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# UPWARDLY GLOBAL

## FINANCIAL STATEMENTS

December 31, 2015

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2014)

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**CROSBY & KANEDA**  
Certified Public Accountants

Dedicated to Nonprofit Organizations

# UPWARDLY GLOBAL

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## **INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Upwardly Global  
San Francisco, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Upwardly Global, which comprise the statement of financial position as of December 31, 2015, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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.

## **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, 2015, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Report on Summarized Comparative Information**

We have previously audited Upwardly Global's December 31, 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 11, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink, appearing to read "Crosby + Rane", is positioned above the printed text of the firm's name.

Certified Public Accountants

Oakland, California

May 10, 2016

**UPWARDLY GLOBAL**

**Statement of Financial Position  
December 31, 2015  
(With Comparative Totals as of December 31, 2014)**

	<u>2015</u>	<u>2014</u>
<b>Assets</b>		
Current Assets		
Cash	\$ 2,900,341	\$ 2,527,115
Accounts receivable	443,227	833,181
Prepaid expenses	38,876	24,623
Total current assets	<u>3,382,444</u>	<u>3,384,919</u>
Property and equipment, net (Note 3)	25,364	35,544
Deposits	<u>25,740</u>	<u>25,740</u>
Total Assets	<u><u>\$ 3,433,548</u></u>	<u><u>\$ 3,446,203</u></u>
<b>Liabilities and Net Assets</b>		
Current Liabilities		
Accounts payable and accrued expenses	\$ 96,443	\$ 61,236
Accrued vacation and sabbatical	175,924	149,092
Deferred revenue	20,000	35,000
Total current liabilities	<u>292,367</u>	<u>245,328</u>
Total Liabilities	<u>292,367</u>	<u>245,328</u>
Commitments and Contingencies (Notes 4 and 5)		
Net Assets		
Unrestricted	2,370,317	2,090,234
Temporarily restricted (Note 6)	770,864	1,110,641
Total Net Assets	<u>3,141,181</u>	<u>3,200,875</u>
Total Liabilities and Net Assets	<u><u>\$ 3,433,548</u></u>	<u><u>\$ 3,446,203</u></u>

See Notes to the Financial Statements

**UPWARDLY GLOBAL**

**Statement of Activities  
For the Year Ended December 31, 2015  
(With Comparative Totals for the Year Ended December 31, 2014)**

	Unrestricted	Temporarily Restricted	Total 2015	2014
<b>Support and Revenue</b>				
Support				
Foundation and corporate	\$ 15,221	\$ 2,667,365	\$ 2,682,586	\$ 2,368,104
Contributions	333,464		333,464	297,348
Government	307,383		307,383	281,192
Events, net (Note 8)	462,107		462,107	566,062
Total Support	<u>1,118,175</u>	<u>2,667,365</u>	<u>3,785,540</u>	<u>3,512,706</u>
Revenue				
Employer partner fees	159,150		159,150	139,800
Interest	821		821	984
Miscellaneous	8,088		8,088	8,088
Total Revenue	<u>168,059</u>	<u>-</u>	<u>168,059</u>	<u>148,872</u>
Other				
In-kind contributions (Note 7)	455,000		455,000	316,859
Net assets released from donor restrictions (Note 6)	<u>3,007,142</u>	<u>(3,007,142)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	<u>4,748,376</u>	<u>(339,777)</u>	<u>4,408,599</u>	<u>3,978,437</u>
<b>Expenses</b>				
Program	3,606,348		3,606,348	2,994,675
Management and general	267,014		267,014	206,316
Fundraising	594,931		594,931	593,159
Total Expenses	<u>4,468,293</u>	<u>-</u>	<u>4,468,293</u>	<u>3,794,150</u>
Change in Net Assets	280,083	(339,777)	(59,694)	184,287
Net Assets, beginning of year	<u>2,090,234</u>	<u>1,110,641</u>	<u>3,200,875</u>	<u>3,016,588</u>
Net Assets, end of year	<u>\$ 2,370,317</u>	<u>\$ 770,864</u>	<u>\$ 3,141,181</u>	<u>\$ 3,200,875</u>

See Notes to the Financial Statements

# UPWARDLY GLOBAL

## Statement of Cash Flows For the Year Ended December 31, 2015 (With Comparative Totals for the Year Ended December 31, 2014)

	2015	2014
<b>Cash flows from operating activities</b>		
Change in net assets	\$ (59,694)	\$ 184,287
Adjustments to reconcile change in net assets to cash provided (used) by operating activities:		
Depreciation	22,184	28,529
Change in assets and liabilities:		
Accounts receivable	389,954	6,823
Prepaid expenses	(14,253)	7,604
Accounts payable and accrued expenses	35,207	34,950
Accrued vacation and sabbatical	26,832	22,220
Deferred revenue	(15,000)	8,500
Net cash provided (used) by operating activities	<u>385,230</u>	<u>292,913</u>
<b>Cash flows from investing activities</b>		
Purchases of property and equipment	<u>(12,004)</u>	<u>(14,021)</u>
Net cash provided (used) by investing activities	<u>(12,004)</u>	<u>(14,021)</u>
Net change in cash	373,226	278,892
Cash, beginning of year	<u>2,527,115</u>	<u>2,248,223</u>
Cash, end of year	<u>\$ 2,900,341</u>	<u>\$ 2,527,115</u>

See Notes to the Financial Statements

**UPWARDLY GLOBAL**

**Statement of Functional Expenses  
For the Year Ended December 31, 2015  
(With Comparative Totals for the Year Ended December 31, 2014)**

	Program							Total Program	Management and General	Fundraising	Totals	
	New York	San Francisco	Chicago	Michigan	Maryland	Remote	Growth				2015	2014
Salaries	\$ 582,606	\$ 459,903	\$ 365,689	\$ 81,118	\$ 60,244	\$ 229,027	\$ 280,601	\$ 2,059,188	\$ 185,217	\$ 421,875	\$ 2,666,280	\$ 2,356,033
Employee benefits	45,214	35,691	28,380	6,295	4,675	17,774	21,776	159,805	14,374	32,740	206,919	188,602
Payroll taxes	50,021	39,486	31,397	6,965	5,172	19,664	24,092	176,797	15,902	36,221	228,920	199,471
Total Personnel	677,841	535,080	425,466	94,378	70,091	266,465	326,469	2,395,790	215,493	490,836	3,102,119	2,744,106
Contract services	76,832	11,687	21,312	355	417	14,724	167,258	292,585	9,650	72,255	374,490	279,725
Advertising and promotion	2,980	1,353	2,626	150		125	4,112	11,346	-	6	11,352	5,071
Supplies and office expense	24,475	15,542	14,645	419	101	351	667	56,200	1,000	6,972	64,172	47,011
Occupancy	71,401	59,138	26,608		8,547			165,694	9,005	5,403	180,102	163,959
Printing and publications	7,490	5,229	1,397		115		172	14,403	-	4,812	19,215	29,370
Information technology	1,422	3,603	3,002			158	1,110	9,295	-	-	9,295	925
Travel and meals	10,859	9,605	4,422	849	1,254	126	78,997	106,112	-	11,229	117,341	83,175
Depreciation	4,847	3,826	3,043				7,709	19,425	1,541	1,218	22,184	28,529
Insurance	474	488	497	257	257		2,090	4,063	-	-	4,063	4,585
License and services fees	9,468	9,204	7,830	385	439	19,716	1,098	48,140	16,210	-	64,350	65,928
Professional development	7,212	4,563	1,500	188	143	820	1,229	15,655	-	-	15,655	11,154
Miscellaneous	4,848	5,494	597	4	319	103	1,275	12,640	14,115	2,200	28,955	13,753
In-kind services							455,000	455,000	-	-	455,000	316,859
Total Expenses	\$ 900,149	\$ 664,812	\$ 512,945	\$ 96,985	\$ 81,683	\$ 302,588	\$ 1,047,186	\$ 3,606,348	\$ 267,014	\$ 594,931	\$ 4,468,293	\$ 3,794,150

See Notes to the Financial Statements



## UPWARDLY GLOBAL

### Notes to the Financial Statements For the Year Ended December 31, 2015 (With Comparative Totals for the Year Ended December 31, 2014)

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#### NOTE 1: NATURE OF ACTIVITIES

Upwardly Global (the Organization) is a California nonprofit public benefit corporation, which 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 placement to employers.

#### NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

##### **Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

##### **Basis of Presentation**

The Organization presents information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The three classes are differentiated by donor restrictions.

*Unrestricted net assets* – consist of resources which have not been specifically restricted by a donor. Unrestricted net assets may be designated for specific purposes by the Organization or may be limited by contractual agreements with outside parties.

*Temporarily restricted net assets* – contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations.

*Permanently restricted net assets* – represent contributions and other inflows of assets whose use is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization, other asset enhancements and diminishments subject to the same kinds of stipulations or reclassifications from or to other classes of net assets as a consequence of donor-imposed stipulations. There were no permanently restricted net assets as of December 31, 2015.

##### **Contributions**

Contributions, including unconditional promises to give, are recognized as revenues in the period the promise is received. Conditional promises to give are not recognized until they become unconditional; that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the date of contribution. Contributions to be received after one year are discounted at an appropriate rate commensurate with the risks involved. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions.

Unrestricted contributions and grants are recorded as unrestricted revenue when received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor.

All donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is,

## UPWARDLY GLOBAL

### **Notes to the Financial Statements For the Year Ended December 31, 2015 (With Comparative Totals for the Year Ended December 31, 2014)**

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when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

#### **Accounts Receivable**

The Organization considers all accounts receivable to be fully collectible at December 31, 2015. Accordingly, no allowance for doubtful accounts was deemed necessary. If amounts become uncollectible, they are charged to expense in the period in which that determination is made.

#### **Income Taxes**

The Internal Revenue Service and the California Franchise Tax Board have determined that the Organization is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and the California Revenue and Taxation Code Section 23701(d). The Organization has evaluated its current tax positions as of December 31, 2015 and is not aware of any significant uncertain tax positions for which a reserve would be necessary. The Organization's tax returns are generally subject to examination by federal and state taxing authorities for three and four years, respectively after they are filed.

#### **Contributed Services**

Contributed services are reflected in the financial statements at the fair value of the services received only if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

#### **Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

#### **Fair Value Measurements**

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Organization determines the fair values of its assets and liabilities based on a fair value hierarchy that includes three levels of inputs that may be used to measure fair value.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the assets or liability.

The Organization had no assets or liabilities recorded at fair value on December 31, 2015.

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### Notes to the Financial Statements For the Year Ended December 31, 2015 (With Comparative Totals for the Year Ended December 31, 2014)

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#### Concentration of Credit Risk

At times, the Organization may have deposits in excess of federally insured limits. The risk is managed by maintaining all deposits in high quality financial institutions.

#### Property and Equipment

Property and equipment purchased by the Organization is recorded at cost. The Organization capitalizes all expenditures for property and equipment over \$500; the fair value of donated fixed assets is similarly capitalized. Depreciation is computed using the straight-line method over the estimated useful lives on the property and equipment or the related lease terms as follows:

Furniture and equipment	3-5 years
Leasehold improvements	6 years

Expenditures for major renewals and betterments that extend the useful lives of the property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Management reviews long-lived assets for impairment when circumstances indicate the carrying amount of the asset may not be recoverable. Impairment is recognized if the sum of the undiscounted estimated future cash flows expected to result from the use of the asset is less than the carrying value. When an impairment loss is recognized, the asset's carrying value is reduced to its estimated fair value.

#### Deferred Revenue

Deferred revenue represents employee placement fees, which have not yet been completely fulfilled.

#### Functional Allocation of Expenses

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

#### Prior Year Summarized Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2014, from which the summarized information was derived.

#### Reclassifications

Certain accounts in the prior year's summarized information have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

#### Subsequent Events

The Organization has evaluated subsequent events and has concluded that as of May 10, 2016 the date that the financial statements were available to be issued, there were no significant subsequent events to disclose.

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**Notes to the Financial Statements**  
**For the Year Ended December 31, 2015**  
**(With Comparative Totals for the Year Ended December 31, 2014)**

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**NOTE 3: PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at December 31:

	<u>2015</u>	<u>2014</u>
Furniture and equipment	\$ 96,096	\$ 84,092
Leasehold improvements	47,525	47,525
Less accumulated depreciation	<u>(118,257)</u>	<u>(96,073)</u>
Total	<u>\$ 25,364</u>	<u>\$ 35,544</u>

**NOTE 4: COMMITMENTS**

**Operating Leases**

The Organization is party to leases for office space in San Francisco, San Jose, New York and Chicago which expire at various dates. Future minimum operating lease payments are as follows for the years ending December 31:

2016	\$ 79,666
2017	<u>18,810</u>
Total	<u>\$ 98,476</u>

Rent for the years ended December 31, 2015 and 2014 was \$159,940 and \$138,933, respectively.

**NOTE 5: CONTINGENCIES**

**Compliance with Donor Restrictions**

Grant awards require the fulfillment of certain conditions as set forth in the instrument of grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. The Organization deems this contingency remote since by accepting the grants and their terms, it has accommodated the objectives of the Organization to the provisions of the grants. The Organization's management is of the opinion that the Organization has complied with the terms of all grants.

**Accrued Sabbatical**

In addition to regular vacation leave, the Organization grants employees a paid sabbatical leave of 4 weeks after completion of the 5th year of service, to be taken during or after the 6th year of service. Part-time employees are eligible for a pro-rated number of days' leave. As of December 31, 2015 and 2014, \$42,454 and \$44,551 in accrued sabbatical leave was recorded on the financial statements, respectively.

**NOTE 6: TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets were available as follows as of December 31:

	<u>2015</u>	<u>2014</u>
Program (NY)	\$ 76,250	\$ 126,980
Program (SF)	-	95,243
Program (CH)	60,000	86,563
Program (Growth)	200,000	-
Program (Remote)	160,000	11,980

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**Notes to the Financial Statements  
For the Year Ended December 31, 2015  
(With Comparative Totals for the Year Ended December 31, 2014)**

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Time restricted (NY)	67,708	285,071
Time restricted (SF)	206,906	287,444
Time restricted (CH)	-	98,610
Time restricted (Growth)	-	39,583
Time restricted (Remote)	<u>-</u>	<u>79,167</u>
Total	<u>\$ 770,864</u>	<u>\$ 1,110,641</u>

Temporarily restricted net assets were released from donor restriction by incurring expenses satisfying the purposes specified by donors as follows during the year ended December 31:

	<u>2015</u>	<u>2014</u>
Program (NY)	\$ 585,730	\$ 441,270
Program (SF)	404,524	210,240
Program (CH)	236,563	115,937
Program (GROWTH)	500,000	49,167
Program (Remote)	271,980	215,520
Program (Michigan)	5,000	-
Passage of time (NY)	415,447	357,175
Passage of time (SF)	370,538	363,894
Passage of time (CH)	98,610	143,121
Time restricted (GROWTH)	39,583	65,417
Time restricted (Remote)	<u>79,167</u>	<u>85,833</u>
Total	<u>\$ 3,007,142</u>	<u>\$ 2,047,574</u>

**NOTE 7: IN-KIND CONTRIBUTIONS**

The Organization received the benefit of the following in-kind support during the year ended December 31:

	<u>2015</u>	<u>2014</u>
Strategy development	\$ 455,000	\$ 293,384
Other services	-	10,000
Tablets	-	7,475
Rent	<u>-</u>	<u>6,000</u>
Total	<u>\$ 455,000</u>	<u>\$ 316,859</u>

Strategy development consisted of approximately 3,680 and 3,378 hours of service for the years ended December 31, 2015 and 2014 respectively.

**NOTE 8: EVENTS**

The Organization holds a number of special fundraising events during the year. Income from the Organization's special events consisted of the following for the year ended December 31:

	<u>2015</u>	<u>2014</u>
Contributions and sponsorships	\$ 499,978	\$ 620,157
Admissions	73,235	112,000
Less: cost of direct donor benefit	<u>(111,106)</u>	<u>(166,095)</u>
Total	<u>\$ 462,107</u>	<u>\$ 566,062</u>

**UPWARDLY GLOBAL**

**Notes to the Financial Statements  
For the Year Ended December 31, 2015  
(With Comparative Totals for the Year Ended December 31, 2014)**

**NOTE 9: REVENUE AND SUPPORT**

During the year ended December 31, 2015, the Organization allocated income including unrestricted gifts, event income net of donor benefit, governmental awards, earned income and restricted funds as follows:

	<u>Chicago</u>	<u>San Francisco</u>	<u>New York</u>	<u>Michigan</u>	<u>Remote</u>	<u>Growth</u>	<u>Total</u>
Grants	\$ 337,690	\$ 708,581	\$ 743,940	\$ 65,000	\$ 420,000	\$ 714,757	\$ 2,989,968
Contributions	20,624	148,063	88,530	-	6,383	69,865	333,465
Events, net	107,605	-	354,502	-	-	-	462,107
In-Kind	-	-	-	-	-	455,000	455,000
Fees	44,000	26,800	47,500	200	31,000	9,650	159,150
Other	-	8,088	-	-	-	821	8,909
Total	<u>\$ 509,919</u>	<u>\$ 891,532</u>	<u>\$ 1,234,472</u>	<u>\$ 65,200</u>	<u>\$ 457,383</u>	<u>\$ 1,250,093</u>	<u>\$ 4,408,599</u>