

BUDDY UP FOR LIFE, INC.
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT

MARCH 31, 2023 AND 2022



BUDDY UP FOR LIFE, INC.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Buddy Up for Life, Inc.
New Albany, Ohio

Opinion

We have audited the accompanying financial statements of Buddy Up for Life, Inc., which comprise the statements of financial position as of March 31, 2023 and 2022, and the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Buddy Up for Life, Inc. as of March 31, 2023 and 2022 and the statements of activities and change in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Buddy Up for Life, Inc. 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 Buddy Up for Life, Inc.'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 due to fraud is higher than for one resulting from an 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 Buddy Up for Life, Inc.'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 Buddy Up for Life, Inc.'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.

Tidwell Group, LLC

Columbus, Ohio
September 6, 2023

BUDDY UP FOR LIFE, INC.

STATEMENTS OF FINANCIAL POSITION

March 31, 2023 AND 2022

	ASSETS	
	2023	2022
Current Assets		
Cash	\$ 632,395	\$ 442,772
Accounts receivable	20,835	21,741
Prepaid expenses	12,910	1,298
Total Assets	<u>\$ 666,140</u>	<u>\$ 465,811</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 72,435	\$ 26,868
Total Liabilities	72,435	26,868
Net Assets		
Without donor restrictions	593,705	438,943
Total Liabilities and Net Assets	<u>\$ 666,140</u>	<u>\$ 465,811</u>

See notes to the financial statements.

BUDDY UP FOR LIFE, INC.

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

Years ended March 31, 2023 and 2022

	2023	2022
Revenue		
Fundraising revenue	\$ 402,436	\$ 294,405
Grant revenue	59,203	27,099
Program revenue	167,209	146,814
Donation revenue	97,797	75,897
Interest	204	-
Total Revenue	726,849	544,215
Program Service Expenses		
Coaches	38,253	18,418
Courts and club fees	41,968	31,273
Equipment	31,965	10,850
Payroll and related taxes	87,790	75,863
Travel	22,211	14,787
Other program expenses	114,804	34,982
	336,991	186,173
General and Administrative Expenses		
Payroll and related taxes	17,905	15,816
Office supplies	2,949	6,802
Professional services	11,525	18,191
Insurance	2,308	1,153
Miscellaneous	17,216	21,378
	51,903	63,340
Fundraising Expenses		
Fundraising events	148,030	97,708
Payroll and related taxes	29,141	26,412
Other fundraising expenses	6,022	24,716
	183,193	148,836
Total Expenses	572,087	398,349
Change in Net Assets	154,762	145,866
Net Assets - Beginning of Period	438,943	293,077
Net Assets - End of Period	\$ 593,705	\$ 438,943

See notes to the financial statements.

BUDDY UP FOR LIFE, INC.

STATEMENTS OF CASH FLOWS

Years ended March 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities		
Change in Net Assets	\$ 154,762	\$ 145,866
Adjustments to Reconcile Change in Net Assets to Net Cash From Operating Activities:		
Decrease (Increase) in Assets:		
Accounts receivable	906	(17,946)
Prepaid expenses	(11,612)	3,477
Increase (Decrease) in Liabilities:		
Accounts payable and accrued liabilities	<u>45,567</u>	<u>7,701</u>
Net Cash From Operating Activities	<u>189,623</u>	<u>139,098</u>
Net Change in Cash	189,623	139,098
Cash - Beginning of Period	<u>442,772</u>	<u>303,674</u>
Cash - End of Period	<u><u>\$ 632,395</u></u>	<u><u>\$ 442,772</u></u>

See notes to the financial statements.

BUDDY UP FOR LIFE, INC.

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2023 and 2022

NOTE 1 - ORGANIZATION AND NATURE OF OPERATIONS

Effective March 19, 2021, the Organization changed its name from Buddy Up Tennis, Inc. to Buddy Up for Life, Inc. to align with its current mission. Buddy Up for Life, Inc. (the Organization) was organized as a non-profit corporation on August 21, 2009 under the laws of the State of Ohio. The Organization was formed for the purpose of providing individuals with Down syndrome the opportunity to learn and play tennis in a structured program with the assistance of role models and to engage in other fitness, wellness, and social activities. The Organization hosts tennis and fitness clinics and fitness camps in various locations across the United States of America.

The Organization's primary sources of revenue are fundraising activities, grants received from non-federal agencies, program service fees, and contributions from donors.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles (GAAP). Net assets, support and revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and change in net assets are classified and reported as follows:

Without Donor Restrictions - Net assets available for use in general operation and not subject to donor restrictions. All of the Organization's net assets are without donor restrictions.

With Donor Restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenues are reported as increases in net assets without donor restrictions, unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expirations of restrictions on net assets are reported as reclassifications between applicable net asset classes.

BUDDY UP FOR LIFE, INC.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

March 31, 2023 and 2022

Revenue Recognition

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions received are recorded as without donor restrictions or with donor restrictions support, depending on the existence and nature of any donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the statement of activities and change in net assets as net assets released from restrictions.

Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award.

A. Grant awards that are contributions

Grants that qualify as contributions are recorded as invoiced to the funding sources. Revenue is recognized in the accounting period when the related allowable expenses or asset acquisition costs are incurred. Amounts received in excess of expenses or asset acquisitions are reflected as refundable advances.

B. Grant awards that are exchange transactions

Exchange transactions reimburse based on a predetermined rate for services performed. The revenue is recognized in the period the service is performed.

Adoption of New Accounting Principle

As discussed in Note 4 to the financial statements, the Financial Accounting Standards Board has issued ASU 2016-02, Leases (Topic 842), which supersedes other accounting for leases and requires lessees to account for leases as either operating or sales-type or direct financing leases. ASU 2016-02 also requires additional disclosures about the amount, timing, and uncertainty of cash flows arising from leases. As amended, ASU 2016-02 is effective for fiscal years beginning after December 31, 2021, and interim periods within fiscal years beginning after December 15, 2022. The implementation of the new accounting principle did not result in any changes to the accompanying financial statements.

BUDDY UP FOR LIFE, INC.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

March 31, 2023 and 2022

Leases

The Organization has leases for office space and an apartment, which was previously accounted for as an operating lease. As further discussed above and in Note 4, management has considered the adoption of ASU 2016-02, Leases (Topic 842) during the year ended March 31, 2023. Management has determined that there were no changes to the financial statement and the leases are operating leases for financial statement purposes.

Cash and Cash Equivalents

For the purpose of reporting cash flows, cash and cash equivalents includes petty cash, demand deposits, and savings accounts.

Accounts Receivable

Accounts receivable consists of amounts due for program services and amounts due from private corporations and grantors having stipulated such contributions to the Organization as of March 31, 2023 and 2022. The Organization does not accrue interest on accounts receivable balances.

Accounts receivable are charged to bad debt expense when they are determined to be uncollectible based upon periodic review of accounts by management. GAAP requires that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method. There were no bad debts expensed during the years ended March 31, 2023 or 2022.

Contributed Services

Donated services are measured at fair values as determined by management in the statements of activities and changes in net assets as revenue and expenses in the period they are received. During the years ended March 31, 2023 and 2022, the Organization received contributed professional services with a fair value on the dates of donation of \$5,000. In addition, the Organization received contributions of nonprofessional volunteer services during the years ended March 31, 2023 and 2022 for approximately 700 and 400 volunteers to assist with program and fundraising activities, respectively. The nonprofessional volunteer services are not reported in the statements of activities and change in net assets.

BUDDY UP FOR LIFE, INC.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

March 31, 2023 and 2022

Advertising Costs

The Organization's policy is to expense advertising costs when incurred.

Income Taxes

The Organization applied for and received a determination letter from the Internal Revenue Service ("IRS") to be treated as a tax-exempt entity pursuant to Section 501(c)(3) of the Internal Revenue Code, except for income derived from unrelated business activities, as defined in the Code. There was no income tax expense for the years ended March 31, 2023 or 2022.

The Organization is required to and does file tax returns with the IRS and other taxing authorities. Accordingly, these financial statements do not reflect a provision for income taxes and the Organization has no other tax positions which must be considered for disclosure. Generally, income tax returns filed by the Organization are subject to examination by the IRS for a period of three years. While no income tax returns are currently being examined by the IRS, tax years since 2019 remain open.

Functional Expenses and Cost Allocation

The cost of providing the various programs and other activities has been summarized on a functional basis in the notes to the financial statements. Administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Joint costs are allocated to benefiting programs using various allocation methods, depending on the type of joint cost being allocated. Joint costs are those costs incurred for the common benefit of all organization programs, which cannot be readily identified with a final cost objective.

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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

BUDDY UP FOR LIFE, INC.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

March 31, 2023 and 2022

NOTE 3 - RELATED PARTY TRANSACTION

The Organization has executed a License Agreement with Adaptive Tennis Consulting, LLC for usage of the Buddy Up Tennis, Inc. trademark and certain logos. Adaptive Tennis Consulting, LLC is owned by the Executive Director of the Organization. The license agreement was executed during 2014 and runs for an initial term of 5 years, renewing automatically for successive five-year terms unless otherwise terminated. An amended agreement was executed, effective January 1, 2021. There were no fees charged to Buddy Up Tennis, Inc. related to the license agreement during the years ended March 31, 2023 and 2022.

NOTE 4 – LEASES

Effective April 1, 2022, the Organization implemented ASU 2016-02, Leases (Topic 842). The implementation of the new accounting principle did not result in any changes to the accompanying financial statements. The Organization leases office space with lease terms beginning October 1, 2019 and expiring on October 1, 2023. Rent expense, related to this agreement, included in Miscellaneous General and Administrative expenses, for the years ended March 31, 2023 and 2022 totaled \$10,196 and \$9,826, respectively. Future minimum lease payments for the year ended March 31, 2024 total \$4,050.

Commencing May 2022, the Organization entered into an apartment lease which expired June 30, 2023. The lease was extended thru September 30, 2024. Rent expense, related to this agreement, included in Other Program Expense for the year ended March 31, 2023 totaled \$12,880. Future minimum lease payments are \$18,312 for 2024 and \$9,156 for 2025.

The Organization has subleased part of the apartment under a sublease agreement that expires September 30, 2024. Sublease income approximated \$6,500 for the year ended March 31, 2023. Future minimum sublease income is \$5,040 for 2024 and \$3,780 for 2025.

BUDDY UP FOR LIFE, INC.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

March 31, 2023 and 2022

NOTE 5 - CONCENTRATIONS

Credit Risk

The Organization maintains its cash and cash equivalents with financial institutions. The bank balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 at each bank. At times, these balances may exceed the federal insurance limits; however, the Organization has not experienced any losses with respect to its bank balances in excess of government provided insurance. Management believes that no significant concentration of credit risk exists with respect to these bank balances at March 31, 2023 and 2022. As of March 31, 2023 and 2022, the cash balances of the Organization exceeded the FDIC insured limit by \$288,465 and \$192,772, respectively.

Fundraising

The Organization receives a substantial portion of its revenues from fundraising efforts. During the years ended March 31, 2023 and 2022, the Organization received 62% and 63%, respectively, from its fundraising revenue.

NOTE 6 - FUNCTIONAL EXPENSES

The cost of providing the various programs and other activities has been summarized on a functional basis in the statements of activities and changes in net assts. Administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

NOTE 7 - LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization has financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures. This amount consists of cash and accounts receivable as presented on the accompanying statements of financial position. None of these amounts are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position.

The Organization manages its liquidity by developing and adopting annual operating budgets that provide sufficient funds for general expenditures in meeting its liabilities and other obligations as they become due. The Organization maintains financial assets on hand to meet normal operating expenses.

BUDDY UP FOR LIFE, INC.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

March 31, 2023 and 2022

NOTE 8 - SUBSEQUENT EVENTS

Events that occur after the statement of financial position date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the statement of financial position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the statement of financial position date require disclosure in the accompanying notes. Management has evaluated the activity of Buddy Up for Life, Inc. through September 6, 2023 (the date the financial statements were available to be issued) and concluded that no subsequent event has occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.