5,511,010	\$ 3,394,936
Receivables	1,483,977	1,346,604
Prepaid expenses	<u>65,172</u>	<u>74,177</u>
Total current assets	<u>7,060,159</u>	<u>4,815,717</u>
FIXED ASSETS		
Equipment	15,079	15,079
Furniture	80,472	80,472
Computer equipment	<u>35,900</u>	<u>35,900</u>
	131,451	131,451
Less: Accumulated depreciation	<u>(116,037)</u>	<u>(91,940)</u>
Net fixed assets	<u>15,414</u>	<u>39,511</u>
OTHER ASSETS		
Deposits	<u>81,889</u>	<u>60,306</u>
TOTAL ASSETS	<u>\$ 7,157,462</u>	<u>\$ 4,915,534</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Loan payable	\$ 840,845	\$ -
Accounts payable and accrued expenses	93,147	130,959
Accrued salaries and related benefits	300,636	257,204
Deferred employer partner fees	<u>122,651</u>	<u>72,988</u>
Total liabilities	<u>1,357,279</u>	<u>461,151</u>
NET ASSETS		
Without donor restrictions	3,466,125	2,164,233
With donor restrictions	<u>2,334,058</u>	<u>2,290,150</u>
Total net assets	<u>5,800,183</u>	<u>4,454,383</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 7,157,462</u>	<u>\$ 4,915,534</u>

UPWARDLY GLOBAL

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions:			
Corporate and foundation grants	\$ 501,515	\$ 4,353,023	\$ 4,854,538
Individual contributions	500,739	-	500,739
Government grants	824,224	-	824,224
In-kind contributions	3,197,078	-	3,197,078
Special events, net of direct benefits to donors	508,142	-	508,142
Net assets released from donor restrictions	<u>4,309,115</u>	<u>(4,309,115)</u>	<u>-</u>
Total contributions	<u>9,840,813</u>	<u>43,908</u>	<u>9,884,721</u>
Employer partner fees	304,509	-	304,509
Other revenue	<u>24,152</u>	<u>-</u>	<u>24,152</u>
Total support and revenue	<u>10,169,474</u>	<u>43,908</u>	<u>10,213,382</u>
EXPENSES			
Personnel	4,661,511	-	4,661,511
Contract Services	333,978	-	333,978
Printing, Advertising and Supplies	33,792	-	33,792
Occupancy and Rentals	347,410	-	347,410
Information Technology	64,652	-	64,652
Depreciation and Insurance	49,229	-	49,229
License and Service Fees	123,620	-	123,620
Other Expenses	56,312	-	56,312
In-Kind Services - Consulting, Rent and Licenses	<u>3,197,078</u>	<u>-</u>	<u>3,197,078</u>
Total expenses	<u>8,867,582</u>	<u>-</u>	<u>8,867,582</u>
Changes in net assets	1,301,892	43,908	1,345,800
Net assets at beginning of year	<u>2,164,233</u>	<u>2,290,150</u>	<u>4,454,383</u>
NET ASSETS AT END OF YEAR	<u>\$ 3,466,125</u>	<u>\$ 2,334,058</u>	<u>\$ 5,800,183</u>

UPWARDLY GLOBAL

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions:			
Corporate and foundation grants	\$ 76,114	\$ 4,558,000	\$ 4,634,114
Individual contributions	417,762	-	417,762
Government grants	627,100	-	627,100
In-kind contributions	1,273,710	-	1,273,710
Special events, net of direct benefits to donors	712,577	-	712,577
Net assets released from donor restrictions	<u>3,761,210</u>	<u>(3,761,210)</u>	<u>-</u>
Total contributions	<u>6,868,473</u>	<u>796,790</u>	<u>7,665,263</u>
Employer partner fees	353,671	-	353,671
Other revenue	<u>4,837</u>	<u>-</u>	<u>4,837</u>
Total support and revenue	<u>7,226,981</u>	<u>796,790</u>	<u>8,023,771</u>
EXPENSES			
Personnel	4,363,532	-	4,363,532
Contract Services	431,494	-	431,494
Printing, Advertising and Supplies	37,529	-	37,529
Occupancy and Rentals	350,342	-	350,342
Information Technology	60,478	-	60,478
Depreciation and Insurance	45,993	-	45,993
License and Service Fees	129,401	-	129,401
Other Expenses	112,322	-	112,322
In-Kind Services - Consulting, Rent and Licenses	<u>1,273,710</u>	<u>-</u>	<u>1,273,710</u>
Total expenses	<u>6,804,801</u>	<u>-</u>	<u>6,804,801</u>
Changes in net assets	422,180	796,790	1,218,970
Net assets at beginning of year	<u>1,742,053</u>	<u>1,493,360</u>	<u>3,235,413</u>
NET ASSETS AT END OF YEAR	<u>\$ 2,164,233</u>	<u>\$ 2,290,150</u>	<u>\$ 4,454,383</u>

UPWARDLY GLOBAL

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Program Services						Supporting Services				Total Expenses
	National Program	New York Program	Eastern Program	Central Program	Western Program	Jobversity Program	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries	\$ 959,852	\$ 538,624	\$ 244,994	\$ 374,439	\$ 459,661	\$ 205,795	\$ 2,783,365	\$ 656,079	\$ 288,907	\$ 944,986	\$ 3,728,351
Employee benefits	128,676	80,725	38,661	105,917	66,091	48,139	468,209	118,619	55,602	174,221	642,430
Payroll taxes	68,892	39,900	19,355	27,003	34,563	15,199	204,912	64,455	21,363	85,818	290,730
Total personnel	1,157,420	659,249	303,010	507,359	560,315	269,133	3,456,486	839,153	365,872	1,205,025	4,661,511
Contract services	102,867	56,490	80,697	8,990	9,472	26,630	285,146	87,501	11,689	99,190	384,336
Advertising and promotion	370	1,451	1,046	1,921	5,856	2,470	13,114	-	703	703	13,817
Supplies and office expenses	233	2,269	1,171	361	2,901	-	6,935	6,904	735	7,639	14,574
Occupancy and rentals	83,766	21,927	36,735	40,531	19,497	47,701	250,157	67,089	30,164	97,253	347,410
Printing and publications	6,174	30	-	-	-	-	6,204	-	52	52	6,256
Information technology	6,202	4,247	5,927	10,258	9,227	5,913	41,774	19,563	3,315	22,878	64,652
Travel and meals	2,564	683	1,016	66	1,399	-	5,728	2,763	695	3,458	9,186
Depreciation	6,024	1,577	2,642	2,915	1,402	3,430	17,990	4,240	1,867	6,107	24,097
Insurance	6,283	1,645	2,755	3,040	1,462	3,578	18,763	4,422	1,947	6,369	25,132
License and service fees	19,542	5,702	2,165	3,276	3,241	26,405	60,331	51,211	12,078	63,289	123,620
Professional development	-	170	-	7,500	-	-	7,670	2,358	-	2,358	10,028
Miscellaneous	3,111	20,460	3,220	20	1,000	-	27,811	2,992	6,295	9,287	37,098
In-kind services - consulting, rent and licenses	2,329,978	-	51,903	32,010	14,293	50,419	2,478,603	543,475	175,000	718,475	3,197,078
Total expenses	3,724,534	775,900	492,287	618,247	630,065	435,679	6,676,712	1,631,671	610,412	2,242,083	8,918,795
Less: Special event expenses	-	(51,213)	-	-	-	-	(51,213)	-	-	-	(51,213)
TOTAL	\$ 3,724,534	\$ 724,687	\$ 492,287	\$ 618,247	\$ 630,065	\$ 435,679	\$ 6,625,499	\$ 1,631,671	\$ 610,412	\$ 2,242,083	\$ 8,867,582

See accompanying notes to financial statements.

UPWARDLY GLOBAL

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Program Services						Supporting Services				Total Expenses
	National Program	New York Program	Eastern Program	Central Program	Western Program	Jobversity Program	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Salaries	\$ 770,053	\$ 477,361	\$ 208,443	\$ 420,838	\$ 457,572	\$ 214,418	\$ 2,548,685	\$ 633,257	\$ 385,522	\$ 1,018,779	\$ 3,567,464
Employee benefits	94,466	77,294	24,695	86,646	45,882	36,090	365,073	97,454	50,059	147,513	512,586
Payroll taxes	59,772	38,396	17,112	33,186	37,161	17,231	202,858	50,019	30,605	80,624	283,482
Total personnel	924,291	593,051	250,250	540,670	540,615	267,739	3,116,616	780,730	466,186	1,246,916	4,363,532
Contract services	126,282	45,052	102,367	7,995	102,546	49,266	433,508	97,452	44,840	142,292	575,800
Advertising and promotion	2,893	7	431	5,093	2,579	1,130	12,133	-	3,446	3,446	15,579
Supplies and office expenses	505	5,892	1,238	1,690	10,871	-	20,196	7,327	726	8,053	28,249
Occupancy and rentals	35,627	157,009	11,349	71,562	81,394	10,527	367,468	73,113	28,193	101,306	468,774
Printing and publications	610	3,643	279	354	2,879	184	7,949	385	324	709	8,658
Information technology	11,387	4,753	3,394	7,993	14,433	1,286	43,246	14,067	3,165	17,232	60,478
Travel and meals	26,490	3,334	6,054	5,975	13,026	6,765	61,644	7,626	8,247	15,873	77,517
Depreciation	5,566	3,654	1,542	3,332	3,331	1,650	19,075	4,776	3,056	7,832	26,907
Insurance	3,948	2,592	1,094	2,363	2,363	1,170	13,530	3,388	2,168	5,556	19,086
License and service fees	17,889	347	226	3,383	1,484	40,534	63,863	34,994	30,544	65,538	129,401
Professional development	-	444	-	1,048	343	-	1,835	667	-	667	2,502
Miscellaneous	3,943	760	275	644	2,403	4,170	12,195	16,233	10,512	26,745	38,940
In-kind services - consulting, rent and licenses	822,011	2,500	54,403	24,615	13,747	6,384	923,660	350,050	-	350,050	1,273,710
Total expenses	1,981,442	823,038	432,902	676,717	792,014	390,805	5,096,918	1,390,808	601,407	1,992,215	7,089,133
Less: Special event expenses	-	(126,392)	(38)	(41,389)	(116,513)	-	(284,332)	-	-	-	(284,332)
TOTAL	\$ 1,981,442	\$ 696,646	\$ 432,864	\$ 635,328	\$ 675,501	\$ 390,805	\$ 4,812,586	\$ 1,390,808	\$ 601,407	\$ 1,992,215	\$ 6,804,801

See accompanying notes to financial statements.

UPWARDLY GLOBAL
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 1,345,800	\$ 1,218,970
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	24,097	26,907
Donated securities received	(45,647)	(19,431)
Proceeds from sale of donated securities	46,137	32,510
Realized (gain) loss on donated securities	(490)	504
(Increase) decrease in:		
Receivables	(137,373)	(220,710)
Prepaid expenses	9,005	(28,207)
Deposits	(21,583)	-
(Decrease) increase in:		
Accounts payable and accrued expenses	(37,812)	(3,294)
Accrued salaries and related benefits	43,432	71,451
Deferred employer partner fees	<u>49,663</u>	<u>23,567</u>
Net cash provided by operating activities	<u>1,275,229</u>	<u>1,102,267</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of fixed assets	<u>-</u>	<u>(9,314)</u>
Net cash used by investing activities	<u>-</u>	<u>(9,314)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loan payable	<u>840,845</u>	<u>-</u>
Net cash provided by financing activities	<u>840,845</u>	<u>-</u>
Net increase in cash and cash equivalents	2,116,074	1,092,953
Cash and cash equivalents at beginning of year	<u>3,394,936</u>	<u>2,301,983</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 5,511,010</u>	<u>\$ 3,394,936</u>

UPWARDLY GLOBAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

Upwardly Global is a California non-profit organization, that was founded in 2000. Upwardly Global provides immigrants, refugees and political asylees the tools and training they need to rebuild their professional careers in the USA. At the same time, Upwardly Global promotes immigrant inclusion in the workplace by providing education, employee engagement and access to talent.

On June 28, 2018, management of Upwardly Global entered into an agreement with Alight (formerly, the American Refugee Committee) whereby Upwardly Global and Alight agreed to join administrative operations through a shared governance arrangement between the organizations' boards of directors. However, in accordance with section 3.13 of the agreement, the board of directors of Upwardly Global voted to rescind and unwind the agreement with Alight. Accordingly, effective September 30, 2019, Upwardly Global and Alight agreed to restore their separate corporate structures and Upwardly Global agreed to amend its bylaws to reflect that Alight is no longer a member of and will not have the power to appoint any member to Upwardly Global's board of directors. On December 13, 2019, Upwardly Global amended its bylaws to revert to the structure in place before it entered into the shared governance arrangement with Alight.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

- **Net Assets Without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions."
- **Net Assets With Donor Restrictions** - Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in "net assets with donor restrictions" depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities and Changes in Net Assets as net assets released from donor restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

Cash and cash equivalents -

Upwardly Global considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents. Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000. At times during the year, Upwardly Global maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

UPWARDLY GLOBAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Investments -

Investments, if any, at year-end represent unliquidated holdings that are recorded at readily determinable fair value. Investments acquired by gift are recorded at their fair value at the date of the gift. Upwardly Global's policy is to liquidate all gifts of investments as soon as possible after the date received.

Receivables -

Receivables are recorded at their net realizable value, which approximates fair value. The allowance for doubtful accounts is determined based upon an annual review of account balances, including the age of the balance and the historical experience with the donor/customer.

Fixed assets -

Fixed assets in excess of \$2,500 are capitalized and stated at cost. Fixed assets are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to five years. The cost of maintenance and repairs is recorded as expenses are incurred.

Depreciation expense for the years ended December 31, 2020 and 2019 totaled \$24,097 and \$26,907, respectively.

Income taxes -

Upwardly Global is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. Upwardly Global is not a private foundation.

Uncertain tax positions -

For the years ended December 31, 2020 and 2019, Upwardly Global has documented its consideration of FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes and has determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements.

Revenue -

Upwardly Global analyzes each transaction to determine if it is non-reciprocal (contribution) or reciprocal (exchange) under ASU 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*.

Contributions -

Contributions are recognized in the appropriate category of net assets in the period received. For contributions that are determined to be non-reciprocal transactions under the contribution rules, revenue is recognized upon notification of the gift or award. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

UPWARDLY GLOBAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Revenue (continued) -

Contributions (continued) -

Contributions that are unconditional but that have donor restrictions are recognized as "with donor restrictions" and then reclassified to "without donor restrictions" upon satisfaction of the donor-imposed restrictions. Funds received for which restrictions have not been met are shown as net assets with donor restrictions in the accompanying financial statements.

Contributions that contain a right of return and a barrier are determined to be conditional in nature. Revenue is recognized when the conditions are satisfied.

In-kind contributions consist of donated consulting services, donated rent and donated licenses to access Upwardly Global's learning environment. In-kind contributions are recorded at their fair value as of the date of the gift.

Contracts -

Grants and contracts classified as exchange transactions follow ASU 2014-09, *Revenue from Contracts With Customers* and Upwardly Global records revenue when the performance obligations are met. Upwardly Global has elected to opt out of all (or certain) disclosures not required for nonpublic entities. The revenue is recorded without donor restrictions and the transaction price is based on the amount of consideration expected to be received for transferring the promised services. Revenue earned by completing the performance obligation in accordance with the contractual agreement, but not received is recorded as a contract receivable and amounts received in advance of completing the performance obligation are recorded as deferred revenue in the accompanying financial statements.

Upwardly Global has determined that employer partner fees, including those from the Jobversity program, are contractual agreements and revenue is recognized when the performance obligation is met. The performance obligations are generally completed within the service period (generally one year) or when the related event (generally one day) has occurred. Amounts received in advance of completing the performance obligation are reported as deferred employer partner fees in the accompanying financial statements.

Use of estimates -

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statements of Activities and Changes in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

UPWARDLY GLOBAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION (Continued)

Functional allocation of expenses (continued) -

Expenses directly attributed to a specific functional area of Upwardly Global are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of estimated time and effort or other reasonable basis.

Fair value measurement -

Upwardly Global adopted the provisions of FASB ASC 820, *Fair Value Measurement*. FASB ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurements. Upwardly Global accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement.

Economic uncertainties -

On March 11, 2020, the World Health Organization declared the Coronavirus disease (COVID-19) a global pandemic. As a result of the spread of COVID-19, economic uncertainties have arisen which may negatively impact Upwardly Global's operations and the economy generally. The overall potential impact is unknown at this time. During 2020, many donors converted restricted grants into unrestricted funds and made COVID related contributions.

New accounting pronouncement not yet adopted -

In 2019, the Financial Accounting Standards Board (FASB) issued ASU 2019-01, *Leases* (Topic 842). The ASU changes the accounting treatment for operating leases by recognizing a lease asset and lease liability at the present value of the lease payments in the Statements of Financial Position and disclosing key information about leasing arrangements. During 2020, the FASB issued ASU 2020-05 and delayed the implementation date by one year. The ASU is effective for non public entities beginning after December 15, 2021. Early adoption is still permitted. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach or applied at the beginning of the period of adoption recognizing a cumulative-effect adjustment.

Upwardly Global plans to adopt the new ASU at the required implementation date and management is currently in the process of evaluating the adoption method and the impact of the new standard on its accompanying financial statements.

2. LOAN PAYABLE

In May 2020, Upwardly Global received loan proceeds in the amount of \$840,845 under the Paycheck Protection Program (PPP) through the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The promissory note calls for monthly principal and interest payments amortized over the two-year term of the promissory note with a deferral of payments for the first six months. During the year ended December 31, 2020, Upwardly Global used the proceeds for purposes consistent with the PPP over the 24-week loan covered period following the disbursement of funds and applied for forgiveness.

UPWARDLY GLOBAL

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019**

2. LOAN PAYABLE (Continued)

On February 24, 2021, Upwardly Global received forgiveness of their PPP loan by the Small Business Administration in the amount of \$840,845. There are no further requirements regarding this funding and Upwardly Global intends to record the amount forgiven as revenue from the debt extinguishment during fiscal year 2021.

3. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Purpose restrictions:		
National Program	\$ 1,427,650	\$ 1,277,974
New York Program	396,451	438,452
Eastern Program	39,727	40,263
Central Program	235,766	116,150
Western Program	<u>234,464</u>	<u>417,311</u>
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 2,334,058</u>	<u>\$ 2,290,150</u>

The following net assets with donor restrictions were released from donor restrictions at December 31, 2020 and 2019, by incurring expenses which satisfied the restricted purposes specified by the donors:

	<u>2020</u>	<u>2019</u>
Purpose restrictions accomplished:		
National Program	\$ 3,134,359	\$ 2,220,338
New York Program	618,450	615,907
Eastern Program	129,031	122,384
Central Program	186,380	361,494
Western Program	<u>240,895</u>	<u>441,087</u>
TOTAL NET ASSETS RELEASED FROM RESTRICTIONS	<u>\$ 4,309,115</u>	<u>\$ 3,761,210</u>

4. LIQUIDITY AND AVAILABILITY

Financial assets available for use for general expenditures within one year of the Statements of Financial Position date comprise the following at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 5,511,010	\$ 3,394,936
Receivables	<u>1,483,977</u>	<u>1,346,604</u>
Subtotal financial assets	6,994,987	4,741,540
Less: Donor funds restricted for specific purposes	<u>(2,334,058)</u>	<u>(2,290,150)</u>
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	<u>\$ 4,660,929</u>	<u>\$ 2,451,390</u>

UPWARDLY GLOBAL

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

4. LIQUIDITY AND AVAILABILITY (Continued)

Upwardly Global has a policy to structure its financial assets to be available and liquid as its obligations become due.

5. SPECIAL EVENTS, NET OF DIRECT BENEFITS TO DONORS

Upwardly Global holds a number of special fundraising events during the year. Income from Upwardly Global's special events, net of costs of direct donor benefits, consisted of the following for the years ended December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Corporate sponsorships	\$ 307,873	\$ 446,840
Ticket sales and individual contributions	251,482	550,069
Less: Cost of direct donor benefits	<u>(51,213)</u>	<u>(284,332)</u>
TOTAL	<u>\$ 508,142</u>	<u>\$ 712,577</u>

6. LEASE COMMITMENTS

Upwardly Global leases office space in New York, Chicago and San Francisco. The leases expire at various dates through May 2025.

In March 2021, Upwardly Global signed a new lease for office space in San Francisco, effective May 1, 2021 and expiring May 31, 2025. Base rent under this agreement is \$8,275 per month, escalating 3% annually thereafter over the lease term.

The following is a schedule of the future minimum lease payments:

<u>Year Ending December 31,</u>	
2021	\$ 274,453
2022	135,833
2023	104,056
2024	107,174
2025	<u>45,205</u>
	<u>\$ 666,721</u>

Rent expense, net of in-kind contributions, for the years ended December 31, 2020 and 2019 totaled \$331,032 and \$328,300, respectively.

7. RETIREMENT PLAN

Upwardly Global provides retirement benefits to its employees through a defined contribution 403(b) plan covering all full-time employees over 21 years of age and with one year of eligible experience. Upwardly Global provides discretionary contributions to the Plan. There were no employer contributions made to the Plan for the years ended December 31, 2020 and 2019.

UPWARDLY GLOBAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2020 AND 2019

8. RELATED PARTY TRANSACTIONS

During 2020 and 2019, Upwardly Global received financial support from entities affiliated with members of Upwardly Global's Board of Directors totaling approximately \$816,000 and \$875,000, respectively. In addition, Upwardly Global received in-kind consulting services, including a five-year strategic plan, from entities affiliated with members of Upwardly Global's Board of Directors for the years ended December 31, 2020 and 2019 totaling approximately \$1,801,000 and \$493,000, respectively.

9. SUBSEQUENT EVENTS

In preparing these financial statements, Upwardly Global has evaluated events and transactions for potential recognition or disclosure through July 22, 2021, the date the financial statements were issued.

In April 2021, Upwardly Global received a second loan in the amount of \$866,359 under the Paycheck Protection Program (PPP) through the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The promissory note calls for a 1% fixed interest rate and monthly principal and interest payments amortized over the five-year term of the note with a deferral of payments for the first ten months following the end of the loan Covered Period. The Covered Period is 24 weeks following the date of the disbursement of the funds.