

Stack-Up. Org
Financial Statements
December 31, 2021

Stack-Up.Org

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December 31, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Stack-Up.Org

Opinion

We have audited the accompanying financial statements of Stack-Up.Org (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses and cash flows for the year 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 Stack-Up. Org as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 Financial Statements section of our report. We are required to be independent of Stack-UP.Org and to meet our other ethical responsibilities in accordance with the 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 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 Stack-UP.Org'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 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, 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 Stack-UP.Org'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 Stack-Up. Org'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.

McLee Maruca & Associates, P.C.

Pittsburgh, Pennsylvania
September 15, 2022

Stack-Up.Org
Statement of Financial Position
December 31, 2021

Assets

Current assets:	
Cash and cash equivalents	\$ 353,474
Accounts receivable	25
Inventory	66,663
Total current assets	420,162
Property and equipment:	
Equipment and furniture	11,589
Less accumulated depreciation	(6,611)
Net property and equipment	4,978
Other assets:	
Security deposit	1,600
Total assets	\$ 426,740

Liabilities and Net Assets

Current liabilities:	
Accounts payable and accrued expenses	\$ -
Total current liabilities	-
Total liabilities	-
Net assets:	
Without donor restrictions	365,308
With donor restrictions	61,432
Total net assets	426,740
Total liabilities and net assets	\$ 426,740

See accompanying notes to the financial statements.

Stack-Up.Org
Statement of Activities
For the Year Ended December 31, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Operating Activities			
Revenue and Support:			
Grants and contributions	\$ 1,205,668	\$ -	\$ 1,205,668
Government grants	46,985		46,985
In-kind donations	-	2,102,477	2,102,477
Miscellaneous	932	-	932
Net assets released from restrictions:			
Restrictions satisfied by payments	<u>2,202,478</u>	<u>(2,202,478)</u>	<u>-</u>
 Total revenue and other support	 <u>3,456,063</u>	 <u>(100,001)</u>	 <u>3,356,062</u>
 Expenses:			
Program services	2,757,453	-	2,757,453
Management and general	167,945	-	167,945
Fundraising	<u>478,670</u>	<u>-</u>	<u>478,670</u>
 Total expenses	 <u>3,404,068</u>	 <u>-</u>	 <u>3,404,068</u>
 Change in net assets	 51,995	 (100,001)	 (48,006)
 Net assets at beginning of year	 <u>313,313</u>	 <u>161,433</u>	 <u>474,746</u>
 Net assets at end of year	 <u>\$ 365,308</u>	 <u>\$ 61,432</u>	 <u>\$ 426,740</u>

See accompanying notes to the financial statements.

Stack-Up.Org
Statement of Functional Expenses
For the Year Ended December 31, 2021

	Program Services	Management and General	Fundraising	Total
Bank fees	\$ -	\$ 249	\$ 65,825	\$ 66,074
Convention	17,638	1,530	19,844	39,012
Dues and subscriptions	2,046	8,285	4,685	15,016
Game code/equipment expense	2,449,528	-	-	2,449,528
Insurance	-	9,639	-	9,639
Marketing	17,789	22,034	56,475	96,298
Meals and entertainment	98	1,823	4,991	6,912
Miscellaneous	304	1,557	3,240	5,101
Occupancy	8,754	18,047	37	26,838
Office expense	1,206	10,505	1,660	13,371
Phone and internet	149	4,463	894	5,506
Printing, postage, and shipping	-	292	3,815	4,107
Professional fees	23,290	23,859	24,000	71,149
Salaries and wages	145,887	51,856	237,206	434,949
Payroll taxes	11,124	4,058	19,235	34,417
Travel	79,640	7,905	36,763	124,308
Depreciation	-	1,843	-	1,843
Total functional expenses	<u>\$ 2,757,453</u>	<u>\$ 167,945</u>	<u>\$ 478,670</u>	<u>\$ 3,404,068</u>

See accompanying notes to the financial statements.

Stack-Up.Org
Statement of Cash Flows
For the Year Ended December 31, 2021

Cash flows from operating activities:	
Change in net assets	\$ (48,006)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	1,843
PPP Loan forgiveness	(46,985)
Decrease in inventory	112,994
Decrease in unconditional promises to give	5,000
Increase in security deposit	(1,600)
Increase in accounts receivable	<u>(25)</u>
Net cash provided by operating activities	<u>23,221</u>
Cash flows from investing activities:	
Purchases of equipment and furniture	<u>(727)</u>
Net cash used by investing activities	<u>(727)</u>
Net increase in cash and cash equivalents	22,494
Cash and cash equivalents at beginning of year	<u>330,980</u>
Cash and cash equivalents at end of year	<u><u>\$ 353,474</u></u>

See accompanying notes to the financial statements.

Stack-Up.Org

Notes to the Financial Statements

December 31, 2021

(1) **Organization**

Stack-Up.Org (the Organization) is a non-profit organization, which was incorporated in the Commonwealth of Pennsylvania. The Organization's main purpose is to bring both veterans and civilian supporters together through a shared love of video gaming through three primary programs: The Stacks, Supply Crates, and Air Assaults. Stack-Up helps United States, NATO (UK, Canada, etc.), Australian and New Zealand veterans get through deployments to combat zones and recover from traumatic physical and emotional injuries with the power of video gaming.

(2) **Summary of Significant Accounting Policies**

(a) **Basis of Presentation**

The financial statements of the Organization have been prepared in accordance with U.S generally accepted accounting principles (US GAAP), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities

(b) **Measure of Operations**

The statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to Organization's ongoing veteran services and interest earned on investments. Non-operating activities are limited to resources from other activities considered to be of a more unusual or nonrecurring nature.

December 31, 2021

(2) **Summary of Significant Accounting Policies, continued**

(c) **Furniture and Equipment**

Expenditures for furniture and equipment in excess of \$500 are capitalized at their original cost. Donated assets are capitalized at their fair market value at the time of their donations. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets (five years). The Organization assesses for impairment losses when conditions warrant.

(d) **Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(e) **Cash Equivalents**

For purposes of the statement of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents

(f) **Tax Status**

The Internal Revenue Service has determined that the Organization is tax exempt under Section 501(c)(3) of the Internal Revenue Code. The Organization is not classified as a private foundation. The Financial Accounting Standards Board has issued FASB ASC No. 740, which clarifies accounting principles generally accepted in the United States of America for recognition, measurement, presentation and disclosure relating to uncertain tax positions. FASB ASC No. 740 applies to business enterprises, not-for-profit entities, and pass-through entities, such as S-corporations and limited liability companies. The Organization evaluates uncertain tax positions in accordance with FASB ASC No. 740 and has determined there is no material impact on the Organization's financial position or results of operations for the year ended December 31, 2021.

The Organization annually files a federal Exempt Organization Tax Return (Form 990) as applicable. The filed form is subject to examination by the Internal Revenue Service generally for three years after it is filed.

December 31, 2021

(2) **Summary of Significant Accounting Policies, continued**

(g) **Fair Value**

The Financial Accounting Standards Board (FASB) has issued FASB ASC No. 820, "Fair Value Measurements", which defines fair value, establishes guidelines for measuring fair value and expands disclosures regarding fair value measurements. This pronouncement does not require any new fair value measurements, but rather eliminates inconsistencies in guidance found in various prior accounting pronouncements. The carrying value of Organization's cash, accounts receivable, accounts payable and accrued expenses approximates fair value primarily because of the short maturity of these instruments. See note #2i on Fair Value of Inventory.

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. All donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. 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 statements of activities as net assets released from restrictions. The fair value of contributions receivables is determined at the present value of expected future cash flows using a discount rate based on when the grant was made.

The Board of Directors reviews and approves the Organization's fair value measurement policies and procedures annually. At least annually, the finance committee and the Board determine if the valuation techniques used in fair value measurements are still appropriate.

(h) **Contributions Receivable**

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses, depending on the form of the benefits received. Promises to give are recorded at net realizable value if expected to be collected in one year and at fair value if expected to be collected in more than one year. There were no unconditional promises to give for the year ended December 31, 2021.

Conditional promises to give are recognized when the condition on which they depend are substantially met. There were no conditional promises to give for the year ended December 31, 2021.

Notes to the Financial Statements, continued

December 31, 2021

(2) Summary of Significant Accounting Policies, continued**(i) Inventory valuation**

The Organization receives a substantial amount of donated goods from various game publishers consisting of game codes and game equipment. Inventory consists of undistributed game codes and equipment at year end. In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) topic Fair Value Measurement and Disclosures, fair value was determined using transactional data in similar markets, as determined by face value of the game multiplied by the number of games donated.

(j) Donated Materials, Facilities, and Services

Significant services, materials and facilities are donated to the Organization by various individuals and organizations. Donated materials (game codes and equipment) were \$2,102,477 in 2021, recorded at fair value at the date of donation, and have been included in revenue and inventory. As these games codes and equipment are released to military personnel they are removed from inventory and expensed.

(k) Functional Allocation of Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Expenses</u>	<u>Method of Allocation</u>
Salary and payroll taxes	Time and effort
Office expense	Time and effort
Convention expense	Time and effort
Marketing	Time and effort
Meals and entertainment	Time and effort
Occupancy	Time and effort
Professional fees	Time and effort
Printing and postage	Time and effort
Dues and subscriptions	Time and effort
Travel	Time and effort
Miscellaneous	Time and effort

Notes to the Financial Statements, continued

December 31, 2021

(3) **Concentration of Credit Risk**

The Organization maintains bank accounts at two financial institutions. The balances are insured by the FDIC up to \$250,000. Cash exceed the federally insured limits by \$72,574 at December 31, 2021. Additionally, the Organization maintains a Paypal account, which is not insured. This account had a balance of \$4,000 at December 31, 2021.

(4) **Compensated Absences**

Employees are not allowed to carry over unused vacation at year end. Therefore, compensated absences are not accrued on the financial statements.

(5) **Net Assets**

Net assets with donor restrictions as of December, 2021 consist of the following:

Game Program	<u>\$61,432</u>
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Net assets were released from donor restrictions for incurring expenditures for the year ended December 31, 2021 as follows:

Game Program	<u>\$2,202,478</u>
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Net assets without donor restrictions are as follows:

Undesignated	<u>\$365,308</u>
Total	<u>\$365,308</u>

(6) **Paycheck Protection Program Loan**

In 2020, the Organization applied for and was approved for a \$46,985 loan under the Paycheck Protection Program created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The loan accrued interest at 1%, but payments were not required to begin for six months after the funding of the loan. The Organization was eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The loan was fully forgiven in 2021 and reported as a government grant in the statement of activities.

Stack-Up.Org

Notes to the Financial Statements, continued

December 31, 2021

(7) **Liquidity**

To following represents the Organization's financial assets at December 31, 2021:

Financial assets at year-end:	
Cash and cash equivalents	\$ 353,474
Unconditional promises to give	<u>25</u>
Total financial assets	<u>353,499</u>
Less amounts not available for general expenditures within one year, excluding inventory:	
Net assets with donor or time restrictions	<u>0</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 353,499</u>

The Organization's goal currently is to have enough reserves to cover three months of operating expenses (approximately \$140,000 dollars). As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts.

(8) **Leases**

The Organization leases warehouse space located in Bunnell, Florida. The lease term expires July 1, 2024. Total rent expense was \$9,372 for the year ended December 31, 2021. Future minimum lease payments are as follows:

2022	\$13,069
2023	13,069
2024	<u>6,535</u>
	<u>\$32,673</u>

(9) **Subsequent Events**

Subsequent events were evaluated through the Independent Auditor's Report date, which is the date the financial statements were available to be issued. No subsequent events were noted.