

FINANCIAL STATEMENTS AND INDEPENDENT ACCOUNTANT'S REVIEW REPORT

CUP, INC.

December 31, 2024

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Board of Trustees of
CUP, Inc.

We have reviewed the accompanying financial statements of CUP, Inc. (a Nonprofit Organization), (the "Organization"), which comprise the statement of financial position as of December 31, 2024, and the related statement of activities and changes in net assets, 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 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 the financial statements that are free from material misstatement whether due to fraud or error.

Accountant's 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 AICPA. 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. We are required to be independent of CUP, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's 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.

Tampa, Florida
July 23, 2025

CUP, Inc.

STATEMENT OF FINANCIAL POSITION

December 31, 2024

(See Independent Accountant's Review Report)

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 859,327
Inventory	<u>17,939</u>

Total current assets	<u>877,266</u>
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Deposits	4,000
Right-of-use operating lease assets, net	111,692
Property and equipment, net	<u>353,590</u>

TOTAL ASSETS	<u><u>\$ 1,346,548</u></u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Lease liability, current	\$ 37,367
Other current liabilities	<u>2,938</u>

Total current liabilities	<u>40,305</u>
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Lease liability, net of current portion	<u>89,863</u>
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TOTAL LIABILITIES	<u>130,168</u>
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NET ASSETS

Without donor restrictions	1,216,380
With donor restrictions	<u>-</u>

Total net assets	<u>1,216,380</u>
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TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,346,548</u></u>
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The accompanying notes are an integral part of this statement.

CUP, Inc.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the year ended December 31, 2024
(See Independent Accountant's Review Report)

	Without donor restrictions	With donor restrictions	Total
Revenues and other support			
Contributions	\$ 473,388	\$ -	\$ 473,388
Contributions in-kind	20,753		20,753
Special events, net of direct expenses of \$55,650	358,117	-	358,117
Sales	172,632	-	172,632
Other Income	16,979	-	16,979
Total revenues and other support	1,041,869	-	1,041,869
Net assets released from restrictions	-	-	-
Total revenues, support and net assets released from restrictions	1,041,869	-	1,041,869
EXPENSES			
Program services	582,088	-	582,088
Management and general	62,231	-	62,231
Fundraising	2,983	-	2,983
Total expenses	647,302	-	647,302
Change in net assets	394,567	-	394,567
Net assets at beginning of year	821,813	-	821,813
Net assets at end of year	\$ 1,216,380	\$ -	\$ 1,216,380

The accompanying notes are an integral part of this statement.

CUP, Inc.

STATEMENT OF CASH FLOWS

For the year ended December 31, 2024
(See Independent Accountant's Review Report)

Cash flows from operating activities	
Change in net assets	\$ 394,567
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	39,011
Right-of-use asset amortization	74,515
Lease liability principal payments	(58,977)
Increase in inventory	(17,939)
Increase in deposits	(4,000)
Decrease in accounts payable	(968)
Total adjustments	31,642
Net cash provided by operating activities	426,209
Cash flows from investing activities	
Purchases of property and equipment	(28,274)
Net cash used by investing activities	(28,274)
Net change in cash and cash equivalents	397,935
Cash and cash equivalents at beginning of year	461,392
Cash and cash equivalents at end of year	\$ 859,327
<u>Supplemental disclosures of cash flow information</u>	
Cash paid during the year	
Interest	\$ -
Income taxes	\$ -

The accompanying notes are an integral part of this statement.

CUP, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31, 2024
(See Independent Accountant's Review Report)

	Program Services	Management and General	Fundraising	Total Expenses
Salaries and benefits	\$ 362,534	\$ -	\$ -	\$ 362,534
Advertising	-	6,961	2,983	9,944
Depreciation	39,011	-	-	39,011
Occupancy	64,578	-	-	64,578
Professional fees	-	35,507	-	35,507
Office expense	15,233	15,233	-	30,465
Repairs and maintenance	1,021	-	-	1,021
Cost of goods sold	99,322	-	-	99,322
Insurance	-	4,531	-	4,531
Travel	389	-	-	389
Total expenses	<u>\$ 582,088</u>	<u>\$ 62,231</u>	<u>\$ 2,983</u>	<u>\$ 647,302</u>

The accompanying notes are an integral part of this statement.

CUP, Inc.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2024

NOTE A - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A description of the organization and a summary of its significant accounting policies consistently applied in the preparation of the accompanying financial statements follow:

1. Description of the Organization

CUP, Inc. (the "Organization") is a nonprofit corporation and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code formed to create a workspace to provide those with and without disabilities a place to thrive, creating impactful experiences for their coworkers and guests alike.

2. Basis of Presentation

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 (U.S. GAAP).

The financial statement presentation of the Organization follows the recommendations of the Financial Accounting Standards *Accounting Standards Codification* ("FASB ASC") FASB ASC 958-605 and 958-205.

FASB ASC 958-605 requires the Organization to distinguish between contributions that increase net assets with donor restrictions, and net assets without donor restrictions. It also requires recognition of contributed services meeting certain criteria at fair value. These financial statements have been prepared to focus on the Organization as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. This has been accomplished by classification of assets, liabilities, and net assets into two self-balancing net asset groups as follows:

- Net assets with donor restrictions - Net assets subject to restrictions imposed by donors or grantors. Some donor-imposed restrictions are temporary in nature, such as those that will be met by actions of the Organization or by the passage of time. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates the resources to be maintained in perpetuity. If a restriction is satisfied in the same period in which the contribution is received, it is reported as support without donor restrictions.
- Net assets without donor restrictions - Net assets that are not subject to donor or grantor-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/or board of trustees.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

December 31, 2024

NOTE A - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

3. Use of Estimates

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

4. Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

5. Inventories

Inventories are carried at the cost, with cost being determined on the “first-in, first-out” basis.

6. Property and Equipment

Property and equipment are stated at cost. Depreciation is computed primarily using the straight-line method over the estimated useful lives of the assets which range from 5 to 10 years. Expenditures for repairs and maintenance are charged to operations as incurred. For assets sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any related gain or loss is reflected in income for the period.

7. Leases

The Organization determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (“ROU”) assets and operating lease obligation on the statements of financial position. Finance leases are included in finance lease ROU assets and finance lease obligation on the statements of financial position.

ROU assets represent the Organization’s right to use an underlying assets for the lease term and the lease obligation represents the Organization’s obligation to make lease payments arising from the lease. ROU assets and obligations are recognized at the lease commencement date based on the present value of lease payments over the lease term. As most of leases do not provide an implicit rate, the Organization uses its implied rate based on the information available at commencement date in determining the present value of lease payment. The operating lease ROU assets also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

CUP, Inc.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

December 31, 2024

NOTE A - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Short-term leases (terms of 12 months or less) or leases that do not meet the Organization's capitalization policy are not capitalized and are expensed as incurred.

8. Revenue Recognition

Contributions received are recorded as with or without donor restrictions, depending on the existence and/or nature of any donor restriction.

All donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the 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 statement of support, revenue and expenses and changes in net assets as net assets released from restrictions. The Organization reports any donor-restricted contributions whose restrictions are not in the same accounting period as unrestricted support.

9. Contributions In-Kind

The Organization receives various types of non-cash support, including contributed rent. Contributed rent is recorded at fair market value and totaled \$20,753 for the year ended December 31, 2024, all of which was included in program service expenses.

10. Functional Allocation of Expenses

The statement of functional expenses presents expenses by function and natural classification. Expenses directly attributable to a specific functional area of the Organization are reported as expenses of those functional areas. Expenses that benefit multiple functional areas have been allocated across programs and general and administrative expenses based on the proportion of employee time involved.

11. Concentrations of Credit Risk

The Organization maintains its cash and cash equivalents on deposit with financial institutions in the United States. The Federal Deposit Insurance Corporation (FDIC) covers \$250,000 for substantially all depository accounts. The amount in excess of the FDIC limit totaled approximately \$327,000. The Organization has not experienced any losses from its deposits.

CUP, Inc.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

December 31, 2024

NOTE A - DESCRIPTION OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

12. Income Taxes

The Organization has received a determination of tax-exempt status under 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is reflected in the accompanying financial statements. Management is not aware of any activities that would jeopardize the Organization's tax-exempt status. The Organization is not aware of any tax positions it has taken that are subject to a significant degree of uncertainty.

NOTE B - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of December 31, 2024:

Furniture and fixtures	\$ 101,249
Improvements	318,707
	<u>419,956</u>
Less accumulated depreciation	<u>(66,366)</u>
	<u><u>\$ 353,590</u></u>

NOTE C - LIQUIDITY

The following represents the Organization's financial assets available to meet general expenditures over the next 12 months at December 31, 2024:

Financial assets at year end	
Cash and cash equivalents	<u>\$ 859,327</u>
Financial assets available to meet expenditures over the next 12 months	<u><u>\$ 859,327</u></u>

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

December 31, 2024

NOTE D - LEASES

The Organization entered into a 5 ½-year, non-cancellable operating lease agreement for office space beginning September 1, 2022. In accordance with ASC 842, *Leases*, the Organization recorded a right-of-use asset and lease liability of \$186,207, which is the net present value of the future minimum lease payments using a discount rate of 3.39% the published applicable federal rate at the time the lease was signed.

The right-of-use operating lease asset is amortized using the straight-line method over the lease term. The right-of-use operating lease asset consists of the following as of December 31, 2024:

Right-of-use operating lease asset	\$ 186,207
Less accumulated amortization	<u>(74,515)</u>
	<u><u>\$ 111,692</u></u>

Future minimum payments under the operating lease agreement are as follows:

Year ending December 31.:

2025	\$ 40,934
2026	42,200
2027	43,466
2028	<u>7,385</u>
Total future minimum payments	133,985
Less: amount representing interest	<u>(3,188)</u>
Lease liability	<u><u>\$ 130,797</u></u>

Rent expense under this operating lease was approximately \$31,600 for the year ended December 31, 2024.

The Organization leases space from Embarc Collective in Tampa, Florida. The lease originated in 2024 and for monthly revenue shares of 10% over two years. As the lease is below fair market value, no amount has been recorded in the accompanying financial statements for the future fair value of this lease agreements, as the value cannot be estimated, the term is not substantiated, and the right to terminate the leases renders them conditional. The excess of the fair market value of rent for the space over amounts paid of \$20,753 has been recorded as an in-kind contribution and occupancy expense for the year ended December 31, 2024.

NOTE E - SUBSEQUENT EVENTS

The Organization has evaluated events and transactions occurring subsequent to December 31, 2024 as of July 23, 2025 which is the date the financial statements were available to be issued.