

SUITUP INCORPORATED
FINANCIAL STATEMENTS
YEAR ENDED
DECEMBER 31, 2022

MEYAARD TOLMAN & VENLET p.c.
Certified Public Accountants
Zeeland, Michigan

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MEYAARD TOLMAN & VENLET p.c.
Certified Public Accountants

Jayne E. Venlet, CPA
John P. Rosendall, CPA

Matthew Mol, CPA, CFE
Lyndon Wood, CPA
Chanda M. Leech, CPA
Tyler D. Westman, CPA

Glenn Meyaard, CPA (Retired)

Charles D. Olszewski, CPA (1955-2020)
Kenneth Tolman, CPA (1959-2003)

INDEPENDENT AUDITOR'S REPORT

Board of Directors
SuitUp Incorporated
New York, New York

Opinion

We have audited the accompanying financial statements of SuitUp Incorporated (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, 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 SuitUp Incorporated as of December 31, 2022, 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 SuitUp Incorporated and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about SuitUp Incorporated'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 SuitUp Incorporated'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 SuitUp Incorporated'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.

Meyaard Tolman & Venlet p.c.

Meyaard Tolman & Venlet p.c.

Certified Public Accountants

November 3, 2023

SUITUP INCORPORATED
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022

| <u>ASSETS</u> | |
|---|---------------------------------|
| CURRENT: | |
| Cash and cash equivalents | \$ 508,937 |
| Prepaid expenses | <u>19,104</u> |
| Total Current Assets | 528,041 |
| PROPERTY AND EQUIPMENT, NET | <u>11,601</u> |
| TOTAL ASSETS | <u><u>\$ 539,642</u></u> |
| <u>LIABILITIES AND NET ASSETS</u> | |
| Accounts payable | <u>\$ 4,531</u> |
| Total Liabilities (All Current) | <u>4,531</u> |
| NET ASSETS: | |
| Net Assets Without Donor Restrictions: | <u>535,111</u> |
| Total Net Assets | <u>535,111</u> |
| TOTAL LIABILITIES AND NET ASSETS | <u><u>\$ 539,642</u></u> |

See accompanying notes.

SUITUP INCORPORATED
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022

NET ASSETS WITHOUT DONOR RESTRICTION:

| | |
|---|------------------------------|
| REVENUES AND PUBLIC SUPPORT: | |
| Competition fees | \$ 888,951 |
| Contributions | 119,791 |
| Grants | 55,390 |
| Sponsorship fees | 11,555 |
| Other income | 83,632 |
| Interest income | 18 |
| Fundraising events, net of \$44,969 in direct expenses direct expenses | <u>64,973</u> |
| TOTAL REVENUES AND SUPPORT | <u>1,224,310</u> |
| EXPENSES: | |
| Program services: | |
| Student competitions | <u>831,114</u> |
| Supporting services: | |
| General and administrative | 190,668 |
| Fundraising | <u>98,319</u> |
| Total supporting expenses | <u>288,987</u> |
| TOTAL EXPENSES | <u>1,120,101</u> |
| CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS | 104,209 |
| Net assets, beginning of year | <u>430,902</u> |
| Net assets, end of year | <u><u>\$ 535,111</u></u> |

SUITUP INCORPORATED
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022

| | Program services | Supporting services | | Total |
|------------------------------|-------------------------|-------------------------------|------------------|---------------------|
| | Student competitions | General and administrative | Fundraising | |
| Expenses: | | | | |
| Salaries, wages and benefits | \$ 617,274 | \$ 123,399 | \$ 82,266 | \$ 822,939 |
| Materials and supplies | 12,104 | - | 666 | 12,770 |
| Travel | 46,872 | 20,613 | - | 67,485 |
| Meals and entertainment | 13,831 | - | 5,579 | 19,410 |
| Event space | - | - | 7,900 | 7,900 |
| Rent | 3,856 | 1,958 | 306 | 6,120 |
| Computers and equipment | 14,309 | - | - | 14,309 |
| Software | 5,594 | 4,053 | - | 9,647 |
| Contractors | 50,510 | 1,507 | - | 52,017 |
| Professional fees | 46,550 | 33,000 | - | 79,550 |
| Insurance | 1,492 | 757 | 118 | 2,367 |
| Advertisement and marketing | - | - | 643 | 643 |
| Postage and printing | 8,127 | - | - | 8,127 |
| Office expenses | 8,368 | 4,250 | 664 | 13,282 |
| Depreciation expense | 2,227 | 1,131 | 177 | 3,535 |
| TOTAL EXPENSES | \$ 831,114 | \$ 190,668 | \$ 98,319 | \$ 1,120,101 |
| | 74.20% | 17.02% | 8.78% | 100.00% |

See accompanying notes.

SUITUP INCORPORATED
STATEMENT OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES:

| | |
|--|----------------|
| Change in net assets | \$ 104,209 |
| Adjustments to reconcile change in net assets to net cash provided (used) by operating activities: | |
| Depreciation expense | 3,535 |
| (Increase) decrease in: | |
| Prepaid expenses | (4,776) |
| Increase (decrease) in: | |
| Accounts payable | <u>1,433</u> |
| Net Cash Provided (Used) by Operating Activities | <u>104,401</u> |

CASH FLOWS FROM INVESTING ACTIVITIES:

| | |
|--|-------------------|
| Purchases of property and equipment | <u>(5,028)</u> |
| Net Cash Provided (Used) by Investing Activities | <u>(5,028)</u> |
| Net increase (decrease) in cash and cash equivalents | 99,373 |
| Cash and cash equivalents, beginning of year | <u>409,564</u> |
| Cash and cash equivalents, end of year | <u>\$ 508,937</u> |

There were no interest or income taxes paid by the Organization

SUITUP INCORPORATED
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2022

MISSION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITIES – SuitUp Incorporated (“SuitUp” or the “Organization”) is a not-for-profit organization incorporated to increase career readiness for all students through innovative business plan competitions. SuitUp’s vision is to align the incentives of schools and corporations to ensure that all students have the access and awareness to pursue the college and career of their choosing.

The Organization fulfills its mission by focusing its efforts in the below service area:

Student competitions

Hosting real-company problem-solving competitions which require students to utilize their critical thinking and business skills in order to develop a strategic, marketable and professional solution.

BASIS OF PRESENTATION – The financial statements of the Organization have been prepared on the accrual basis of accounting. The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restriction and net assets with donor restriction.

Net assets without donor restriction – Net assets that are not subject to or are no longer subject to donor imposed stipulations.

Net assets with donor restriction – Net assets whose use is limited by donor-imposed time and/or purpose restrictions.

USE OF ESTIMATES - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS – The Organization considers all demand deposits, cash on hand, and highly liquid debt instruments with maturity of three months or less when purchased to be cash equivalents. The Organization maintains its deposits in three financial institutions which may at times exceed federally insured amounts. The Organization has not experienced any losses in such accounts and believes it is not exposed to significant credit risk due to cash concentration.

PROPERTY AND EQUIPMENT, AND DEPRECIATION - Property and equipment are stated at cost, if purchased, or fair value at date of gift, if donated. Major improvements and renewals are capitalized, while ordinary maintenance and repairs are expensed. Management annually reviews these assets to determine whether carrying values have been impaired. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets ranging from 3 to 10 years.

REVENUE RECOGNITION – The Organization partners with companies in order to conduct its student competitions. These corporate partners provide support to the Organization in the form of competition fees and participate in the student competitions by presenting a real-world problem and by acting as judges during the competition. In accordance with the criteria established in Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 958, *Not-For-Profit Entities*, the Organization accounts for the competition fees as contributions in lieu of revenue earned from exchange transactions. As such, competition fees are reported as an increase in net assets without donor restrictions unless the competition fees are restricted for a subsequent year or a specific purpose. Expenses and losses are reported as decreases in net assets without donor restrictions. Expirations of temporary restrictions on net assets by fulfillment of the donor-stipulated purpose or by passage of the stipulated time period are reported as reclassifications between the applicable classes of net assets.

Contributions are recognized as revenues in the period unconditional promises to give are received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the time of the contribution. Contributions are considered to be available for general purposes unless restricted by the donor for specific purposes.

The Organization adopted ASC Topic 606, *Revenue from Contracts with Customers* (“Topic 606”) on January 1, 2019. With the adoption of Topic 606, revenue is measured based on the consideration specified in a contract with a customer. Under Topic 606, the Organization recognizes revenue when it satisfies a performance obligation by transferring control over a product or services to a customer. The majority of the Organization’s services represent specific services that are distinct and each event or recognition process is treated as a single performance obligation that is satisfied as the services are rendered.

Special events revenue consists of ticket sales and silent auction proceeds. Ticket sales are recognized as revenue at the time the event takes place. Silent auction proceeds are recognized as revenue at the time the item is transferred to the auction winner. Sponsorship fees are recognized as revenue at the time the event for which the sponsorship fees relate takes place. Payments for ticket sales or sponsorship fees received in advance are deferred to the applicable period in which the related event takes place. The Organization believes that this method provides a faithful depiction of the transfer of goods and services over the term of the performance obligation based on the inputs needed to satisfy the obligation.

The Organization determines transaction price for ticket sales and sponsorship fees based on contractually agreed-upon rates per event or sponsorship. The transaction price for the silent auction proceeds is based on the fair value of the item transferred to the auction winner. Silent auction proceeds in excess of the fair value of the item transferred are treated as contributions.

DONATED SERVICES AND IN-KIND CONTRIBUTIONS – Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills and are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their estimated fair values in the period received.

Contribution of goods are recorded at fair value at the date of donation and consist of silent auction items.

ADVERTISING COSTS – The Organization expenses advertising and promotional costs as they are incurred. Total advertising and promotional costs were \$643 for the year ended December 31, 2022.

FUNCTIONAL ALLOCATION OF EXPENSES – The costs of providing the various services and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the services and supporting activities benefited as detailed in the statement of functional expenses. Dedicated support expenses consist of clerical functions associated with several different services.

INCOME TAXES - The Organization is a not-for-profit organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and is also exempt from similar state and local taxes.

LEASES – The Organization calculates operating lease liabilities with its incremental borrowing rate, using a comparable period with the lease term. All lease and non-lease components are combined for all leases. Lease payments for leases with a term of 12 months or less are expensed on a straight-line basis over the term of the lease with no lease asset or liability recognized.

PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31, 2022:

| | |
|--------------------------------|------------------|
| Computers | \$ 17,674 |
| Less: accumulated depreciation | <u>6,073</u> |
| Property and equipment, net | <u>\$ 11,601</u> |

EMPLOYEE RETENTION CREDIT

During the year ended December 31, 2022, the Council applied for Employee Retention Credits totaling \$83,632. This amount is shown as a separate receivable on the statement of financial position at December 31, 2022. The income is included in other income on the statement of activities for 2022.

RETIREMENT PLAN

Commencing during the year ended December 31, 2020, the Organization established a 401(k) plan and trust ("401(k)") for its employees. Substantially all of the Organization's employees may elect to defer a portion of their annual compensation in the 401(k). The Organization makes matching percentage contributions. The amount charged to expense for this plan was \$13,350 for the year ended December 31, 2022.

LEASE AGREEMENT

The Organization subleases office space under an operating lease agreement on a month-to-month basis. The latest amendment to the lease agreement provides for monthly charges of \$456 per staff member in need of desk space and \$54 per staff person for operational overhead, resulting in \$510 per person utilizing the rental space each month. For the year ended December 31, 2022, rental expense was \$6,120.

LIQUIDITY

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

Financial assets at December 31, 2022:

| | |
|---|-------------------|
| Cash and cash equivalents | <u>\$ 508,937</u> |
| Total financial assets at year-end | 508,937 |
| Financial assets available to meet cash needs for general expenditure within one year | <u>\$ 508,937</u> |

SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 3, 2023, the date the financial statements were available to be issued.