Stack-Up. Org

Financial Statements

December 31, 2017

Stack-Up.Org

Table of Contents

December 31, 2017

McGee Maruca & Associates, P.C.
Certified Public Accountants
3111 Banksville Road, Suite 200
Pittsburgh, PA 15216
Ph 412.344.9006
Fax 412.344.9475
Email: office@mcgeemaruca.com
Website: mcgeemaruca.com

Leslie A. McGee, C.P.A.
Lisa Maruca DiPardo, C.P.A.

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Stack-Up.Org

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, 2017, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Directors
Page 2

Opinion

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, 2017, 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.

McGee Moruca & Associates, P.C

Pittsburgh, Pennsylvania
September 26, 2018

Stack-Up.Org

Statement of Financial Position

December 31, 2017

Assets

Current assets:		
Cash and cash equivalents	$	312,244
Unconditional promises to give		7,000
Inventory		24,478
Total current assets		343,722
Property and equipment:		
Equipment and furniture		3,503
Less accumulated depreciation		(730)
Net property and equipment		2,773
Other assets:		
Security deposit		450
Total assets	$	346,945

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued expenses	$	-
Total current liabilities		-
Total liabilities		-
Net assets:		
Unrestricted		322,467
Temporarily restricted		24,478
Permanently restricted		-
Total net assets		346,945
Total liabilities and net assets	$	346,945

See accompanying notes to the financial statements.

Stack-Up.Org

Statement of Activities

For the Year Ended December 31, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and Support:				
Grants and contributions	$ 662,650	$ -	$ -	$ 662,650
In-kind donations	-	2,113,990	-	2,113,990
Miscellaneous	2,558	-	-	2,558
Net assets released from restrictions:				
Restrictions satisfied by payments	2,089,512	(2,089,512)	-	-
Total revenue and other support	2,754,720	24,478	-	2,779,198
Expenses:				
Program services	2,627,973	-	-	2,627,973
Management and general	87,805	-	-	87,805
Fundraising	31,410	-	-	31,410
Total expenses	2,747,188	-	-	2,747,188
Change in net assets	7,532	24,478	-	32,010
Net assets at beginning of year	314,935	-	-	314,935
Net assets at end of year	$ 322,467	$ 24,478	$ -	$ 346,945

See accompanying notes to the financial statements.

Stack-Up.Org

Statement of Functional Expenses

For the Year Ended December 31, 2017

	Program Services	Management and General	Fundraising	Total
Bank fees	$ -	$ 12,542	$ -	$ 12,542
Convention	39,589			39,589
Dues and subscriptions	-	5,354	-	5,354
Game code donation expense	2,331,908		-	2,331,908
Insurance	-	2,508	-	2,508
Marketing	-		31,410	31,410
Meals and entertainment		650	-	650
Miscellaneous	-	870	-	870
Occupancy	-	4,770	-	4,770
Office expense	-	9,341	-	9,341
Phone and internet	-	619	-	619
Printing, postage, and shipping	-	2,142	-	2,142
Professional fees	-	48,522	-	48,522
Salaries and wages	171,159	-	-	171,159
Payroll taxes	17,758	-	-	17,758
Travel	67,559	-	-	67,559
Depreciation	-	487	-	487
Total functional expenses	$ 2,627,973	$ 87,805	$ 31,410	$ 2,747,188

See accompanying notes to the financial statements.

Stack-Up.Org

Statement of Cash Flows

For the Year Ended December 31, 2017

Cash flows from operating activities:	
Change in net assets	$ 32,010
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	487
Decrease in inventory	155,216
Increase in unconditional promises to give	(7,000)
Increase in security deposits	(450)
Decrease in accounts payable and accrued expenses	(9,551)
Net cash provided by operating activities	170,712
Cash flows from investing activities:	
Purchases of equipment and furniture	(1,069)
Net cash used by investing activities	(1,069)
Net increase in cash and cash equivalents	169,643
Cash and cash equivalents at beginning of year	142,601
Cash and cash equivalents at end of year	$ 312,244

See accompanying notes to the financial statements.

Stack-Up.Org

Notes to the Financial Statements

December 31, 2017

(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 Accounting**

The financial statements have been prepared on the accrual basis in accordance with generally accepted accounting principles. Accordingly, revenues are recognized when earned and expenses are recognized when incurred, regardless of dates of cash receipts or cash disbursements.

(b) **Basis of Presentation**

In accordance with the FASB Accounting Standards Codification, FASB ASC No. 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

(c) **Property and Equipment**

Expenditures for land, building and equipment in excess of $1,000 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.

(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.

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

(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, 2017.

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.

(g) **Functional Allocation of Expenses**

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services.

(h) **Restricted and Unrestricted Revenue and Support**

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

(2) Summary of Significant Accounting Policies, continued

(i) 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 the Organization's cash, accounts payable and accrued expenses approximates fair value primarily because of the short maturity of these instruments.

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.

(j) Promises to Give

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 $7,000 in unconditional promises to give for the year ended December 31, 2017, which is expected to be fully collected in 2018.

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, 2017.

(k) Inventory valuation

The Organization receives a substantial amount of donated goods from various game publishers consisting of game codes. Inventory consists of undistributed game codes 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.

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

(l) **Donated Materials, Facilities, and Services**

Significant services, materials and facilities are donated to the Organization by various individuals and organizations. Donated materials (game codes) were $2,113,990 in 2017, recorded at fair value at the date of donation, and have been included in revenue and inventory. As these games codes are released to military personnel they are removed from inventory and expensed.

(3) **Concentration of Credit Risk**

The Organization maintains a bank account with PNC Bank. The balance is insured by the FDIC up to $250,000. Cash exceeded the federally insured limits at December 31, 2017 by $53,823.

(4) **Temporarily Restricted Net Assets**

Temporarily restricted net assets at December 31, 2017 consist of the following:

Game program	$24,478

Temporarily restricted net assets released during 2017 consist of the following:

Game program	$2,089,512

(5) **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. In January 2018 the Organization ceased headquarters in Pennsylvania. The Organization incorporated in the State of California in January 2018. Additionally, the Organization entered into an office lease January 5, 2018. The lease is for a one-year term through January 31, 2019 the monthly lease is $2,950. Except for these events no additional subsequent events were noted.