



Batts Morrison  
Wales & Lee

CERTIFIED PUBLIC ACCOUNTANTS

# Upward Unlimited and Subsidiaries

Consolidated Financial Statements

For The Years Ended September 30, 2023 and 2022



Batts Morrison  
Wales & Lee

CERTIFIED PUBLIC ACCOUNTANTS

## REPORT OF INDEPENDENT AUDITOR

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

### ***Opinion***

We have audited the accompanying consolidated financial statements of Upward Unlimited and Subsidiaries (“the Organization”), which consist of the consolidated statements of financial position as of September 30, 2023 and 2022, and the related consolidated statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Upward Unlimited and Subsidiaries as of September 30, 2023 and 2022, the changes in its consolidated net assets and its consolidated 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. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization 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 Consolidated Financial Statements***

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

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

### ***Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements 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 will always detect a material misstatement when it exists. 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 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 consolidated financial statements.

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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 risk of material misstatement of the consolidated 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 consolidated 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 the Organization'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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.

***Report on Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The accompanying supplemental consolidating statement of financial position as of September 30, 2022 and the supplemental consolidating statements of activities for the years ended September 30, 2023 and 2022, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the consolidated financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

*Batts Morrison Wales & Lee, P.A.*

BATTS MORRISON WALES & LEE, P.A.

Orlando, Florida  
December 18, 2023

**UPWARD UNLIMITED AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

**ASSETS**

	September 30,	
	2023	2022
<b>ASSETS</b>		
Cash and cash equivalents	\$ 4,118,967	\$ 4,312,555
Cash held for church partners	810,751	761,872
Investments	31,273,197	4,787,866
Accounts and other receivables, net	652,265	445,707
Prepays and other assets	224,101	100,805
Inventory, net	3,147,030	2,201,054
Note receivable	7,200,000	—
Property and equipment, net	283,107	22,715,478
<b>Total assets</b>	<b>\$ 47,709,418</b>	<b>\$ 35,325,337</b>

**LIABILITIES AND NET ASSETS**

<b>LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 1,240,703	\$ 968,438
Payable to church partners	810,751	761,872
<b>Total liabilities</b>	<b>2,051,454</b>	<b>1,730,310</b>

**NET ASSETS**

Without donor restrictions		
Undesignated	19,478,166	33,527,085
Designated	26,179,798	—
Total without donor restrictions	45,657,964	33,527,085
With donor restrictions		
	—	67,942
<b>Total net assets</b>	<b>45,657,964</b>	<b>33,595,027</b>
<b>Total liabilities and net assets</b>	<b>\$ 47,709,418</b>	<b>\$ 35,325,337</b>

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

**UPWARD UNLIMITED AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF ACTIVITIES**

	For The Year Ended September 30, 2023			For The Year Ended September 30, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>PUBLIC SUPPORT AND REVENUE AND NET ASSETS RELEASED FROM RESTRICTIONS</b>						
Program revenue, net	\$ 15,759,635	\$ —	\$ 15,759,635	\$ 13,361,990	\$ —	\$ 13,361,990
Other revenue	441,779	—	441,779	458,019	—	458,019
Investment income, net	381,044	—	381,044	125,155	—	125,155
Contributions	23,188	—	23,188	3,223	8,500	11,723
Net assets released from restrictions	<u>67,942</u>	<u>(67,942)</u>	<u>—</u>	<u>8,500</u>	<u>(8,500)</u>	<u>—</u>
<b>Total public support and revenue and net assets released from restrictions</b>	<b><u>16,673,588</u></b>	<b><u>(67,942)</u></b>	<b><u>16,605,646</u></b>	<b><u>13,956,887</u></b>	<b><u>—</u></b>	<b><u>13,956,887</u></b>
<b>EXPENSES</b>						
Program activities						
Sports ministry	13,929,265	—	13,929,265	15,647,704	—	15,647,704
Supporting activities						
General and administrative	<u>2,773,700</u>	<u>—</u>	<u>2,773,700</u>	<u>2,354,000</u>	<u>—</u>	<u>2,354,000</u>
<b>Total expenses</b>	<b><u>16,702,965</u></b>	<b><u>—</u></b>	<b><u>16,702,965</u></b>	<b><u>18,001,704</u></b>	<b><u>—</u></b>	<b><u>18,001,704</u></b>
<b>Change in net assets prior to other changes</b>	<b>(29,377)</b>	<b>(67,942)</b>	<b>(97,319)</b>	<b>(4,044,817)</b>	<b>—</b>	<b>(4,044,817)</b>
Gain on sales of properties	12,261,408	—	12,261,408	—	—	—
Noncash grant - release of notes payable obligations, net	—	—	—	4,797,000	—	4,797,000
Write-down of obsolete inventory	<u>(101,152)</u>	<u>—</u>	<u>(101,152)</u>	<u>(2,929,692)</u>	<u>—</u>	<u>(2,929,692)</u>
<b>CHANGE IN NET ASSETS</b>	<b>12,130,879</b>	<b>(67,942)</b>	<b>12,062,937</b>	<b>(2,177,509)</b>	<b>—</b>	<b>(2,177,509)</b>
<b>NET ASSETS - Beginning of year</b>	<b><u>33,527,085</u></b>	<b><u>67,942</u></b>	<b><u>33,595,027</u></b>	<b><u>35,704,594</u></b>	<b><u>67,942</u></b>	<b><u>35,772,536</u></b>
<b>NET ASSETS - End of year</b>	<b><u>\$ 45,657,964</u></b>	<b><u>\$ —</u></b>	<b><u>\$ 45,657,964</u></b>	<b><u>\$ 33,527,085</u></b>	<b><u>\$ 67,942</u></b>	<b><u>\$ 33,595,027</u></b>

The Accompanying Notes are an Integral  
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**UPWARD UNLIMITED AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	For The Years Ended September 30,	
	2023	2022
<b>OPERATING CASH FLOWS</b>		
Cash received from program revenue	\$ 15,553,077	\$ 13,875,712
Cash received from other revenue	441,779	458,019
Cash received from investments	318,853	240,486
Cash received from contributors	23,188	11,723
Cash paid for operating activities and costs	(16,284,810)	(13,452,269)
Interest paid	—	(200,380)
<b>Net operating cash flows</b>	<b>52,087</b>	<b>933,291</b>
<b>INVESTING CASH FLOWS</b>		
Purchases of investments, net	(26,423,140)	(71,884)
Proceeds from sales of properties	26,489,590	—
Purchases of and improvements to property and equipment	(263,246)	(85,442)
<b>Net investing cash flows</b>	<b>(196,796)</b>	<b>(157,326)</b>
<b>FINANCING CASH FLOWS</b>		
Repayments on note payable	—	(2,000,000)
<b>Net financing cash flows</b>	<b>—</b>	<b>(2,000,000)</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(144,709)</b>	<b>(1,224,035)</b>
<b>CASH AND CASH EQUIVALENTS - Beginning of year</b>	<b>5,074,427</b>	<b>6,298,462</b>
<b>CASH AND CASH EQUIVALENTS - End of year</b>	<b>\$ 4,929,718</b>	<b>\$ 5,074,427</b>
<b>REPORTED IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS FOLLOWS</b>		
Cash and cash equivalents	\$ 4,118,967	\$ 4,312,555
Cash held for church partners	810,751	761,872
<b>Total cash and cash equivalents</b>	<b>\$ 4,929,718</b>	<b>\$ 5,074,427</b>
<b>RECONCILIATION OF CHANGE IN NET ASSETS TO NET OPERATING CASH FLOWS</b>		
Change in net assets	\$ 12,062,937	\$ (2,177,509)
Adjustments to reconcile change in net assets to net operating cash flows		
Noncash grant - release of notes payable obligations, net	—	(4,797,000)
Depreciation and amortization	1,268,367	2,423,810
Gain on sales of property	(12,261,408)	—
Write-down of obsolete inventory	101,152	2,929,692
Net (gain) loss on investments	(62,191)	115,331
Change in accounts and other receivables, net	(206,558)	507,843
Change in prepaids and other assets	(124,228)	(56,294)
Change in inventory, net	(1,047,128)	2,042,817
Change in accounts payable and accrued expenses	272,265	8,513
Change in payable to church partners	48,879	(69,791)
Change in deferred revenue	—	5,879
<b>Net operating cash flows</b>	<b>\$ 52,087</b>	<b>\$ 933,291</b>

**SUPPLEMENTAL DISCLOSURE**

As described in Note I, the New Markets Tax Credits arrangement closed during the year ended September 30, 2022. Accordingly, \$4,797,000 of principal reductions of notes payable are included in "noncash grant - release of notes payable obligations, net" in the accompanying consolidated statement of activities for the year ended September 30, 2022.

See also Note G for details regarding a note receivable issued in connection with a certain property sale during the year ended September 30, 2023.

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

**UPWARD UNLIMITED AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES**  
For The Year Ended September 30, 2023

	<u>Program Activities</u>	<u>Supporting Activities</u>	<u>Total Expenses</u>
	<u>Sports Ministry</u>	<u>General and Administrative</u>	
Cost of goods sold - product costs	\$ 8,340,433	\$ —	\$ 8,340,433
Salaries and benefits	2,706,790	1,525,361	4,232,151
Depreciation and amortization	1,046,201	222,166	1,268,367
Outside services	473,204	374,880	848,084
Occupancy	479,020	56,045	535,065
Other operating expenses	190,427	279,016	469,443
Marketing and advertising	—	207,980	207,980
Insurance and taxes	145,361	36,429	181,790
Freight	159,628	17,874	177,502
Travel	142,927	14,890	157,817
Supplies	90,240	10,215	100,455
Telephone and internet	57,609	13,746	71,355
Training	36,866	12,012	48,878
Donation expense	33,822	—	33,822
Conference and meetings	23,936	2,723	26,659
Donated inventory and resources	2,801	—	2,801
Interest	—	363	363
<b>Total expenses</b>	<b><u>\$ 13,929,265</u></b>	<b><u>\$ 2,773,700</u></b>	<b><u>\$ 16,702,965</u></b>

For The Year Ended September 30, 2022

	<u>Program Activities</u>	<u>Supporting Activities</u>	<u>Total Expenses</u>
	<u>Sports Ministry</u>	<u>General and Administrative</u>	
Cost of goods sold - product costs	\$ 6,471,219	\$ —	\$ 6,471,219
Salaries and benefits	2,508,514	1,424,142	3,932,656
Depreciation	1,564,048	166,033	1,730,081
Donated inventory and resources	1,413,146	—	1,413,146
Outside services	782,597	342,222	1,124,819
Interest and amortization of loan costs	863,784	30,325	894,109
Other operating expenses	433,435	259,289	692,724
Occupancy	534,952	20,515	555,467
Freight	332,023	18,219	350,242
Supplies	273,113	3,269	276,382
Insurance and taxes	195,730	21,000	216,730
Travel	128,815	15,017	143,832
Telephone and internet	59,431	5,604	65,035
Donation expense	53,700	—	53,700
Marketing and advertising	—	47,192	47,192
Conference and meetings	24,690	651	25,341
Training	8,507	522	9,029
<b>Total expenses</b>	<b><u>\$ 15,647,704</u></b>	<b><u>\$ 2,354,000</u></b>	<b><u>\$ 18,001,704</u></b>

The Accompanying Notes are an Integral  
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**UPWARD UNLIMITED AND SUBSIDIARIES**  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**NOTE A – NATURE OF ACTIVITIES**

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

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

The Upward Star Center is a sports complex located in Spartanburg, South Carolina. The Star Center serves as a “living laboratory” to test and model new sports and concepts, and was designed to develop Christian leaders, coaches, referees, and partners to deliver the ultimate sports experience, while also serving as a training ground for young athletes. During the year ended September 30, 2023, the Upward Star Center sports complex was sold. See Note H.

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

- Upward Unlimited Foundation (“the Foundation”) is a South Carolina nonprofit corporation. The Foundation’s purpose is to manage and administer certain assets for the benefit of Upward and to otherwise engage in activities that benefit Upward. Upward is the sole voting member of the Foundation. During the year ended September 30, 2023, the assets held by the Foundation were granted to Upward, and the Foundation was dissolved.
- Upward Star Center, LLC (“the Star Center”) is a South Carolina limited liability company. The Star Center was formed to acquire, own, and maintain the Upward Star Center sports complex. Upward is the sole member of the Star Center. During the year ended September 30, 2023, the Upward Star Center sports complex was sold as further described in Note H. The assets held by the Star Center were then granted to Upward, and the Star Center was dissolved during the year ended September 30, 2023.
- Upward Enterprises, Inc. (“Enterprises”) is a South Carolina corporation. Enterprises was formed to provide merchandise and other ancillary products and to promote Upward and its programs. Upward owns all outstanding shares of Enterprises. Enterprises does not engage in financial activities. Enterprises was dissolved during the year ended September 30, 2023.
- The following legal entities were formed to facilitate the New Markets Tax Credit transaction described in Note I. None of these entities engage in financial transactions. Each of these entities were dissolved during the year ended September 30, 2023.

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

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

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



**UPWARD UNLIMITED AND SUBSIDIARIES**  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Revenue recognition**

The Organization's program revenue is recorded in the period the service is provided or product is delivered.

Performance obligations are determined based on the nature of the services provided by the Organization. The Organization measures the performance obligation for program fees when a contract has been signed or the commencement of a period in which programs are provided, to the point when the Organization is no longer required to provide such services, which is generally at the completion of a contract or administration of services.

The Organization measures the transaction price of such revenue based on established rates per product or service. Revenue is recognized when earned.

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

**Cash and cash equivalents**

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

**Cash held for church partners**

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

**Investments**

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

**Inventory**

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

**Allowance for doubtful accounts**

Accounts receivable and note receivable are stated net of an allowance for doubtful accounts, if any. The Organization estimates the allowance for doubtful accounts based on an analysis of the receivables, taking into consideration collection history, the age of any past due amounts, and an assessment of the debtor's ability to pay. Receivables are considered past due when payments are not made in accordance with specified terms.

**Property and equipment**

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

**UPWARD UNLIMITED AND SUBSIDIARIES**  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Net assets**

Net assets without donor restrictions are available for use at the discretion of the Board of Directors and/or management for general operating purposes. From time to time, the Board may designate a portion of these net assets for specific purposes, which makes them unavailable for use at management's discretion. During the year ended September 30, 2023, the net proceeds from the sale of the Upward campus were invested in a separate Board designated investment fund. The Board has designated a portion of net assets without donor restrictions for providing financial assistance to Upward league partners and for other strategic purposes. Net assets with donor restrictions consist of amounts restricted by donors for various operating programs.

**Functional allocation of expenses**

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

**Income taxes**

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

**Use of estimates**

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

**Reclassifications**

Certain amounts included in the September 30, 2022 consolidated financial statements have been reclassified to conform to classifications adopted during the year ended September 30, 2023. The reclassifications had no material effect on the accompanying consolidated financial statements.

**Subsequent events**

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

**UPWARD UNLIMITED AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE C – LIQUIDITY AND AVAILABILITY OF RESOURCES**

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

	September 30,	
	2023	2022
Cash and cash equivalents	\$ 4,118,967	\$ 4,312,555
Cash held for church partners	810,751	761,872
Investments	31,273,197	4,787,866
Accounts and other receivables, net	652,265	445,707
Total financial assets available within one year	36,855,180	10,308,000
Less: Amounts unavailable for general expenditure within one year		
Cash held for church partners (See Note B)	(810,751)	(761,872)
Board designations	(26,179,798)	—
Due to donor restrictions	—	(67,942)
Net financial assets available within one year	\$ 9,864,631	\$ 9,478,186

The Organization is primarily supported by program revenue and other support. As part of the Organization’s liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Board of Directors has designated certain amounts for providing financial assistance to Upward league partners and for other strategic purposes. Because of the designations, those amounts are not available for general expenditure within one year; however, the Board of Directors could make them available if necessary. The Organization has certain assets limited to use by donors. Because a donor’s restriction requires resources to be used in a specific manner or in a future period, the Organization must maintain sufficient resources to meet its responsibilities to its donors. Thus, those financial assets are not available for general expenditure within one year of the consolidated statements of financial position, and are excluded from net financial assets available to meet general expenditures within one year. Management believes the Organization has sufficient liquid assets available for general operations that may be drawn upon in the event of unanticipated financial distress or an immediate liquidity need.

**NOTE D – CONCENTRATION OF CREDIT RISK**

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

The Organization’s note receivable is due from one party.

**NOTE E – INVESTMENTS AND FAIR VALUE MEASUREMENTS**

Investments consisted of the following:

Category	September 30,	
	2023	2022
Money market and similar funds	\$ 26,179,798	\$ —
Mutual funds	5,093,399	4,787,866
Net investments	\$ 31,273,197	\$ 4,787,866

**UPWARD UNLIMITED AND SUBSIDIARIES**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE E – INVESTMENTS AND FAIR VALUE MEASUREMENTS (Continued)**

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

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

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

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

The estimated fair value of investments, which are measured on a recurring basis at September 30, 2023, are as follows:

	Total	Level 1	Level 2	Level 3
Money market and similar funds	\$ 26,179,798	\$ 26,179,798	\$ —	\$ —
Mutual funds	5,093,399	5,093,399	—	—
Total	\$ 31,273,197	\$ 31,273,197	\$ —	\$ —

The estimated fair value of investments, which are measured on a recurring basis at September 30, 2022, are as follows:

	Total	Level 1	Level 2	Level 3
Mutual funds	\$ 4,787,866	\$ 4,787,866	\$ —	\$ —
Total	\$ 4,787,866	\$ 4,787,866	\$ —	\$ —

**NOTE F – INVENTORY**

Inventory consisted of the following:

Category	September 30,	
	2023	2022
Uniforms, sports equipment, and media items	\$ 3,193,983	\$ 6,893,526
Reserve for obsolescence	(46,953)	(4,692,472)
Net inventory	\$ 3,147,030	\$ 2,201,054

**UPWARD UNLIMITED AND SUBSIDIARIES**  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**NOTE G – NOTE RECEIVABLE**

During the year ended September 30, 2023, the Organization sold certain properties as described in Note H to unrelated parties. In connection with one of the property sales, the Organization issued a note receivable of \$7,200,000. The note requires quarterly payments of interest at 7.50% per annum. The note also requires two principal payments of \$800,000 on or before August 29, 2025 and 2026, respectively. The note receivable is secured by certain property and matures in August 2028.

**NOTE H – PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following:

Category	September 30.	
	2023	2022
Land and land improvements	\$ —	\$ 15,729,531
Buildings and building improvements	—	19,540,553
Furniture, fixtures, and equipment	2,182,696	6,155,492
Total property and equipment	2,182,696	41,425,576
Less: Accumulated depreciation	(1,899,589)	(18,710,098)
Net property and equipment	\$ 283,107	\$ 22,715,478

Depreciation amounted to approximately \$1,268,000 and \$1,730,000 for the years ended September 30, 2023 and 2022, respectively.

During the year ended September 30, 2023, the Organization sold its approximately 101-acre campus to four unrelated buyers. Following is a summary of the sales and the approximate amounts recognized as "gain on sales of properties" in the accompanying consolidated statement of activities:

Cash consideration	\$ 28,000,000
Note receivable (see Note G)	7,200,000
Less: Closing costs	(1,500,000)
Net consideration	33,700,000
Less: Net book value of properties	(21,400,000)
Gain on sales of properties	\$ 12,300,000

**NOTE I – NOTES PAYABLE**

During a prior year, the Organization obtained financing to partially fund the construction and outfitting of the Upward Star Center sports complex. The financing provided net proceeds of approximately \$15,000,000 to Upward Star Center, LLC. In conjunction with the financing, Upward Unlimited Foundation advanced a \$10,203,000 "Leverage Loan" to Upward Spartanburg Investment Fund, LLC ("the Fund"), a wholly-owned subsidiary of SunTrust Community Capital, LLC ("STCC") to facilitate the provision of New Markets Tax Credit ("NMTC") equity to subsidize the Upward Star Center sports complex construction and outfitting. Because the financing was obtained pursuant to a NMTC arrangement, the Star Center expected that it would not be required to repay a portion of the financing proceeds. This expectation was based on the assumption that STCC might voluntarily elect to sell its ownership interest in the Fund to the Foundation for \$1,000 at the end of the 7-year NMTC compliance period via a put/call agreement entered into by STCC and the Foundation at NMTC closing.

**UPWARD UNLIMITED AND SUBSIDIARIES**  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**NOTE I – NOTES PAYABLE (Continued)**

In conjunction with STCC’s exercise of the “put” and the exercise of various agreements, the Foundation acquired full (indirect or direct) ownership of the \$10,203,000 of NMTC loans to the Star Center, and the Foundation forgave the loans due from the Star Center. As a result, income in the form of a noncash contribution equal to the difference between the \$15,000,000 NMTC loans and the \$10,203,000 Leverage Loan (\$4,797,000) was recognized and is included in “noncash grant – release of notes payable obligations, net” in the accompanying consolidated statement of activities for the year ended September 30, 2022.

In connection with the financing arrangement described above, the Star Center entered into various NMTC loans totaling \$15,000,000. Each of the loans was collateralized as described in a certain credit agreement and other rights as described in the loan documents. The credit agreement contained certain financial covenants, the most restrictive of which required Upward and the Foundation, on a combined basis, to maintain a minimum debt service coverage ratio and a minimum total liquidity ratio, as those terms were described in the credit agreement. Furthermore, Upward and certain of its subsidiaries were unconditional guarantors for each of the loans. The annual interest rate on each of the loans was 2.7977%, with interest payable quarterly on the 5<sup>th</sup> day of each September, December, March, and June. Commencing on January 23, 2022, principal payments in amounts further described in the loan documents were scheduled to begin. All remaining unpaid principal and interest was scheduled to be paid on January 23, 2045. The loans were not permitted to be prepaid in full or in part until after the seventh anniversary of the closing date of the loans in January 2022. As described above, the Foundation acquired full ownership of the loans to the Star Center, which were forgiven in March 2022.

Interest expense amounted to approximately \$200,000 for the year ended September 30, 2022.

**NOTE J – RETIREMENT PLAN**

Upward maintains a 401(k) plan (“the Plan”). Eligible employees may make elective deferral contributions to the Plan. Employer contributions to the Plan are discretionary. Upward made contributions to the Plan of approximately \$56,000 and \$53,000 during the years ended September 30, 2023 and 2022, respectively.

**NOTE K – COMMITMENT**

During a prior year, the Organization entered into a contract with a certain retailer to develop and sell sport-specific uniforms on behalf of the Organization, subject to certain minimum order requirements. The contract was updated in September 2023. Pursuant to the terms of the contract, the Organization and the retailer agree to identify excess inventory held by the retailer and jointly agree to a utilization plan at the conclusion of the product cycle year, which is defined by the Organization and the retailer as June 30. Any unused product at the end of a product life cycle will be the sole responsibility of the Organization. The retailer will invoice the Organization for the cost of the inventory. As of September 30, 2023 and 2022, there was no obsolete inventory held by the retailer. All inventory held by the retailer as of September 30, 2023, valued at approximately \$4,608,000, is expected to be utilized in the coming fiscal year. The agreement expires June 30, 2028.

## **Supplemental Consolidating Statements**

**UPWARD UNLIMITED AND SUBSIDIARIES**  
 SUPPLEMENTAL CONSOLIDATING STATEMENT OF FINANCIAL POSITION  
 September 30, 2022  
 (UNAUDITED)

**ASSETS**

	Upward Unlimited	Upward Unlimited Foundation	Upward Star Center, LLC	Eliminations	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 4,204,443	\$ 108,112	\$ —	\$ —	\$ 4,312,555
Cash held for church partners	761,872	—	—	—	761,872
Investments	4,787,866	—	—	—	4,787,866
Investments in subsidiaries	4,556,676	—	—	(4,556,676)	—
Accounts and other receivables, net	445,707	—	—	—	445,707
Prepays and other assets	100,805	—	—	—	100,805
Inventory, net	2,201,054	—	—	—	2,201,054
Property and equipment, net	10,053,639	—	12,661,839	—	22,715,478
<b>Total assets</b>	<b><u>\$27,112,062</u></b>	<b><u>\$ 108,112</u></b>	<b><u>\$12,661,839</u></b>	<b><u>\$ (4,556,676)</u></b>	<b><u>\$35,325,337</u></b>

**LIABILITIES AND NET ASSETS**

<b>LIABILITIES</b>					
Accounts payable and accrued expenses	\$ 968,333	\$ 105	\$ —	\$ —	\$ 968,438
Payable to church partners	761,872	—	—	—	761,872
<b>Total liabilities</b>	<b><u>1,730,205</u></b>	<b><u>105</u></b>	<b><u>—</u></b>	<b><u>—</u></b>	<b><u>1,730,310</u></b>
<b>NET ASSETS</b>					
Without donor restrictions					
Undesignated	20,825,181	40,065	12,661,839	—	33,527,085
Capital investments	4,556,676	—	—	(4,556,676)	—
Total without donor restrictions	25,381,857	40,065	12,661,839	(4,556,676)	33,527,085
With donor restrictions	—	67,942	—	—	67,942
<b>Total net assets</b>	<b><u>25,381,857</u></b>	<b><u>108,007</u></b>	<b><u>12,661,839</u></b>	<b><u>(4,556,676)</u></b>	<b><u>33,595,027</u></b>
<b>Total liabilities and net assets</b>	<b><u>\$27,112,062</u></b>	<b><u>\$ 108,112</u></b>	<b><u>\$12,661,839</u></b>	<b><u>\$ (4,556,676)</u></b>	<b><u>\$35,325,337</u></b>



**UPWARD UNLIMITED AND SUBSIDIARIES**  
**SUPPLEMENTAL CONSOLIDATING STATEMENT OF ACTIVITIES**  
For The Year Ended September 30, 2023  
(UNAUDITED)

	Upward Unlimited	Upward Unlimited Foundation	Upward Star Center, LLC	Eliminations	Total
<b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>					
Public support and revenue					
Program revenue, net	\$ 15,759,635	\$ —	\$ —	\$ —	\$ 15,759,635
Grant from affiliates, net	11,252,459	—	—	(11,252,459)	—
Other revenue	441,779	—	—	—	441,779
Investment gain, net	381,044	—	—	—	381,044
Contributions	<u>22,710</u>	<u>478</u>	<u>—</u>	<u>—</u>	<u>23,188</u>
Total public support and revenue	27,857,627	478	—	(11,252,459)	16,605,646
Net assets released from restrictions					
Satisfaction of use restrictions	<u>—</u>	<u>67,942</u>	<u>—</u>	<u>—</u>	<u>67,942</u>
Total public support and revenue and net assets released from restrictions	<u>27,857,627</u>	<u>68,420</u>	<u>—</u>	<u>(11,252,459)</u>	<u>16,673,588</u>
Expenses					
Program activities					
Sports ministry	13,356,722	—	572,543	—	13,929,265
Grant to affiliates	<u>424,567</u>	<u>104,352</u>	<u>15,280,216</u>	<u>(15,809,135)</u>	<u>—</u>
Total program activities	<u>13,781,289</u>	<u>104,352</u>	<u>15,852,759</u>	<u>(15,809,135)</u>	<u>13,929,265</u>
Supporting activities					
General and administrative	<u>2,749,467</u>	<u>4,133</u>	<u>20,100</u>	<u>—</u>	<u>2,773,700</u>
Total expenses	<u>16,530,756</u>	<u>108,485</u>	<u>15,872,859</u>	<u>(15,809,135)</u>	<u>16,702,965</u>
Change in net assets without donor restrictions prior to gain on sales of property and write-down of obsolete inventory	<b>11,326,871</b>	<b>(40,065)</b>	<b>(15,872,859)</b>	<b>4,556,676</b>	<b>(29,377)</b>
Gain on sales of properties	9,050,388	—	3,211,020	—	12,261,408
Write-down of obsolete inventory	<u>(101,152)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(101,152)</u>
Change in net assets without donor restrictions	<u>20,276,107</u>	<u>(40,065)</u>	<u>(12,661,839)</u>	<u>4,556,676</u>	<u>12,130,879</u>
<b>CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS</b>					
Net assets released from restrictions	<u>—</u>	<u>(67,942)</u>	<u>—</u>	<u>—</u>	<u>(67,942)</u>
Change in net assets with donor restrictions	<u>—</u>	<u>(67,942)</u>	<u>—</u>	<u>—</u>	<u>(67,942)</u>
<b>CHANGE IN NET ASSETS</b>	<b>20,276,107</b>	<b>(108,007)</b>	<b>(12,661,839)</b>	<b>4,556,676</b>	<b>12,062,937</b>
<b>NET ASSETS - Beginning of year</b>	<b><u>25,381,857</u></b>	<b><u>108,007</u></b>	<b><u>12,661,839</u></b>	<b><u>(4,556,676)</u></b>	<b><u>33,595,027</u></b>
<b>NET ASSETS - End of year</b>	<b><u>\$45,657,964</u></b>	<b><u>\$ —</u></b>	<b><u>\$ —</u></b>	<b><u>\$ —</u></b>	<b><u>\$45,657,964</u></b>

See The Accompanying Report of Independent Auditor

**UPWARD UNLIMITED AND SUBSIDIARIES**  
**SUPPLEMENTAL CONSOLIDATING STATEMENT OF ACTIVITIES**  
For The Year Ended September 30, 2022  
(UNAUDITED)

	Upward Unlimited	Upward Unlimited Foundation	Upward Star Center, LLC	Eliminations	Total
<b>CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>					
Public support and revenue					
Program revenue, net	\$ 13,361,990	\$ —	\$ —	\$ —	\$ 13,361,990
Other revenue	458,019	—	—	—	458,019
Investment (loss) income, net	(24,675)	149,830	—	—	125,155
Rental income	—	—	309,167	(309,167)	—
Contributions	97,031	15	—	(93,823)	3,223
Total public support and revenue	13,892,365	149,845	309,167	(402,990)	13,948,387
Net assets released from restrictions					
Satisfaction of use restrictions	—	8,500	—	—	8,500
Total public support and revenue and net assets released from restrictions	13,892,365	158,345	309,167	(402,990)	13,956,887
Expenses					
Program activities					
Sports ministry	14,806,517	145,570	1,198,251	(502,634)	15,647,704
Supporting activities					
General and administrative	2,224,982	17,769	111,249	—	2,354,000
Total expenses	17,031,499	163,339	1,309,500	(502,634)	18,001,704
<b>Change in net assets without donor restrictions prior to release of notes payable obligations and write-down of obsolete inventory</b>	<b>(3,139,134)</b>	<b>(4,994)</b>	<b>(1,000,333)</b>	<b>99,644</b>	<b>(4,044,817)</b>
Noncash grant - release of notes payable obligations, net	—	(10,203,000)	15,000,000	—	4,797,000
Write-down of obsolete inventory	(2,929,692)	—	—	—	(2,929,692)
<b>Change in net assets without donor restrictions</b>	<b>(6,068,826)</b>	<b>(10,207,994)</b>	<b>13,999,667</b>	<b>99,644</b>	<b>(2,177,509)</b>
<b>CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS</b>					
Contributions	—	8,500	—	—	8,500
Net assets released from restrictions	—	(8,500)	—	—	(8,500)
<b>Change in net assets with donor restrictions</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>CHANGE IN NET ASSETS</b>	<b>(6,068,826)</b>	<b>(10,207,994)</b>	<b>13,999,667</b>	<b>99,644</b>	<b>(2,177,509)</b>
<b>NET ASSETS - Beginning of year</b>	<b>31,450,683</b>	<b>10,316,001</b>	<b>(1,337,828)</b>	<b>(4,656,320)</b>	<b>35,772,536</b>
<b>NET ASSETS - End of year</b>	<b>\$25,381,857</b>	<b>\$ 108,007</b>	<b>\$12,661,839</b>	<b>\$ (4,556,676)</b>	<b>\$33,595,027</b>

See The Accompanying Report of Independent Auditor