

**SPARK VENTURES**

Financial Statements

For the Years Ended June 30, 2024 and 2023

**SPARK VENTURES**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Spark Ventures

### Opinion

We have audited the accompanying financial statements of Spark Ventures (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, 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 Spark Ventures as of June 30, 2024, and the results of its operations 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 (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 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 the Organization's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

## Auditors' 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 auditors' 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 GAAS 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 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 GAAS, 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 statement
- 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 the Organization'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 the Organization'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.

LaMichelle Hecht, CPA  
Overhead Solutions  
Group

*LaMichelle Hecht*

December 12, 2024

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**Spark Ventures**  
 June 30, 2024 and 2023  
*Statement of Financial Position*

	2024	2023
<b>Assets</b>		
Current Assets		
Cash and cash equivalents	\$ 442,156	\$ 462,861
Accounts receivable	865	965
Prepaid Expenses	28,844	43,851
<b>Total Assets</b>	<u>\$ 471,865</u>	<u>\$ 507,677</u>
<b>Total Liabilities and Net Assets</b>		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 38,149	\$ 24,896
Deferred Income	89,850	77,426
Total Liabilities	<u>\$ 127,999</u>	<u>\$ 102,322</u>
Net Assets		
Net assets without donor restrictions	\$ 272,224	\$ 373,523
Net assets with donor restrictions	71,642	31,832
Total Net Assets	<u>\$ 343,866</u>	<u>\$ 405,355</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 471,865</u>	<u>\$ 507,677</u>

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

# Spark Ventures

June 30, 2024

## Statement of Activities

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Public Support</b>			
Contributions	\$ 670,521	\$ 192,222	\$ 862,743
In-Kind Contributions	114,827	-	114,827
Net Assets Released from Restrictions	152,412	(152,412)	-
Total Revenue and Support	<u>\$ 937,760</u>	<u>\$ 39,810</u>	<u>\$ 977,570</u>
<b>Revenue</b>			
Program Services Revenue	\$ 79,333	\$ -	\$ 79,333
Interest Income	5,414	-	5,414
Total Revenue	<u>\$ 84,747</u>	<u>\$ -</u>	<u>\$ 84,747</u>
<b>Total Public Support &amp; Revenue</b>	<u>\$ 1,022,507</u>	<u>\$ 39,810</u>	<u>\$ 1,062,317</u>
<b>Expense</b>	\$ 882,164		\$ 882,164
Program Services			882,164
Management and General	45,640		45,640
Fundraising	196,002		196,002
Total Expense	<u>\$ 1,123,806</u>	<u>\$ -</u>	<u>\$ 1,123,806</u>
<b>Change in Net Assets</b>	\$ (101,299)	\$ 39,810	\$ (61,489)
<b>Net Assets, beginning of year</b>	<u>\$ 373,523</u>	<u>\$ 31,832</u>	<u>\$ 405,355</u>
<b>Net Assets, end of year</b>	<u><u>\$ 272,224</u></u>	<u><u>\$ 71,642</u></u>	<u><u>\$ 343,866</u></u>

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

# Spark Ventures

June 30, 2023

## Statement of Activities

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Public Support</b>			
Contributions	\$ 566,639	\$ 160,789	\$ 727,428
In-Kind Contributions	44,589	-	44,589
Net Assets Released from Restrictions	191,268	(191,268)	-
Total Revenue and Support	<u>\$ 802,496</u>	<u>\$ (30,479)</u>	<u>\$ 772,017</u>
<b>Revenue</b>			
Program Services Revenue	\$ 101,979	\$ -	\$ 101,979
Interest Income	1,364	-	1,364
Total Revenue	<u>\$ 103,343</u>	<u>\$ -</u>	<u>\$ 103,343</u>
<b>Total Public Support &amp; Revenue</b>	<u>\$ 905,839</u>	<u>\$ (30,479)</u>	<u>\$ 875,360</u>
<b>Expense</b>			
Program Services	\$ 788,024	\$ -	\$ 788,024
Management and General	44,965	-	44,965
Fundraising	157,640	-	157,640
Total Expense	<u>\$ 990,629</u>	<u>\$ -</u>	<u>\$ 990,629</u>
<b>Change in Net Assets</b>	\$ (84,790)	\$ (30,479)	\$ (115,269)
<b>Net Assets, beginning of year</b>	<u>\$ 458,313</u>	<u>\$ 62,311</u>	<u>\$ 520,624</u>
<b>Net Assets, end of year</b>	<u>\$ 373,523</u>	<u>\$ 31,832</u>	<u>\$ 405,355</u>

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

## Spark Ventures

June 30 2024

### Statement of Functional Expenses

	<u>Program Services</u>	<u>Administrative Services</u>	<u>Fundraising Services</u>	<u>Total 2023 Expenses</u>
<b>FUNCTIONAL EXPENSES</b>				
Program Operations	\$ 398,385	\$ -	\$ -	\$ 398,385
Salaries and benefits	227,683	35,956	60,575	324,214
Outreach and Events	114,909	-	117,001	231,910
Professional Services	42,861	6,769	11,403	61,033
Travel	79,862	-	2,110	81,972
Marketing	7,663	1,210	2,039	10,912
Occupancy	8,113	1,281	2,159	11,553
Equipment & Supplies	742	117	197	1,056
Meals and Entertainment	1,946	307	518	2,771
Total functional expenses	<u>\$ 882,164</u>	<u>\$ 45,640</u>	<u>\$ 196,002</u>	<u>\$ 1,123,806</u>

## Spark Ventures

June 30 2023

### Statement of Functional Expenses

	<u>Program Services</u>	<u>Administrative Services</u>	<u>Fundraising Services</u>	<u>Total 2022 Expenses</u>
<b>FUNCTIONAL EXPENSES</b>				
Program Operations	\$ 414,428	\$ -	\$ -	\$ 414,428
Salaries and benefits	173,073	29,343	51,042	253,458
Outreach and Events	55,881	-	55,881	111,762
Professional Services	33,703	5,714	9,939	49,356
Event Expense	22,295	-	22,295	44,590
Travel	30,212	-	1,251	31,463
Employee Benefits	13,195	2,237	3,891	19,323
Bank Service Charge	11,640	1,974	3,433	17,047
Payroll Taxes	10,620	1,801	3,132	15,553
Marketing	6,530	1,107	1,926	9,563
Occupancy	6,281	1,065	1,852	9,198
Insurance	3,568	605	1,052	5,225
Supplies	2,314	392	682	3,388
Meals and Entertainment	2,021	343	596	2,960
Payroll Processing Fees	1,916	325	565	2,806
Staff Development	264	45	78	387
Equipment & Supplies	83	14	25	122
Total functional expenses	<u>\$ 788,024</u>	<u>\$ 44,965</u>	<u>\$ 157,640</u>	<u>\$ 990,629</u>

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



**Spark Ventures**  
**For the Years ended June 30, 2024 and 2023**  
*Statements of Cashflow*

	2024	2023
Cash flows from operating activities:		
Increase (Decrease) in net position	\$ (61,489)	\$ (115,269)
(Increase) Decrease in Pledges Receivable	100	(965)
(Increase) Decrease in Prepaid Expenses	15,007	(40,761)
Increase (Decrease) in Accounts Payable and Accrued Expenses	13,253	8,394
Increase (Decrease) in Deferred Income	12,424	77,426
Net cash provided by (used in) operating activities	<u>\$ (20,705)</u>	<u>\$ (71,175)</u>
 Cash flows from investing activities:		
Net cash provided by (used in) investing activities	<u>-</u>	<u>-</u>
 Cash flows from financing activities:		
Net cash provided by (used in) financing activities	<u>-</u>	<u>-</u>
 Net increase (decrease) in cash and cash equivalents	<u>\$ (20,705)</u>	<u>\$ (71,175)</u>
 Cash and cash equivalents at the beginning of the year	\$ 462,861	\$ 534,036
Cash and cash equivalents at the end of the year	<u>\$ 442,156</u>	<u>\$ 462,861</u>

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

**Spark Ventures**  
NOTES TO THE FINANCIAL STATEMENTS  
For the Years Ended June 30, 2024 and 2023

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Nature of the organization*

Spark Ventures (“the Organization”) is a Chicago-based nonprofit that invests in sustainable solutions that empower communities around the world. The Organization partners with four grassroots organizations - one in the United States and three international locations in developing countries. These partner organizations provide children in under-resourced communities with education, nutrition, and healthcare as well as jobs, capacity building and entrepreneurial opportunities for teens & adults. The Organization strengthens and sustains these partners by providing human resources, strategic guidance and financial capital. The Organization and its partners collaborate to sustain individuals, organizations and the environment, and to launch revenue-generating initiatives whose profits contribute to meaningful impact for individuals and their communities for generations to come.

Partner Programs

The Organization assists about 900 children, teens and adults in under-resourced communities in Zambia, Nicaragua, Mexico and Chicago through programs that provide the children with education, food, shelter, health care and emotional support as well as vocational workshops, entrepreneurial opportunities and jobs for teens and adults. 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 partners’ countries and communities.

Partnership Trips

The Organization provides domestic volunteer opportunities as well as international service learning and volunteer travel opportunities to visit and engage first-hand with 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 program participants they support including personal profiles, photos and stories of transformation. This information helps to educate investors on the context of the program participants and their communities.

*Basis of accounting*

The accounting system is maintained, and financial reports are prepared in accordance with the accrual basis of accounting. Under generally accepted accounting principles, the organization is required to report information regarding its financial position and activities according to two classes of net assets: those with donor restrictions and those without.

*Cash equivalents*

The Organization maintains its cash in bank accounts, which at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization does not believe it is exposed to any significant credit risk on cash.

*Equipment*

Equipment is stated at cost, net of accumulated depreciation. Depreciation is computed on the straight-line method over the estimated useful lives (generally 5 years) of the assets. Expenditures for repairs and maintenance are expensed in the year in which they were incurred. The Organization capitalizes all equipment over \$2,500 purchased. As of June 30, 2022, all assets were fully depreciated. The Organization recorded no depreciation expense for the years ended June 30, 2024, and 2023.

**Spark Ventures**  
NOTES TO THE FINANCIAL STATEMENTS  
For the Years Ended June 30, 2024 and 2023

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Net Assets*

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

*Net Assets with Donor Restrictions* - Net assets subject to donor- (or certain grantor-) 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 those 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. The Organization has no net assets with perpetual donor restrictions.

*Grants, Contributions, Pledges, and Accounts Receivable*

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets without donor restrictions when received. Support that is restricted by the donor is reported as an increase in net assets with donor restrictions. When a restriction expires (i.e., 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 statements of activities and changes in net assets as net assets released from restrictions.

Revenue from government grants and contracts for use in specific activities is recognized in the period during which the grant or contract expenditures were incurred in compliance with the grantor's restrictions. Cash received more than revenue recognized is recorded as deferred revenue.

Management determines the allowance for uncollectible accounts by reviewing and identifying specific troubled accounts on an annual basis by using historical experience. Receivables are written off when deemed uncollectible.

*Donated property, materials, or services*

Property and materials donated to the Organization are recorded at fair market value, if available, at the time of receipt.

*Functional 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.

*Operating Leases*

The organization occupies premises on a month-to-month basis. Due to the immaterial nature of this arrangement, no long-term lease commitment is reflected in the financial statement.

*Income taxes*

The Internal Revenue Service has determined that the Organization is exempt from Federal income tax under Section 501 (c) (3) of the Internal Revenue Code. Contributions to the Organization are tax deductible under Section 170 of the Internal Revenue Code. The Internal Revenue Service has determined that the Organization is not a "private foundation" within the meaning of Section 509(a) of the Code.

*Estimates*

The preparation of financial statements in conformity with U.S. 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.

**Spark Ventures**  
NOTES TO THE FINANCIAL STATEMENTS  
For the Years Ended June 30, 2024 and 2023

**NOTE 2 - CONCENTRATION OF CREDIT RISK**

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash, cash equivalents and receivables. The Organization maintains its cash balance with high quality financial institutions located in Chicago, Illinois. The Organization has not experienced any losses on such accounts. As of June 30, 2024, the Organization held the majority of its cash in multiple accounts. At year end, the balances of some of those accounts were above the federally insured limits of \$250,000.

**NOTE 3 - IN-KIND DONATIONS**

For the fiscal years ending June 30, 2024, and June 30, 2023, the organization received in-kind donations valued at their fair market values of \$114,827 and \$44,589, respectively. These in-kind donations include goods and services that have been recorded as both revenue and expenses in the financial statements, in accordance with generally accepted accounting principles (GAAP). The organization relies on the generosity of its donors, and these in-kind contributions are integral to supporting its programs and mission.

**NOTE 4 - RETIREMENT PLAN**

The Organization has a Simple IRA retirement plan. The plan covers all eligible employees, and all eligible employees may make discretionary contributions. The balances in the plan are not material to the Organization and are the assets of the participating employees.

**NOTE 5 - NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are subject to donor-imposed stipulations that limit the use of these resources to specific purposes or periods. As of June 30, 2024, and June 30, 2023, net assets with donor restrictions were \$71,642 and \$31,832, respectively.

During the fiscal years ending June 30, 2024, and June 30, 2023, restrictions on certain net assets were satisfied by the organization's actions in compliance with donor stipulations or by the passage of time, and these amounts were reclassified to net assets without donor restrictions in accordance with generally accepted accounting principles.

**NOTE 6 - LIQUIDITY MANAGEMENT**

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 \$442,156

\$79,625 of the financial assets are subject to donor or other contractual restrictions, but the remaining financial assets are available for general expenditure. 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.

**Spark Ventures**  
**NOTES TO THE FINANCIAL STATEMENTS**  
For the Years Ended June 30, 2024 and 2023

**NOTE 7 - CONTRIBUTED SERVICES**

The Organization uses the services of volunteers in various ways. However, the nature of the services does not meet the requirement for recognition in the financial statements. During the year end June 30, 2024, volunteers donated their time to work on various events in the partner communities which the Organization serves. support fundraising events and participate on committees. Some of these volunteers were classified as unpaid interns. The organization has no reliable, practical way of estimating the value of those donated services.

**NOTE 8- RECLASSIFICATION OF PRIOR YEAR FINANCIAL INFORMATION**

In preparing the current year's financial statements, certain reclassifications have been made to the prior year figures to conform to the current year's presentation. These reclassifications were made for the purpose of improving comparability between periods and more accurately reflecting the nature of transactions in the financial statements. The reclassifications did not impact the previously reported net income (loss), changes in net assets, or cash flows. All such changes have been reflected in the comparative figures presented in this financial statement.

**NOTE 9- COMPARATIVE INFORMATION**

The financial statements include prior year comparative information, which was audited by another auditor. We did not perform the audit of the prior year financial statements and therefore express no opinion or assurance on the comparative figures presented.

**NOTE 10 - SUBSEQUENT EVENTS**

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through December 12, 2024 the date the financial statements were issued