



AUDIT REPORT

**FINANCIAL AND FEDERAL AWARD
COMPLIANCE EXAMINATION**

FOR THE YEAR ENDED DECEMBER 31, 2022

UPWARDLY GLOBAL

CONTENTS

	PAGE NO.
I. Financial Section	
Financial Statements, for the Years Ended December 31, 2022 and 2021, Including the Schedules of Expenditures of Federal Awards and Findings and Questioned Costs	I-(1 - 22)
II. Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	II-(1 - 2)
III. Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	III-(1 - 3)

FINANCIAL STATEMENTS



**FOR THE YEARS ENDED
DECEMBER 31, 2022 AND 2021**

UPWARDLY GLOBAL

CONTENTS

	PAGE NO.
INDEPENDENT AUDITOR'S REPORT	I-(2 - 4)
EXHIBIT A - Statements of Financial Position, as of December 31, 2022 and 2021	I-5
EXHIBIT B - Statement of Activities and Changes in Net Assets, for the Year Ended December 31, 2022	I-6
EXHIBIT C - Statement of Activities and Changes in Net Assets, for the Year Ended December 31, 2021	I-7
EXHIBIT D - Statement of Functional Expenses, for the Year Ended December 31, 2022	I-8
EXHIBIT E - Statement of Functional Expenses, for the Year Ended December 31, 2021	I-9
EXHIBIT F - Statements of Cash Flows, for the Years Ended December 31, 2022 and 2021	I-10
NOTES TO FINANCIAL STATEMENTS	I-(11 - 19)
SUPPLEMENTAL INFORMATION	
SCHEDULE 1 - Schedule of Expenditures of Federal Awards, for the Year Ended December 31, 2022	I-20
SCHEDULE 2 - Schedule of Findings and Questioned Costs, for the Year Ended December 31, 2022	I-(21 - 22)



CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of Upwardly Global, which comprise the statements of financial position as of December 31, 2022 and 2021, 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.

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, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Upwardly Global and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Upwardly Global's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government auditing standards* will always detect a material misstatement when it exists.

4550 MONTGOMERY AVENUE · SUITE 800 NORTH · BETHESDA, MARYLAND 20814
(301) 951-9090 · WWW.GRF CPA.COM

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

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Upwardly Global's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Upwardly Global's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Other Information Included in Upwardly Global's Annual Report

Management is responsible for the other information included in Upwardly Global's annual report. The other information comprises the 2022 and 2021 Financials, but does not include the audited financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Expenditures of Federal Awards on page I-20, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, 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 financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 10, 2023, on our consideration of Upwardly Global's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Upwardly Global's internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Upwardly Global's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Gelman Rosenberg & Freedman".

July 10, 2023

UPWARDLY GLOBAL

STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2022 AND 2021

ASSETS

	<u>2022</u>	<u>2021</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 19,032,642	\$ 8,559,581
Receivables, net of allowance for doubtful accounts of \$3,100 and \$0, respectively	2,838,128	3,210,679
Prepaid expenses	<u>59,246</u>	<u>42,555</u>
Total current assets	<u>21,930,016</u>	<u>11,812,815</u>
FIXED ASSETS		
Equipment	15,079	15,079
Furniture	105,999	80,472
Computer equipment	35,900	35,900
Leasehold improvements	7,525	-
Software	<u>121,830</u>	<u>-</u>
	286,333	131,451
Less: Accumulated depreciation	<u>(138,602)</u>	<u>(128,586)</u>
Net fixed assets	<u>147,731</u>	<u>2,865</u>
OTHER ASSETS		
Deposits	99,085	120,669
Right-of-use assets	1,229,232	-
Receivables, net of current portion	<u>-</u>	<u>657,447</u>
Total other assets	<u>1,328,317</u>	<u>778,116</u>
TOTAL ASSETS	<u>\$ 23,406,064</u>	<u>\$ 12,593,796</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Loan payable	\$ -	\$ 866,359
Accounts payable and accrued expenses	220,449	179,582
Accrued salaries and related benefits	451,813	367,034
Refundable advances	175,000	108,375
Deferred employer partner fees	402,992	192,430
Operating lease liabilities	<u>266,712</u>	<u>-</u>
Total current liabilities	1,516,966	1,713,780
LONG-TERM LIABILITIES		
Operating lease liabilities, net of current portion	<u>1,019,523</u>	<u>-</u>
Total liabilities	<u>2,536,489</u>	<u>1,713,780</u>
NET ASSETS		
Without donor restrictions	8,945,007	5,203,596
With donor restrictions	<u>11,924,568</u>	<u>5,676,420</u>
Total net assets	<u>20,869,575</u>	<u>10,880,016</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 23,406,064</u>	<u>\$ 12,593,796</u>

UPWARDLY GLOBAL

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Contributions and grants:			
Corporate and foundation grants	\$ 568,267	\$ 13,340,925	\$ 13,909,192
Individual contributions	669,753	-	669,753
Government grants	2,113,687	-	2,113,687
In-kind contributions	2,432,380	-	2,432,380
Special events, net of direct benefits to donors of \$141,369	661,762	-	661,762
Net assets released from donor restrictions	<u>7,092,777</u>	<u>(7,092,777)</u>	<u>-</u>
Total contributions	<u>13,538,626</u>	<u>6,248,148</u>	<u>19,786,774</u>
Earned revenue	359,285	-	359,285
Fee for service	705,000	-	705,000
Other revenue	<u>20,914</u>	<u>-</u>	<u>20,914</u>
Total support and revenue	<u>14,623,825</u>	<u>6,248,148</u>	<u>20,871,973</u>
EXPENSES			
Personnel	7,325,240	-	7,325,240
Contract Services	686,621	-	686,621
Occupancy	336,790	-	336,790
Hardware and Software	281,252	-	281,252
Scholarships	149,437	-	149,437
Travel and Meals	143,754	-	143,754
Advertising and Outreach	141,188	-	141,188
Third Party Fees	78,468	-	78,468
Insurance	40,199	-	40,199
Supplies and Office	19,122	-	19,122
Depreciation and Amortization	10,016	-	10,016
Other Expenses	104,306	-	104,306
In-Kind Services - Consulting, Rent and Licenses	<u>2,432,380</u>	<u>-</u>	<u>2,432,380</u>
Total expenses	<u>11,748,773</u>	<u>-</u>	<u>11,748,773</u>
Changes in net assets before other item	2,875,052	6,248,148	9,123,200
OTHER ITEM			
Forgiveness of debt	<u>866,359</u>	<u>-</u>	<u>866,359</u>
Changes in net assets after other item	3,741,411	6,248,148	9,989,559
Net assets at beginning of year	<u>5,203,596</u>	<u>5,676,420</u>	<u>10,880,016</u>
NET ASSETS AT END OF YEAR	<u>\$ 8,945,007</u>	<u>\$ 11,924,568</u>	<u>\$ 20,869,575</u>

UPWARDLY GLOBAL

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Contributions and grants:			
Corporate and foundation grants	\$ 174,721	\$ 7,920,225	\$ 8,094,946
Individual contributions	771,988	-	771,988
Government grants	1,078,765	-	1,078,765
In-kind contributions	1,858,721	-	1,858,721
Special events, net of direct benefits to donors of \$40,152	692,459	-	692,459
Net assets released from donor restrictions	<u>4,577,863</u>	<u>(4,577,863)</u>	<u>-</u>
Total contributions	<u>9,154,517</u>	<u>3,342,362</u>	<u>12,496,879</u>
Earned revenue	128,941	-	128,941
Fee for service	254,200	-	254,200
Other revenue	<u>6,964</u>	<u>-</u>	<u>6,964</u>
Total support and revenue	<u>9,544,622</u>	<u>3,342,362</u>	<u>12,886,984</u>
EXPENSES			
Personnel	5,330,143	-	5,330,143
Contract Services	485,851	-	485,851
Occupancy	325,418	-	325,418
Hardware and Software	197,697	-	197,697
Scholarships	107,408	-	107,408
Advertising and Supplies	98,286	-	98,286
Third Party Processing Fees	41,051	-	41,051
Depreciation and Amortization	47,882	-	47,882
Other Expenses	155,539	-	155,539
In-Kind Services - Consulting, Rent and Licenses	<u>1,858,721</u>	<u>-</u>	<u>1,858,721</u>
Total expenses	<u>8,647,996</u>	<u>-</u>	<u>8,647,996</u>
Changes in net assets before other item	896,626	3,342,362	4,238,988
OTHER ITEM			
Forgiveness of debt	<u>840,845</u>	<u>-</u>	<u>840,845</u>
Changes in net assets after other item	1,737,471	3,342,362	5,079,833
Net assets at beginning of year	<u>3,466,125</u>	<u>2,334,058</u>	<u>5,800,183</u>
NET ASSETS AT END OF YEAR	<u>\$ 5,203,596</u>	<u>\$ 5,676,420</u>	<u>\$ 10,880,016</u>

UPWARDLY GLOBAL

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Program Services							Supporting Services				
	National Program	New York Program	Eastern Program	Central Program	Western Program	Jobversity Program	ER Partnerships	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
Salaries	\$ 1,804,274	\$ 606,850	\$ 448,792	\$ 527,011	\$ 510,940	\$ 322,892	\$ 214,260	\$ 4,435,019	\$ 1,059,148	\$ 413,728	\$ 1,472,876	\$ 5,907,895
Employee benefits	235,039	118,601	48,162	123,245	73,500	68,787	12,524	679,858	221,941	60,956	282,897	962,755
Payroll taxes	134,818	47,395	35,313	41,050	40,411	25,391	16,652	341,030	82,193	31,367	113,560	454,590
Total personnel	2,174,131	772,846	532,267	691,306	624,851	417,070	243,436	5,455,907	1,363,282	506,051	1,869,333	7,325,240
Contract services	438,471	179,054	3,206	20,836	14,142	7,910	5,155	668,774	128,564	75,776	204,340	873,114
Occupancy	99,785	35,463	24,424	31,722	28,672	19,138	11,148	250,352	72,213	14,225	86,438	336,790
Hardware and software	98,013	25,853	18,408	24,638	20,351	10,291	3,523	201,077	57,498	22,677	80,175	281,252
Scholarships	36,971	43,768	35,557	18,180	14,961	-	-	149,437	-	-	-	149,437
Travel and meals	100,509	3,691	3,822	5,963	6,596	5,252	-	125,833	9,461	8,460	17,921	143,754
Advertising and outreach	46,843	69,198	9,507	2,032	8,608	-	-	136,188	-	5,000	5,000	141,188
Third party processing fees	15,174	5,390	3,712	4,821	4,358	2,909	1,694	38,058	9,153	31,257	40,410	78,468
Insurance	12,028	4,275	2,944	3,824	3,456	2,307	1,344	30,178	7,206	2,815	10,021	40,199
Supplies and office	7,336	11,613	658	454	4,438	161	-	24,660	5,041	1,291	6,332	30,992
Depreciation and amortization	2,997	1,065	733	953	861	575	335	7,519	1,796	701	2,497	10,016
Miscellaneous	41,087	3,483	991	5,096	7,444	1,274	-	59,375	29,336	25,564	54,900	114,275
In-kind services	1,816,781	-	-	40,000	10,518	385,209	144,000	2,396,508	35,872	-	35,872	2,432,380
Total expenses	4,890,126	1,155,699	636,229	849,825	749,256	852,096	410,635	9,543,866	1,719,422	693,817	2,413,239	11,957,105
Less: Special event expenses	-	(141,369)	-	-	-	-	-	(141,369)	-	(66,963)	(66,963)	(208,332)
TOTAL	\$ 4,890,126	\$ 1,014,330	\$ 636,229	\$ 849,825	\$ 749,256	\$ 852,096	\$ 410,635	\$ 9,402,497	\$ 1,719,422	\$ 626,854	\$ 2,346,276	\$ 11,748,773

See accompanying notes to financial statements.

UPWARDLY GLOBAL

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Program Services							Supporting Services				
	National Program	New York Program	Eastern Program	Central Program	Western Program	Jobversity Program	ER Partnerships	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total Expenses
Salaries	\$ 1,101,859	\$ 526,521	\$ 341,072	\$ 341,619	\$ 482,438	\$ 190,188	\$ 142,989	\$ 3,126,686	\$ 766,044	\$ 350,501	\$ 1,116,545	\$ 4,243,231
Employee benefits	162,805	86,465	51,911	96,133	84,880	36,619	11,836	530,649	161,240	55,874	217,114	747,763
Payroll taxes	85,624	43,030	27,992	27,202	39,367	15,421	10,726	249,362	61,537	28,250	89,787	339,149
Total personnel	1,350,288	656,016	420,975	464,954	606,685	242,228	165,551	3,906,697	988,821	434,625	1,423,446	5,330,143
Contract services	112,508	120,498	79,076	37,322	18,884	34,654	-	402,942	110,400	12,449	122,849	525,791
Occupancy	94,472	40,829	26,201	28,938	37,759	15,076	-	243,275	69,459	12,684	82,143	325,418
Hardware and software	50,948	13,041	10,744	18,093	18,257	23,882	-	134,965	49,831	12,901	62,732	197,697
Scholarships	67,421	3,331	21,173	363	15,120	-	-	107,408	-	-	-	107,408
Advertising and outreach	38,205	15,388	778	6,169	3,421	-	-	63,961	-	-	-	63,961
Third party processing fees	-	-	-	-	-	-	-	-	23,565	17,486	41,051	41,051
Insurance	10,116	4,372	2,805	3,099	4,043	1,614	-	26,049	6,365	2,919	9,284	35,333
Supplies and office	19,216	989	379	108	542	-	-	21,234	12,645	658	13,303	34,537
Travel and meals	17,433	-	-	30	25	-	-	17,488	5,643	-	5,643	23,131
Depreciation	3,593	1,553	996	1,100	1,436	573	-	9,251	2,261	1,037	3,298	12,549
Miscellaneous	38,831	11,759	-	1,581	804	-	-	52,975	36,526	42,907	79,433	132,408
In-kind services	1,603,430	-	35,376	-	14,580	34,544	-	1,687,930	155,791	15,000	170,791	1,858,721
Total expenses	3,406,461	867,776	598,503	561,757	721,556	352,571	165,551	6,674,175	1,461,307	552,666	2,013,973	8,688,148
Less: Special event expenses	-	(40,152)	-	-	-	-	-	(40,152)	-	-	-	(40,152)
TOTAL	\$ 3,406,461	\$ 827,624	\$ 598,503	\$ 561,757	\$ 721,556	\$ 352,571	\$ 165,551	\$ 6,634,023	\$ 1,461,307	\$ 552,666	\$ 2,013,973	\$ 8,647,996

See accompanying notes to financial statements.

UPWARDLY GLOBAL

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 9,989,559	\$ 5,079,833
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	10,016	12,549
Amortization of right-of-use assets	280,280	-
Forgiveness of debt	(866,359)	(840,845)
Donated securities received	(22,163)	(49,699)
Proceeds from sale of donated securities	22,449	48,806
Realized (gain) loss on donated securities	(286)	893
Decrease (increase) in:		
Receivables	1,029,998	(2,384,149)
Prepaid expenses	(16,691)	22,617
Deposits	21,584	(38,780)
Increase (decrease) in:		
Accounts payable and accrued expenses	53,847	86,435
Accrued salaries and related benefits	84,779	66,398
Refundable advances	66,625	108,375
Deferred employer partner fees	210,562	69,779
Operating lease liabilities	<u>(236,257)</u>	<u>-</u>
Net cash provided by operating activities	<u>10,627,943</u>	<u>2,182,212</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of fixed assets	<u>(154,882)</u>	<u>-</u>
Net cash used by investing activities	<u>(154,882)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loan payable	<u>-</u>	<u>866,359</u>
Net cash provided by financing activities	<u>-</u>	<u>866,359</u>
Net increase in cash and cash equivalents	10,473,061	3,048,571
Cash and cash equivalents at beginning of year	<u>8,559,581</u>	<u>5,511,010</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 19,032,642</u>	<u>\$ 8,559,581</u>
SCHEDULE OF NONCASH TRANSACTIONS:		
Right-of-Use-Assets	<u>\$ 1,509,512</u>	<u>\$ -</u>
Operating Lease Liabilities for Right-of-Use Assets	<u>\$ 1,522,492</u>	<u>\$ -</u>

See accompanying notes to financial statements.

UPWARDLY GLOBAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

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 United States of America. At the same time, Upwardly Global promotes immigrant inclusion in the workplace by providing employers with education, employee engagement and access to talent.

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.

New accounting pronouncements adopted -

During 2022, Upwardly Global adopted ASU 2019-01, *Leases* (Topic 842), which changed the accounting treatment for operating leases by requiring recognition of a lease asset and lease liability at the present value of the lease payments in the Statements of Financial Position and disclosure of key information about leasing arrangements. Upwardly Global applied the new standard using the modified retrospective approach and adopted the practical expedient package to not reassess at adoption (i) expired or existing contracts for whether they are or contain a lease, (ii) the lease classification of any existing leases or (iii) initial indirect costs for existing leases. See Note 8 for further details.

During the year ended December 31, 2022, Upwardly Global adopted ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which improves generally accepted accounting principles in the United States (U.S. GAAP) by increasing the transparency of contributed nonfinancial assets for not-for-profit (NFP) entities through enhancements to presentation and disclosure.

UPWARDLY GLOBAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

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

New accounting pronouncements adopted (continued) -

The amendments in this Update address certain stakeholders' concerns about the lack of transparency relating to the measurement of contributed nonfinancial assets recognized by NFPs, as well as the amount of those contributions used in a NFP's programs and other activities. The ASU was adopted retrospectively and did not change the recognition and measurement requirements for those contributed nonfinancial assets.

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.

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, 2022 and 2021 totaled \$10,016 and \$12,549, 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, 2022 and 2021, 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.

Support and 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*.

UPWARDLY GLOBAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

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

Support and revenue (continued) -

Contributions and grants -

Upwardly Global receives contributions, including unconditional promises to give, from many sources as well as grants from the U.S. Government, organizations and other entities. Contributions and grants are recognized in the appropriate category of net assets in the period received.

For contributions and grants qualifying under the contribution rules, revenue is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Contributions and grants qualifying as contributions that are unconditional that have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions; such funds in excess of expenses incurred are shown as net assets with donor restrictions in the accompanying financial statements.

Contributions and grants qualifying as conditional contributions contain a right of return and a barrier. Revenue is recognized when the condition or conditions are satisfied.

Most grants and awards from the United States Government and other entities are for direct and indirect program costs. These transactions are nonreciprocal and recognized as contributions when the revenue becomes unconditional.

Funds received in advance of the incurrence of qualifying expenditures are recorded as deferred revenue unless they are from the United States Government which is then recorded as a refundable advance. As of December 31, 2022 and 2021, Upwardly Global had approximately \$3,500,000 and \$2,200,000 in unrecognized conditional awards, respectively.

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. Contributed services are recognized as contributions 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 Upwardly Global.

Contracts and program revenue -

Contracts and program revenue 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 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

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

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

Support and revenue (continued) -

Contracts and program revenue (continued) -

Upwardly Global has determined that employer partner fees, including Access Fees subscriptions 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), when the related event (generally one day) has occurred or when the user is given access to Upwardly Global's learning environment. Amounts received in advance of completing the performance obligation are reported as deferred revenue in the accompanying financial statements. Deferred revenue was \$122,651 as of December 31, 2020. There were no receivables from contracts with customers as of December 31, 2022 or 2020; receivables from contracts with customers were \$220,000 as of December 31, 2021.

Special events -

Special events revenue (net of event expenses) includes ticket sales and sponsorships, which are recorded as revenue when the performance obligation is met which is when the related event has occurred. The transaction price is determined based on the cost or sales price.

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 Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. 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 actual time and effort or other reasonable basis.

Reclassification -

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation. These reclassifications had no effect on the previously reported changes in net assets.

New accounting pronouncement not yet adopted -

Accounting Standard Update (ASU) 2016-13, *Financial Instruments – Credit Losses* (Topic 326), replaces the incurred loss impairment methodology in current U.S. GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates.

UPWARDLY GLOBAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

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

New accounting pronouncement not yet adopted (continued) -

The ASU is effective for Upwardly Global for the year ending December 31, 2023. The ASU can be applied at the beginning of the earliest period presented using a modified retrospective approach.

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. RECEIVABLES

As of December 31, 2022 and 2021, Upwardly Global has receivables totaling \$2,841,228 and \$3,868,126, respectively, which are due and outstanding.

Following is a schedule of amounts due, by year, as of December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Less than one year	\$ 2,841,228	\$ 3,210,679
One to five years	<u>-</u>	<u>657,447</u>
Total	2,841,228	3,868,126
Less: Allowance for doubtful receivables	<u>(3,100)</u>	<u>-</u>
NET RECEIVABLES	<u>\$ 2,838,128</u>	<u>\$ 3,868,126</u>

3. 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 called 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, 2021, 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.

On February 24, 2021, Upwardly Global received full forgiveness of their PPP loan by the Small Business Administration, including accrued interest. The PPP loan forgiveness is included in the accompanying Statements of Activities and Changes in Net Assets as an "Other Item".

On April 19, 2021, Upwardly Global received loan proceeds 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 monthly principal and interest payments amortized over the five-year term of the promissory note with a deferral of payments for the first ten months, or until forgiveness is determined. During the year ended December 31, 2022, 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, 2022 AND 2021**

3. LOAN PAYABLE (Continued)

On January 14 2022, Upwardly Global received full forgiveness of their PPP loan by the Small Business Administration, including accrued interest. The PPP loan forgiveness is included in the accompanying Statements of Activities and Changes in Net Assets as an "Other Item".

4. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at December 31, 2022 and 2021:

	2022	2021
Purpose restrictions:		
National Program	\$ 10,544,953	\$ 4,727,831
New York Program	624,855	571,613
Eastern Program	35,000	37,317
Central Program	484,569	141,923
Western Program	235,191	197,736
TOTAL NET ASSETS WITH DONOR RESTRICTIONS	\$ 11,924,568	\$ 5,676,420

The following net assets with donor restrictions were released from donor restrictions at December 31, 2022 and 2021, by incurring expenses which satisfied the restricted purposes specified by the donors:

	2022	2021
Purpose restrictions accomplished:		
National Program	\$ 4,457,367	\$ 2,709,819
New York Program	1,320,195	919,314
Eastern Program	47,316	58,660
Central Program	637,854	440,593
Western Program	630,045	449,477
TOTAL NET ASSETS RELEASED FROM RESTRICTIONS	\$ 7,092,777	\$ 4,577,863

5. 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, 2022 and 2021:

	2022	2021
Cash and cash equivalents	\$ 19,032,642	\$ 8,559,581
Receivables	2,838,128	3,868,126
Subtotal financial assets	21,870,770	12,427,707
Less: Donor funds restricted for specific purposes	(11,924,568)	(5,676,420)
FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR GENERAL EXPENDITURES WITHIN ONE YEAR	\$ 9,946,202	\$ 6,751,287

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

UPWARDLY GLOBAL

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

6. IN-KIND CONTRIBUTIONS

During the years ended December 31, 2022 and 2021, Upwardly Global was the beneficiary of donated goods and services which allowed Upwardly Global to provide greater resources toward various programs. There were no donor-imposed restrictions associated with the in-kind contributions during the years ended December 31, 2022 and 2021.

Donated licenses and subscriptions are valued based on the the market price of the license or subscription multiplied by the number of licenses or subscriptions donated. Donated consulting fees are valued based on the consultants' market rates multiplied by the number of hours donated. Donated advertising is valued based on the market cost of the advertisement multiplied by the number of advertisements donated. Donated rent is valued based on the market rate per square footage multiplied by the number of square feet of space donated. Donated materials are valued based on the market price of the materials donated.

To properly reflect total program expenses, the following donations have been included in revenue and expense for the years ended December 31, 2022 and 2021.

	2022	2021
Licenses and subscriptions	\$ 1,552,331	\$ 941,690
Consulting	730,919	753,816
Advertising	100,000	-
Rent	10,518	58,800
Materials and other	38,612	104,415
TOTAL	\$ 2,432,380	\$ 1,858,721

The following programs have benefited from these donated services:

	2022	2021
National Program	\$ 1,816,781	\$ 1,603,430
Eastern Program	-	35,376
Central Program	40,000	-
Western Program	10,518	14,580
Jobversity Program	385,209	34,544
Management and General	35,872	155,791
Fundraising	-	15,000
ER Partnerships	144,000	-
TOTAL	\$ 2,432,380	\$ 1,858,721

7. 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, 2022 and 2021:

	2022	2021
Corporate sponsorships	\$ 541,143	\$ 479,000
Ticket sales and individual contributions	261,988	253,611
Less: Cost of direct donor benefits	(141,369)	(40,152)
TOTAL	\$ 661,762	\$ 692,459

UPWARDLY GLOBAL

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

8. LEASE COMMITMENTS

Upwardly Global leases office space in New York, Chicago and San Francisco. The leases expire at various dates through September 2029.

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.

During 2022, Upwardly Global signed an amendment to their New York office lease agreement that commenced on July 1, 2022 and terminates on September 30, 2029. Base rent under this agreement is \$11,944 per month, increasing by a factor of 2.5% per year. Under the lease agreement, Upwardly Global will receive rent abatement for the first six months of the lease.

ASU 2019-01, *Leases* (Topic 842), changes the accounting treatment for operating leases by requiring recognition of a lease asset and lease liability at the present value of the lease payments in the Statements of Financial Position and disclosure of key information about leasing arrangements. Upwardly Global elected the practical expedient that allows lessees to choose to not separate lease and non-lease components by class of underlying asset and are applying this expedient to all relevant asset classes. Upwardly Global adopted the package of practical expedients to not perform any lease reclassification, did not reevaluate embedded leases and did not reassess initial direct costs. As a result, at the beginning of the fiscal year, Upwardly Global recorded right-of-use assets in the amount of \$1,509,512 and operating lease liabilities in the amount of \$1,522,492. As of December 31, 2022, the weighted-average remaining lease term and rate for the leases is 5.26 years and 4.29%.

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

<u>Year Ending December 31,</u>	
2023	\$ 283,974
2024	255,918
2025	197,668
2026	156,275
2027	160,182
Thereafter	<u>289,886</u>
	1,343,903
Less: Imputed interest	<u>(57,668)</u>
	1,286,235
Less: Current portion	<u>(266,712)</u>
LONG-TERM PORTION	<u>\$ 1,019,523</u>

Rent expense, net of in-kind contributions, for the years ended December 31, 2022 and 2021 totaled \$323,850 and \$312,719, respectively. This is included in occupancy on the statement of functional expenses.

9. 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

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2022 AND 2021

9. RETIREMENT PLAN (Continued)

Upwardly Global provides discretionary contributions to the Plan. There were employer contributions in the amount of \$118,125 and \$87,374 made to the Plan for the years ended December 31, 2022 and 2021, respectively.

10. CONTINGENCY

Upwardly Global receives grants from various agencies of the United States Government. Beginning for fiscal year ended December 31, 2015, such grants are subject to audit under the provisions of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. The ultimate determination of amounts received under the United States Government grants is based upon the allowance of costs reported to and accepted by the United States Government as a result of the audits. Audits in accordance with the applicable provisions have been completed for all required fiscal years through 2022. Until such audits have been accepted by the United States Government, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

11. RELATED PARTY TRANSACTIONS

During 2022 and 2021, Upwardly Global received financial support from entities affiliated with members of Upwardly Global's Board of Directors totaling approximately \$712,000 and \$167,000, respectively. In addition, Upwardly Global received in-kind consulting, advertising and subscription services from entities affiliated with members of Upwardly Global's Board of Directors for the years ended December 31, 2022 and 2021 totaling approximately \$576,000 and \$150,000, respectively.

12. SUBSEQUENT EVENTS

In preparing these financial statements, Upwardly Global has evaluated events and transactions for potential recognition or disclosure through July 10, 2023, the date the financial statements were issued.

SUPPLEMENTAL INFORMATION

UPWARDLY GLOBAL

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022**

<u>Federal Grantor</u>	<u>Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Pass-Through to Subrecipients</u>	<u>Total Federal Expenditures</u>
Department of Health and Human Services				
Pass-through from the State of Illinois: Social Services Block Grants	93.667	FCSAK00439	\$ -	\$ 103,844
Refugee and Entrant Assistance Discretionary Grants	93.576	N/A	2,045	906,758
Pass-through from the International Rescue Committee: Switchboard	93.576	T3AKBWA7X4H6	-	90,470
Subtotal ALN 93.576			2,045	997,228
Pass-through from the New York State Department of State: Community Services Block Grants	93.569	C1001862	-	511,851
Pass-through from California Department of Social Services: Afghan Arrival Job Readiness	93.566	AAJR22	-	78,397
Subtotal Department of Health and Human Services			2,045	1,691,320
Department of Labor				
Pass-through from the New York State Department of Labor: WIA/WIOA Dislocated Worker Formula Grants	17.278	C19433GG	-	8,400
Total Department of Labor			-	8,400
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 2,045	\$ 1,699,720

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the Federal award activity of Upwardly Global under programs of the Federal Government for the year ended December 31, 2022. Information in the Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. The Schedule presents only a selected portion of the operations of Upwardly Global; accordingly, it is not intended to and does not present the financial position, changes in net assets or cash flows of Upwardly Global.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Upwardly Global has elected to use the 10-percent de minimis indirect cost rate as allowed under Uniform Guidance.

UPWARDLY GLOBAL
SCHEDULE OF FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2022

Section I - Summary of Auditor's Results

Financial Statements

1). Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP on the accrual basis of accounting: Unmodified

2). Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None Reported

3). Noncompliance material to financial statements noted? Yes No

Federal Awards

4). Internal control over major federal programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None Reported

5). Type of auditor's report issued on compliance for major federal programs: Unmodified

6). Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes No

7). Identification of major federal programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
93.576	Refugee and Entrant Assistance Discretionary Grants

8). Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

9). Auditee qualified as a low-risk auditee? Yes No

UPWARDLY GLOBAL

**SCHEDULE OF FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Section II - Financial Statement Findings

There were no reportable findings.

Section III - Federal Award Findings and Questioned Costs (2 CFR 200.516(a))

There were no reportable findings.

Section IV - Prior Year Findings and Questioned Costs With Current Year Status

There were no prior year reportable findings.



CPAs & ADVISORS

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Upwardly Global as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise Upwardly Global's basic financial statements, and have issued our report thereon dated July 10, 2023.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

4550 MONTGOMERY AVENUE · SUITE 800 NORTH · BETHESDA, MARYLAND 20814
(301) 951-9090 · WWW.GRFCPA.COM

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in cursive script that reads "Gelman Rosenberg & Friedman".

July 10, 2023



CPAs & ADVISORS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Upwardly Global's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Upwardly Global's major federal programs for the year ended December 31, 2022. Upwardly Global's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings.

In our opinion, Upwardly Global complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Upwardly Global's and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Upwardly Global's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Upwardly Global's federal programs.

4550 MONTGOMERY AVENUE · SUITE 800 NORTH · BETHESDA, MARYLAND 20814
(301) 951-9090 · WWW.GRFCPA.COM

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Upwardly Global's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Upwardly Global's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Upwardly Global's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Upwardly Global's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Upwardly Global's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Gelman Rosenberg & Freedman

July 10, 2023