

**COMMUNICATING MATTERS CONCERNING THE REVIEW**

December 14, 2021

To Management and/or the Board  
Up on Top

We have reviewed the financial statements of Up on Top for the year ended June 30, 2021, and have issued our report thereon dated December 14, 2021. As part of this review we may communicate to you certain matters as outlined in SSARS 21.

**Disclaimer**

A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we did not express such an opinion on the financial statements. Given the lack of testing of underlying source documents and other matters our engagement *cannot be relied upon* to disclose errors, fraud, or illegal acts. As described in our engagement letter, as we have not evaluated or developed an understanding of your system of internal control we have *no responsibility* to identify and communicate deficiencies in your internal control as part of this engagement.

**Difficulties Encountered in Performing the Review**

We encountered no significant difficulties in dealing with management in performing and completing our review.

**Corrected and Uncorrected Misstatements**

Professional standards require us to accumulate all known and likely misstatements identified during the review, and communicate them to the appropriate level of management. We proposed the following entries as part of review processes:

- Recognize review retainer as prepaid (\$1K)
- To be even more conservative treat PPP funding as conditional rather than just restricted given that the funding comes explicitly in the form a loan / liability (\$40K). No change to unrestricted net assets.

**Qualitative Aspects of the Entity's Accounting Practices**

We observed the following items with respect to the Organization's accounting practices which may be useful to the Organization.

**Consider Use of Account Numbers**

The Organization may wish to evaluate the use of account numbers for its chart of accounts. Account numbers allow the Organization to organize the chart of accounts in an order other than alphabetical, provide shorthand for coding transactions, and in some cases aid in the review process.

A standard chart of account sequence utilizes 1000 series for assets, 2000 for liabilities, 3000 for equity accounts, 4000 for income accounts, 5000 and 6000 if needed for expense accounts, 7000 for other income, 8000 for other expense, 9000 for other accounts such as clearing accounts.

Accounting for wages paid – employer view

While the Organization may withhold employee income tax to remit directly to taxing agencies, from the accounting perspective these withholdings remain wages to the Organization. Commonly an entry is made to record the wages (gross), and then an offset is made to direct cash paid, then liability accounts for amounts due to the various taxing agencies (these accounts should zero out). For GAAP purposes there is no need to split out income tax withholding on the profit and loss (but it should be posted to a separate liability account on the balance sheet if not remitted at the same time as other wage expense).

Investment discussions

We noted that the Organization appeared to have an investment account. We would encourage the Organization to discuss its investment policies, spending policies, the use and history of its current investment account, the handling of donated securities and the handling of cash in excess of short term operating needs.

**Restricted Use**

This information is intended solely for the use of the board of directors, and management of Up on Top and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

  
Crosby & Kaneda CPAs LLP  
Oakland, California

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# **UP ON TOP**

## **FINANCIAL STATEMENTS**

**June 30, 2021**

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**CROSBY & KANEDA**

Certified Public Accountants  
for Nonprofit Organizations

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**INDEPENDENT ACCOUNTANTS' REVIEW REPORT**

Board of Directors  
Up on Top  
San Francisco, California

We have reviewed the accompanying financial statements of Up on Top (the Organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of Organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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

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

**Accountants' Responsibility**

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

**Accountants' Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.



Oakland, California  
December 14, 2021

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**Statement of Financial Position  
June 30, 2021**

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**Assets**

Assets	
Cash and cash equivalents	\$ 394,505
Accounts receivable	14,866
Grants and pledges receivable	37,500
Investments (Note 3)	14,256
Prepaid expenses and deposits	1,690
Total Assets	<u>\$ 462,817</u>

**Liabilities and Net Assets**

Liabilities	
Accounts payable and accrued expenses	\$ 40,445
Accrued vacation	13,675
Paycheck Protection Program loan (Note 4)	40,793
Total Liabilities	<u>94,913</u>
Net Assets	
Without donor restrictions	189,838
With donor restrictions (Note 6)	178,066
Total Net Assets	<u>367,904</u>
Total Liabilities and Net Assets	<u>\$ 462,817</u>

See Independent Accountants' Review Report  
and Notes to the Financial Statements

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### Statement of Activities For the Year Ended June 30, 2021

	Without donor restrictions	With donor restrictions	Total
<b>Support and Revenue</b>			
Foundation grants	\$ 121,000	\$ 195,000	\$ 316,000
Government support	227,199		227,199
Individual support	40,418		40,418
Corporate support	39,005		39,005
PPP and COVID funding (Note 7)	48,005		48,005
Investment activity, net (Note 3)	3,416		3,416
Support provided by expiring time and purpose restrictions	60,934	(60,934)	-
Total Support and Revenue	<u>539,977</u>	<u>134,066</u>	<u>674,043</u>
<b>Expenses</b>			
Program			
After School Program / HUB	296,508		296,508
Summer Program	111,236		111,236
Total Program	<u>407,744</u>		<u>407,744</u>
Management and general	48,561		48,561
Fundraising	11,489		11,489
Total Expenses	<u>467,794</u>	<u>-</u>	<u>467,794</u>
Change in Net Assets	72,183	134,066	206,249
Net Assets, beginning of year	<u>117,655</u>	<u>44,000</u>	<u>161,655</u>
Net Assets, end of year	<u>\$ 189,838</u>	<u>\$ 178,066</u>	<u>\$ 367,904</u>

See Independent Accountants' Review Report  
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### Statement of Cash Flows For the Year Ended June 30, 2021

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<b>Cash flows from operating activities:</b>	
Change in net assets	\$ 206,249
Adjustments to reconcile change in net assets to cash provided (used) by operating activities:	
Investment activity, net	(3,415)
PPP loan expected forgiveness	(33,005)
Change in assets and liabilities:	
Accounts receivable	(14,866)
Grants and pledges receivable	(28,650)
Prepaid expenses and deposits	(1,440)
Accounts payable and accrued expenses	21,978
Accrued vacation	3,505
Net cash provided (used) by operating activities	<u>150,356</u>
<b>Cash flows from financing activities:</b>	
Proceeds from PPP loan - second draw	<u>56,650</u>
Net cash provided (used) by financing activities	<u>56,650</u>
Net change in cash and cash equivalents	207,006
Cash and cash equivalents, beginning of year	<u>187,499</u>
Cash and cash equivalents, end of year	<u>\$ 394,505</u>

See Independent Accountants' Review Report  
and Notes to the Financial Statements



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**Statement of Functional Expenses  
For the Year Ended June 30, 2021**

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	<u>Programs</u>	<u>Management and general</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 298,341	\$ 34,000	\$ 8,500	\$ 340,841
Employee benefits	21,936	2,501	625	25,062
Payroll taxes	24,398	2,780	695	27,873
Total Personnel	<u>344,675</u>	<u>39,281</u>	<u>9,820</u>	<u>393,776</u>
Fees for service	-	6,650	-	6,650
Supplies and office expenses	13,336	1,610	1,669	16,615
Information technology	808	-	-	808
Insurance	5,328	-	-	5,328
Family stipends	9,515	-	-	9,515
Field trip	14,704	-	-	14,704
Enrichment and training	4,658	-	-	4,658
Other expenses	14,720	1,020	-	15,740
Total Expenses	<u>\$ 407,744</u>	<u>\$ 48,561</u>	<u>\$ 11,489</u>	<u>\$ 467,794</u>

See Independent Accountants' Review Report  
and Notes to the Financial Statements

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### Notes to the Financial Statements For the Year Ended June 30, 2021

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#### NOTE 1: NATURE OF ACTIVITIES

UP ON TOP (the Organization) is a California nonprofit public benefit corporation. UP ON TOP offers respectful and inclusive after-school and summer programs to low-income K-5th grade students living primarily in San Francisco's Tenderloin and Western Addition neighborhoods, providing academic support, enrichment opportunities, recreational activities and family support services that would otherwise be unavailable to them and their families.

#### NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

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

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

##### **Net Assets**

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

*Net assets without donor restrictions* – are resources available to support operations. The only limits on the use of the net assets are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

*Net assets with donor restrictions* – are resources that are restricted by a donor for use for a particular purpose or in a particular period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the Organization must continue to use the resources in accordance with the donor's instructions.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for acquisition of building or equipment (or less commonly, the contribution of those net assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by the Organization, unless the donor provides more specific directions about the period of its use.

##### **Accounting for Contributions**

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless the contributed assets are specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as

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### Notes to the Financial Statements For the Year Ended June 30, 2021

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increases in net assets with donor restrictions. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as restricted until payment is due, unless the contribution is clearly intended to support activities of the current fiscal year. Conditional promises are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

#### **Accounting for Revenue**

The Organization recognizes revenue as performance obligations are satisfied.

Revenue is recognized over time when any of the following conditions are met: The customer receives and consumes the benefits provided by the Organization's performance as the Organization performs; the Organization's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or the work does not create an asset with an alternative use to the Organization and the entity has a right to payment for performance completed to date. Revenue is recognized over time for cost reimbursement contracts as eligible expenses are incurred if other conditions of the contract are satisfied.

Revenue is recognized at a point in time when goods or services are provided to customers and the Organization is not required to provide additional goods or services or if the above criteria are not met.

All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless related to a donor specified restriction for a particular purpose or future period.

#### **Accounts Receivable**

Accounts receivable are primarily unsecured non-interest bearing amounts due from grantors on cost reimbursement or performance grants and customers on performance contracts. The Organization considers all accounts receivable to be fully collectible at June 30, 2021. Accordingly, no allowance for doubtful accounts was deemed necessary. If amounts become uncollectible, they are charged to expense in the period in which that determination is made.

#### **Grants and Pledges Receivable**

Grants and pledges receivable are unconditional promises to give that are recognized as contributions when the promise is received. Contributions receivable that are expected to be collected in less than one year are reported at net realizable value. Contributions receivable that are expected to be collected in more than one year are recorded at fair value at the date of promise. That fair value is computed using a present value technique applied to anticipated cash flows. The Organization evaluates the discount to present value for long term receivables and records the discount if material for presentation. The Organization considers all contributions receivable to be fully collectible at June 30, 2021. Accordingly, no allowance for doubtful accounts was deemed necessary. If amounts become uncollectible, they are charged to expense in the period in which that determination is made.

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### Notes to the Financial Statements For the Year Ended June 30, 2021

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#### Income Taxes

The Internal Revenue Service and the California Franchise Tax Board have determined that the Organization is exempt from federal and state income taxes under IRC 501(c)(3) and California RTC 23701(d). The Organization has evaluated its current tax positions as of June 30, 2021 and is not aware of any significant uncertain tax positions for which a reserve would be necessary. The Organization's tax returns are generally subject to examination by federal and state taxing authorities for three and four years, respectively, after they are filed.

#### Contributed Services

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

#### Estimates

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

#### Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all money market funds and other highly liquid investments with original maturities of three months or less when purchased to be cash equivalents unless held in investment accounts for investment purposes.

#### Fair Value Measurements

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

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

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

Level 3 - Unobservable inputs for the assets or liability.

The Organization valued its investments balances, which consisted of a mutual fund holding, based on level 1 inputs as of June 30, 2021.

**Notes to the Financial Statements  
For the Year Ended June 30, 2021**

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**Concentration of Credit Risk**

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

**Property and Equipment**

All acquisitions of property and equipment in excess of \$2,500 and all expenditures for repairs and maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are stated at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives on the property and equipment. The Organization had no property and equipment that met this capitalization policy at June 30, 2021.

**Expense Recognition and Allocation**

The cost of providing the Organization's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions using a reasonable allocation method that is consistently applied as follows:

Salaries and wages, benefits, and payroll taxes are allocated based on an estimate of activity by functional area at the individual staff level.

Occupancy is allocated on an estimated square foot basis dependent on the programs and supporting activities occupying the space.

Office expenses and supplies, insurance, and other expenses that cannot be directly identified are allocated on the basis of employee headcount for each program and supporting activity.

Management and general expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The Organization generally does not conduct fundraising activities in conjunction with its other activities. Additionally, advertising costs are expensed as incurred.

All expenses and net losses are reported as decreases in net assets without donor restrictions.

**Changes in Accounting Principles**

The Organization adopted *ASU 2014-09 – Revenue from Contracts with Customers (Topic 606)* during the year ended June 30, 2021. This guidance requires an entity to recognize revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for

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**Notes to the Financial Statements  
For the Year Ended June 30, 2021**

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those goods or services. The adoption of ASU 2014-09 did not result in a material change to timing of when revenue is recognized.

**NOTE 3: INVESTMENT**

Investments consisted of a real estate mutual fund holding as of June 30, 2021.

**Investment Activity**

Investment activity consisted of the following for the year ended June 30, 2021:

Interest and dividends	\$ 422
Unrealized and realized gains (losses)	<u>2,994</u>
Total	<u>\$ 3,416</u>

**NOTE 4: PAYCHECK PROTECTION PROGRAM LOAN**

The Organization received a second paycheck protection program (PPP) loan in the amount of \$56,650 bearing interest of 1% with a maturity date of March 2023. The Organization recognized \$15,857 of this funding by incurring eligible costs. As of June 30, 2021, the unused amount of such funding was \$40,793. The Organization expects to recognize the remaining funding by June 30, 2022.

**NOTE 5: CONTINGENCIES**

**Compliance with Donor Restrictions**

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

**Paycheck Protection Program**

Guidance related to this program is evolving, and it remains possible that final forgiveness amounts may vary from these estimates or that no forgiveness will be offered. The SBA reserves the right to audit any forgiveness granted, and such audit activity, if any, may result in changes to amounts forgiven or a requirement to return funds received under the program. Management of the Organization is of the opinion the Organization complied with the terms of the program.

**NOTE 6: NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions were available as follows as of June 30, 2021:

Program 2020	\$ 90,130
Summer 2021	<u>87,936</u>
Total	<u>\$ 178,066</u>

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**Notes to the Financial Statements  
For the Year Ended June 30, 2021**

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**NOTE 7: PPP AND COVID FUNDING**

Paycheck Protection Program (PPP) and Covid Funding consisted of the following for the year ended June 30, 2021:

Paycheck Protection Program – First Draw	\$ 17,148
Paycheck Protection Program – Second Draw	15,857
Covid relief grant	<u>15,000</u>
Total	<u>\$ 48,005</u>

**NOTE 8: CONCENTRATIONS**

**Geographic Concentration**

The Organization conducts operations in San Francisco, California. Students and donors to the Organization’s programs are largely located in the surrounding area. The Organization may be subject to a concentration risk related to changes in local economic or physical conditions such as fires, earthquakes or local health emergencies.

**Government Funding**

Three government funders (including PPP funding) provided 43% of total support and revenue received by the Organization. A significant reduction in the level of this support, if this were to occur, may have an effect on the Organization’s program and activities.

**NOTE 9: CONDITIONAL PROMISES TO GIVE**

In addition to the activity reflected on the Organizations statement of activity, the Organization received certain conditional promises to give as of June 30, 2021:

<u>Grant</u>	<u>Conditions</u>	<u>Remaining</u>
Grant I - DCYF	Expenditure and performance	\$ 400,000

The Organization recognizes such promises to give as support once the related conditions are satisfied. The Organization expects to meet the conditions of the above funding by June 30, 2023.

**NOTE 10: LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2021 are:

Cash and cash equivalents	\$ 394,505
Accounts receivable	14,866
Grants and pledges receivable	37,500
Less: Purpose-restricted net assets	<u>(178,066)</u>
Total	<u>\$ 268,805</u>

As part of the Organization’s liquidity management plan, the Organization maintains cash in excess of immediate requirements in cash and cash equivalents including money market accounts.

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**Notes to the Financial Statements  
For the Year Ended June 30, 2021**

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**NOTE 11: FUNDRAISING EFFORT**

The Organization was able to raise \$622,622 in support and revenue based on \$11,235 in expense as its funding included larger multi-year awards, some larger new funding was unsolicited, Paycheck Protection Program and COVID-19 relief funding did not require significant fundraising efforts and individual fundraising efforts were supported by the Organization's volunteer board of directors.

**NOTE 12: SUBSEQUENT EVENTS**

The Organization has evaluated subsequent events and has concluded that as of December 14, 2021, the date that the financial statements were available to be issued, there were no significant subsequent events to disclose beyond the following:

**Public Health Order – Coronavirus**

In March 2020, the WHO classified the COVID-19 outbreak as a pandemic. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude of the effect that the pandemic will have on the Organization's financial condition, liquidity, and future results of operations. Management is actively monitoring the impact on its financial condition, liquidity, operations and workforce.