Spark Ventures

Independent Auditor's Report and Financial Statements
June 30, 2019 and 2018

AUDIT REPORT

LOPEZ & CO
CERTIFIED PUBLIC ACCOUNTANTS

SPARK VENTURES

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Spark Ventures

We have audited the accompanying financial statements of Spark Ventures (a nonprofit organization, "the Organization") which comprise the statement of financial position as of June 30, 2019, and 2018, and the related statements of activities, functional expenses, and cash flows for the years 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Spark Ventures as of June 30, 2019, and 2018, 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.

Lopez & Co. CPAs Ltd

Chicago, IL
September 26, 2019

SPARK VENTURES
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2019 AND 2018

Assets	2019	2018
Cash and Cash Equivalents	$ 298,617	$ 214,264
Pledges Receivable	2,252	4,000
Total Current Assets	300,869	218,264
Total Assets	$ 300,869	$ 218,264
Liabilities and Net Assets		
Liabilities		
Accounts Payable	$ 5,023	$ 384
Accrued Expenses	2,250	-
Total Liabilities	7,273	384
Net Assets		
Unrestricted	256,912	179,934
Donor Restricted	36,684	37,946
Total Net Assets	293,596	217,880
Total Liabilities and Net Assets	$ 300,869	$ 218,264

The accompanying notes are an integral part of these financial statements.

SPARK VENTURES
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEAR ENDED JUNE 30, 2019 AND 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE:						
Contributions	$ 413,274	$ 179,612	$ 592,886	$ 427,711	$ 37,946	$ 465,657
In-kind Contributions	13,175	-	13,175	56,087	-	56,087
Program Service Revenue	68,630	-	68,630	86,383	-	86,383
Interest Income	515	-	515	111	-	111
Other Income	-	-	-	15,028	-	15,028
Released from Restrictions	180,874	(180,874)	-	-	-	-
Total Revenue	676,468	(1,262)	675,206	585,320	37,946	623,266
EXPENSES:						
Program Services	481,888	-	481,888	523,905	-	523,905
Management and General	72,054	-	72,054	51,190	-	51,190
Fundraising	45,549	-	45,549	80,131	-	80,131
Total Expenses	599,491	-	599,491	655,226	-	655,226
Change in Net Assets	76,977	(1,262)	75,715	(69,906)	37,946	(31,960)
TOTAL NET ASSETS:						
Net Assets - Beginning of Fiscal Year	179,934	37,946	217,880	249,840	-	249,840
Net Assets - End of Fiscal Year	$ 256,911	$ 36,684	$ 293,595	$ 179,934	$ 37,946	$ 217,880

The accompanying notes are an integral part of these financial statements.

SPARK VENTURES
STATEMENT OF CASH FLOWS
YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	$ 75,715	$ (31,960)
Adjustments to Reconcile Change in Net Assets to		
Cash Provided (Used) by Operating Activities:		
(Increase) Decrease in Pledges Receivable	1,748	91,781
(Increase) Decrease in Prepaid Expenses	-	2,468
Increase (Decrease) in Accounts Payable	4,639	(17,117)
Increase (Decrease) in Accrued Expenses	2,250	-
Net Cash Provided (Used) by Operating Activities	84,352	45,172
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net Cash Provided (Used) by Investing Activities	-	-
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net Cash Provided (Used) by Financing Activities	-	-
NET CHANGE IN CASH AND CASH EQUIVALENTS	84,352	45,172
CASH AND CASH EQUIVALENTS - Beginning of Fiscal Year	214,264	169,092
CASH AND CASH EQUIVALENTS - End of Fiscal Year	$ 298,616	$ 214,264
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	$ 40	$ 180

The accompanying notes are an integral part of these financial statements.

SPARK VENTURES
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2019

Expenses	Programs	Mgmt and General	Fundraising	Total
Salaries and Benefits	$ 89,166	$ 31,551	$ 16,461	$ 137,178
Employee Benefits	2,543	900	470	3,913
Payroll Taxes	6,956	2,461	1,284	10,701
Program Expense	292,046	-	-	292,046
Professional Services	10,147	3,590	1,873	15,610
Occupancy	1,603	567	296	2,466
Outreach and Events	41,145	-	41,145	82,290
Insurance	1,424	504	263	2,191
Travel	13,448	-	623	14,071
Bank Service Charge	5,596	1,980	1,033	8,609
Supplies	827	293	153	1,273
Postage and Delivery	1,093	387	202	1,682
Marketing	5,842	2,067	1,078	8,987
Fund Raising Fees	-	-	-	-
Conferences and Meetings	1,044	369	193	1,606
Staff Development	-	-	-	-
Event Expense	6,521	-	6,521	13,042
Equipment	683	242	126	1,051
Payroll Processing Fees	1,725	610	318	2,653
Interest	26	9	5	40
Depreciation	-	-	-	-
Other Expenses	53	19	10	82
Total Expenses	$ 481,888	$ 45,549	$ 72,054	$ 599,491

The accompanying notes are an integral part of these financial statements.

SPARK VENTURES
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2018

Expenses	Programs	Mgmt and General	Fundraising	Total
Salaries and Benefits	$ 66,135	$ 15,116	$ 13,227	$ 94,478
Employee Benefits	2,475	566	495	3,536
Payroll Taxes	6,527	1,492	1,305	9,324
Program Expense	189,833	74	64	189,971
Professional Services	44,414	10,152	8,883	63,449
Occupancy	3,305	755	661	4,721
Outreach and Events	35,341	-	35,341	70,682
Insurance	6,540	1,495	1,308	9,343
Travel	40,945	-	-	40,945
Bank Service Charge	888	203	178	1,269
Supplies	1,022	234	204	1,460
Postage and Delivery	1,344	307	269	1,920
Marketing	30,402	6,949	6,080	43,431
Fund Raising Fees	7,997	1,828	1,599	11,424
Meals and Entertainment	1,344	307	269	1,920
Staff Development	287	66	58	411
Event Expense	39,261	8,974	7,852	56,087
Equipment	541	124	108	773
Payroll Processing Fees	1,513	346	303	2,162
Bad Debt	9,100	2,080	1,820	13,000
Interest	126	29	25	180
Losses on Program Related Equity Investment	34,157	-	-	34,157
Depreciation	-	-	-	-
Other Expenses	408	93	82	583
Total Expenses	$ 523,905	$ 51,190	$ 80,131	$ 655,226

The accompanying notes are an integral part of these financial statements.

(1) History and Nature of Organization

Spark Ventures ("the Organization") is a Chicago-based nonprofit with international partnerships that provide children in poverty with nutrition, education and healthcare. The Organization partners with grassroots organizations serving children in developing countries. The Organization strengthens and sustains these partners by providing human resources, strategic guidance and financial capital. The Organization and its partners launch businesses whose profits ensure meaningful impact for children and their communities for generations to come.

Partner Programs

The Organization assists about 500 vulnerable children in Zambia, Nicaragua, and Mexico through programs that provide these children with education, food, shelter, health care and emotional support. The Organization also uses funds to enhance and expand the effectiveness of partner programs, develop and train personnel, and execute capital projects.

Education & Awareness

The Organization educates and raises awareness by communicating the needs and vision of partner organizations as well as sharing information regarding the conditions and realities within the partner country.

Partnership Trips

The Organization provides international service learning and volunteer travel opportunities to its partner organizations. Additionally, a portion of the trip costs goes toward supporting the partner organization.

Services to Supporters

The Organization utilizes funds to gather and disseminate information to Spark Ventures supporters concerning the children they support including personal profiles, photos and stories of transformation. This information helps to educate investors on the context of the beneficiaries and their communities.

(2) Summary of Significant Accounting Policies

Basis of Presentation and Financial Statement Presentation

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The financial statements presentation follows the recommendation of the Financial Accounting Standards Board in its Accounting Standards Codification (FASB ASC) 958-205 Not-for-Profit Entities, Presentation of Financial Statements. The Organization is required to report information regarding its financial position according to two classes of net assets as of June 30, 2019, and 2018:

Net Assets with Donor Restrictions: Net assets subject to donor imposed stipulation that may or will be met by performance obligations of the Organization. The Organization maintained

$36,684, and $37,946 of net assets with donor restrictions as of June 30, 2019, and 2018, respectively.

Net Assets without Donor Restrictions: Net assets not subject to donor imposed restrictions.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets are reported as reclassifications between applicable classes of assets.

Revenue Recognition and Receivables

The Organization accounts for contributions in accordance with FASB ASC 958-605, "Not-for-Profit Entities, Revenue Recognition", "Accounting for Contributions Received and Contributions Made." Contributions, including unconditional promises-to-give, are recognized as revenue in the period received. Conditional promises to give are not recognized as revenue until the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions from unconditional promises to give that are to be received after one year are discounted at an appropriate discount rate based on an average Federal Funds rate.

Receivables are stated at unpaid balances, less an allowance for doubtful accounts when applicable. The Organization provides for losses on receivables using the allowance method. The allowance is based on experience, third-party contracts, and other circumstances, which may affect the ability of agencies and others to meet their obligations. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Organization's policy to charge off uncollectible receivables when management determines the receivable will not be collected. At June 30, 2019, and 2018, receivables are considered by management to be fully collectible within a year and accordingly, no allowance for doubtful accounts is determined to be necessary.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Prepaid Expenses

Expenses incurred in the subsequent period, but paid for in the current period are properly classified as prepaid expenses.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated to specific program services based on direct benefit obtained. All remaining costs are considered general support to all programs and the Organization in general. Those supporting costs are allocated based on estimates of time and effort.

Liquidity and Availability of Financial Assets

The Organization's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

Cash and Cash Equivalents	$ 298,617
Accounts Receivable	2,252
	$ 300,869

As a part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the Organization will seek external financing sources.

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles 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 reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Property, Equipment and Depreciation

Property and equipment are recorded at cost. Depreciation is calculated using the straight-line method over a period of 3 to 10 years based on the estimated useful lives of the assets. The Organization generally capitalizes items costing $1,000 or more. As of June 30, 2018, all assets were fully depreciated. The Organization recorded no depreciation expense for the years ended June 30, 2019, and 2018.

	2019	2018
Furniture & Equipment	$ 10,558	$ 10,558
Accumulated Depreciation	(10,558)	(10,558)
	$ -	$ -

Maintenance and repairs, which neither materially add to the value of the property nor appreciably prolong its life, are charged to expense as incurred. Gains or losses on dispositions of property and equipment are included in income.

Income Taxes

The Organization is recognized as exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes on related income. It qualifies for charitable contribution deductions under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

Uncertain Tax Position

The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business taxable income (UBIT). The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for the year ended June 30, 2019, and 2018.

The Organization files form 990 in the U.S. federal jurisdiction and the State of Illinois. The Organization is generally no longer subject to examination by the Internal Revenue Service for years before fiscal year 2016.

New Accounting Pronouncements

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities (Topic 958).* The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled *net assets without donor restrictions* and *net assets with donor restrictions*, (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the place-in-service approach to recognize the expirations or restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct internal investment expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. The Organization has adopted this ASU for the year ended December 31, 2018.

(3) Certain Vulnerabilities and Concentrations

The Organization also maintained certain bank accounts insured by the Federal Deposit Insurance Corporation ("FDIC") up to an aggregate amount of $250,000 for each depositor in each depository institution. At June 30, 2019, and 2018, the Organization had no accounts that exceeded the aggregate insured limit at any banking institutions. However, at June 30, 2019, and 2018, the Organization maintained $85,838, and $85,670, respectively in cash in a brokerage account not insured by the FDIC.

(4) Fair Value of Financial Instruments

In determining fair value, the Plan uses various valuation approaches within the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820-10 "Fair Value Measurements and

Disclosures" fair value measurement network. Fair value measurements are determined based on the assumptions that market participants would use in pricing an asset or liability.

FASB ASC 820-10 establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizing the use of unobservable inputs by requiring that the most observable inputs be used when available. FASB ASC 820-10 defines the levels within the hierarchy base on the reliability of inputs as follows:

Level 1 – Valuations based on adjusted quoted prices for identical assets or liabilities in active markets.

Level 2 – Valuations based on quoted prices for similar assets or liabilities or identical assets or liabilities in less active markets, such as dealer or broker markets.

Level 3 – Valuations derived from valuation techniques in which one or more of significant inputs or significant value drivers are unobservable, such as pricing models, discounted cash flow models and similar techniques not based on market, exchange, dealer or broker-traded transactions.

Fair Values of assets and liabilities measured on a recurring basis at June 30, 2019, and 2018, are as follows:

	Fair Value Measurements at Reporting Date Using:	
June 30, 2019	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)
Assets		
Cash	$ 298,617	$ 298,617
Pledges Receivable	2,252	2,252
Total Assets	300,869	300,869
Liabilities		
Accounts Payable	5,023	5,023
Total Liablities	$ 5,023	$ 5,023

	Fair Value Measurements at Reporting Date Using:	
June 30, 2018	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)
Assets		
Cash	$ 214,264	$ 214,264
Pledges Receivable	4,000	4,000
Total Assets	218,264	218,264
Liabilities		
Accounts Payable	384	384
Total Liablities	$ 384	$ 384

(5) Program Related Equity Investment

The Organization had a 50% joint venture interest in Las Tias Ventures (a Nicaraguan corporation), an unconsolidated affiliate that is involved in the development and operations of an agricultural project. As of June 2019, and 2018, the Organization has a 14.88%, and 27.43%, respectively, joint venture interest in Las Tias Ventures. The Organization has not participated in a capital call since January 29, 2018.

The tables below set forth the carrying values of the Organization's equity investment in the unconsolidated affiliate, and the Organization's share of their earnings or losses, as of and for the year ended June 30, 2019, and 2018. Until June 30th, 2018, when the carrying value was reduced to zero, the Organization accounted for its investment in the unconsolidated affiliate by the equity method. The Organization records its share of such earnings (losses) in the Statement of Functional Expenses as "Losses on Program Related Equity Investment" and the carrying value of the Organization's investment in the unconsolidated affiliate is recorded in the Statements of Financial Position as "Program Related Equity Investment."

	2019	2018
Assets		
Las Tias Ventures	$ -	$ -
Program Related Equity Investment	$ -	$ -
Earnings		
Las Tias Ventures	$ -	$ (34,157)
Losses on Program Related Equity Investment	$ -	$ (34,157)

(6) In-Kind Donations

The Organization records various types of in-kind support, including services, materials and other tangible assets. GAAP requires recognition of professional services received if those services (a) create or enhance long-lived assets or (b) require specialized skills, is provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Most of the services received by the Organization do not meet these criteria. In 2019, and 2018, the Organization recorded in-kind donations amounting to $13,175 and $56,087, respectively, representing primarily, goods donated to the Organization and subsequently sold at auction during special events. Contributions of tangible assets are recognized at fair value when received. The amounts reflected in the accompanying financial statements as in-kind support are offset by like amounts included in expenses or assets.

(7) Subsequent Events

The Organization has evaluated subsequent events through September 26, 2019, the date the financial statements were available to be issued. The Organization is not aware of any subsequent events that would require recognition or disclosure in the financial statements.