

SPARK* SF PUBLIC SCHOOLS
AUDITED FINANCIAL STATEMENTS
JUNE 30, 2022

(With summarized comparative totals as of and for
the year ended June 30, 2021)



SPARK* SF PUBLIC SCHOOLS
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Spark* SF Public Schools
San Francisco, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Spark* SF Public Schools (the "Organization") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, 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 accompanying financial statements referred to above present fairly, in all material respects, the financial position of Spark* SF Public Schools as of June 30, 2022, 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.

Basis for Opinion

We conducted our audit 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 Spark* SF Public Schools 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 opinions.

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 the Organization'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 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 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 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.

Report on Summarized Comparative Information

The other CPA firm has previously audited the Organization's 2021 financial statements, and expressed an unmodified audit opinion on those audited financial statements, in their report dated December 16, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Harshmal & Company LLP

Oakland, California
November 30, 2022

FINANCIAL STATEMENTS

SPARK* SF PUBLIC SCHOOLS
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022
(With summarized comparative totals as of June 30, 2021)

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and cash equivalents	\$ 6,764,556	\$ 5,829,274
Pledges receivable	11,321,900	9,261,298
Other receivable	-	159,196
Prepaid expenses	<u>296,297</u>	<u>4,836</u>
Total assets	<u>18,382,753</u>	<u>15,254,604</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	61,835	90,004
Grant payable	11,170,232	3,135,191
Due to related party	<u>-</u>	<u>347,196</u>
Total liabilities	<u>11,232,067</u>	<u>3,572,391</u>
NET ASSETS		
Without donor restrictions		
Undesignated	1,640,510	1,213,367
Board designated	48,245	-
With donor restrictions	<u>5,461,931</u>	<u>10,468,846</u>
Total net assets	<u>7,150,686</u>	<u>11,682,213</u>
Total liabilities and net assets	<u>\$18,382,753</u>	<u>\$15,254,604</u>

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

SPARK* SF PUBLIC SCHOOLS
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022
(With summarized comparative totals for the year ended June 30, 2021)

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUES AND SUPPORT				
Grant and contributions	\$ 217,104	\$ 17,347,154	\$17,564,258	\$27,170,432
In-kind contributions	722,699	-	722,699	557,090
Interest and dividend	5,064	-	5,064	29,129
Event revenue	<u>182,849</u>	<u>-</u>	<u>182,849</u>	<u>-</u>
Total public support	1,127,716	17,347,154	18,474,870	27,756,651
Net assets released from restrictions	<u>22,354,069</u>	<u>(22,354,069)</u>	<u>-</u>	<u>-</u>
Total revenue, gain and support	<u>23,481,785</u>	<u>(5,006,915)</u>	<u>18,474,870</u>	<u>27,756,651</u>
EXPENSES AND LOSSES				
Program services:				
Grants and other program expenses	22,474,867	-	22,474,867	17,542,299
Supporting services:				
Management and general	293,590	-	293,590	282,857
Fundraising	<u>237,940</u>	<u>-</u>	<u>237,940</u>	<u>333,605</u>
Total expenses and losses	<u>23,006,397</u>	<u>-</u>	<u>23,006,397</u>	<u>18,158,761</u>
Change in net assets	475,388	(5,006,915)	(4,531,527)	9,597,890
Net assets, beginning of year	<u>1,213,367</u>	<u>10,468,846</u>	<u>11,682,213</u>	<u>2,084,323</u>
Net assets, end of year	<u>\$ 1,688,755</u>	<u>\$ 5,461,931</u>	<u>\$ 7,150,686</u>	<u>\$11,682,213</u>

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

SPARK* SF PUBLIC SCHOOLS
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022
(With summarized comparative totals for the year ended June 30, 2021)

	2022			2021	
	Program services	Management and General	Fundraising	Total expenses	Total expenses
Grant distributions	\$21,800,573	\$ -	\$ -	\$21,800,573	\$17,116,837
In-kind salaries	83,572	80,935	237,940	402,447	453,994
Professional fees	311,145	100,788	-	411,933	453,207
Rent	6,000	44,500	-	50,500	42,336
Insurance	-	4,160	-	4,160	5,906
Bank Fees	2,322	4,540	-	6,862	37,031
Administrative services	-	39,335	-	39,335	38,518
Scholarships & stipend	262,365	-	-	262,365	-
Meals	8,300	1,163	-	9,463	272
Other expenses	<u>590</u>	<u>18,169</u>	<u>-</u>	<u>18,759</u>	<u>10,660</u>
Total expenses	<u>\$22,474,867</u>	<u>\$ 293,590</u>	<u>\$ 237,940</u>	<u>\$23,006,397</u>	<u>\$18,158,761</u>
% of total expenses	97.69 %	1.28 %	1.03 %	100.00 %	100.00 %

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

SPARK* SF PUBLIC SCHOOLS
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022
(With summarized comparative totals for the year ended June 30, 2021)

	2022	2021
<i>Cash flows from operating activities</i>		
Change in net assets	\$ (4,531,527)	\$ 9,597,890
Adjustments to reconcile the change in net assets to net cash provided by/(used in) operating activities:		
Change in operating assets and liabilities:		
Pledges receivable	(2,060,602)	1,413,416
Other receivable	159,196	100,000
Prepaid expenses	(291,461)	26,751
Accounts payable	(28,169)	44,495
Grant payable	8,035,041	(12,046,282)
Deferred revenue	-	(10,300)
Due to related party	(347,196)	(9,589)
Net cash provided by/(used in) operating activities	935,282	(883,619)
Net change in cash and cash equivalents	935,282	(883,619)
Cash and cash equivalents, beginning of year	5,829,274	6,712,893
Cash and cash equivalents, end of year	\$ 6,764,556	\$ 5,829,274

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

SPARK* SF PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - NATURE OF ORGANIZATION AND PROGRAMS

Spark* SF Public Schools (the “Organization”) was incorporated on January 2, 2015, as a nonprofit corporation and operates exclusively for public and charitable purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code (“IRC”). The Organization is dedicated to building private financial support and partnerships to support the strategic priorities of the San Francisco Unified School District (“SFUSD”) so that each and every child receives the quality instruction and equitable support required to thrive in the 21st century. The Organization leverages philanthropic support to pilot new ventures, propel promising ideas, and scale proven practices, learning from what’s working and pivoting when necessary, all in the service of driving innovation and progress across San Francisco’s public school system. It does this by researching, identifying, cultivating, soliciting and stewarding strategic private investments towards SFUSD strategic priorities in following key areas:

1) Spark* Learning: embraces new educational models that are opening up exciting new pathways for teaching and learning. By investing in more dynamic tools and classroom experiences that support early education, literacy, science technology engineering & math (“STEM”), and, college and career readiness, the Organization ensures that school success translates to real world achievement.

2) Spark* Equity: supports targeted interventions to address the needs of low-income students, English learners, students enrolled in special education, and students of color to address long standing disparities, and put mechanisms in place to counteract them. The Organization's equity investments are also designed to create positive school cultures and amplify student and parent voices.

3) Spark* Access: The Organization launched a 2-year initiative, SF Unified Access, at the beginning of the new school year in July 2020 to address the inequities students furthest from opportunity faced in accessing technology so they could continue to learn while schools remained closed due to the COVID-19 pandemic. The initiative set out to meet this immediate need as well as provide teachers with the appropriate professional development and training they needed to use the technological tools required for instruction as well as the supports families needed to use and access the hardware and software being used for instruction by their children. It also sought to develop a sustainable solution to eliminating the digital divide at SFUSD altogether by creating a one-to-one digital district.

4) Spark* Talent: ensures that each school is filled with high-quality leaders, teachers, and staff who are committed to helping our students reach their full potential by expanding homegrown recruitment and retention programs that enlist the best and brightest educators, with special attention to creating a more diverse and culturally representative workforce. Investments are also made in coaching, training, and professional development opportunities so that staff are given the tools to continuously grow and learn as professionals.

5) Spark* Innovation: seeks investments in reimagining the SFUSD school system that link student learning with the opportunities and imperatives of living, working, and thriving in the city of San Francisco through SFUSD’s Middle Grades Redesign. The Organization embraces new ways of structuring student and teacher time, and supporting district-wide innovation through the iLab which develops, tests and refines new school models that inform system wide change.

6) Spark* Wellness: prepares students for the demands of 21st century life that require not just strong academic instruction, but school environments that promote and protect children's health and wellbeing by helping students and families access a broader array of services and supports that contribute to whole-family success, and develop a wider range of social and emotional supports that have historically not been an explicit focus of public education.

SPARK* SF PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - NATURE OF ORGANIZATION AND PROGRAMS - CONT'D

7) **Spark* Creativity:** seeks investments in the creation of a world-class arts education center in the heart of San Francisco's performing arts district at 135 Van Ness Avenue where students will have greater exposure and access to a variety of creative and artistic disciplines that enable them to express their unique identities.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation:

The Organization's financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Revenues are reported as increases in net assets without donor restrictions, unless there are donor-imposed purposes and/or time restrictions on the gifted assets. Expenses are reported as decreases in net assets without donor restrictions. Gains or losses on other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law.

Net assets and revenues, expenses, 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 grantor imposed restrictions. These restrictions may expire with time or may be satisfied and removed by the actions of the Organization according to the terms of the gift.

B. Use of Estimates:

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

C. Cash and Cash Equivalents:

Cash and cash equivalents consist primarily of cash on deposit and highly liquid financial instruments that are readily convertible into cash and purchased with original maturities of three months or less.

D. Revenue Recognition:

Grants and contributions

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give-that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. There were no conditional grants or contributions as of June 30, 2022 and 2021.

SPARK* SF PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

D. Revenue Recognition - Cont'd:

Fiscal agency and fiscal sponsorship

Certain contributions are received by the Organization as a fiscal agent. A fiscal agent is an entity that accepts assets from a donor and agrees to use those assets on behalf of or transfer those assets to a specified beneficiary. The Organization had not earned any administrative fees for fiscal agency arrangements for the year ended June 30, 2022 and 2021, respectively. The Organization recognizes a liability payable to the specified beneficiary concurrent with its recognition of cash or other financial assets received from the donor and retains a percentage as fiscal agency fees earned. The liability is relieved upon transfer of assets or use on behalf of the donor. No contribution revenue or grant expense is recognized for these transactions.

In 2018, the Organization received pledges for fiscal agency contributions totaling \$1,470,366. Remaining receivables totaling \$0 and \$159,196 are included in other receivables in the statements of financial position as of June 30, 2022 and 2021, respectively. These funds were to be paid to SFUSD, the specified beneficiary. In 2020, the Organization received additional fiscal agency contributions. Remaining payables totaling \$0 and \$347,196 are included in the due to related party account in the statements of financial position as of June 30, 2022 and 2021

The Organization is considered a fiscal sponsor when it is explicitly granted a variance power, meaning that it has the ability to use the assets received to further its own purpose from the date it accepts the assets. When sponsor grants are awarded to the Organization, the Organization recognizes contribution revenue unless the transfer is revocable, repayable, or reciprocal. The revocable, repayable, or reciprocal transfers, if any, are recorded as deferred revenue in the statements of financial position.

Administrative fees revenue

The Organization collects an administrative fee up to 2.15% and 3.18% for the years ended June 30, 2022 and 2021 respectively, on certain grants received to cover the Organization's administrative overhead costs. Administrative fees are recognized as contributions without donor restrictions when the grants are unconditionally promised or cash is received on the related grants. Administrative fees earned for the years ended June 30, 2022 and 2021 amounted to \$217,104 and \$571,812, respectively, and are recorded in the contributions without donor restrictions.

Special Events revenue

Gross receipts from sponsorships and participants are offset by the associated direct benefit costs to obtain the net revenues raised by special fundraising events. The remaining costs of the special events are shown as fundraising events expenses when the events occur. Event revenue for the year ended June 30, 2022 amounted to \$182,849. There were no events held in 2021.

E. In-Kind Contributions:

In-kind contributions are reflected at the fair value of the contribution received in accordance with ASC 958.605.30-11. The contributions of services, equipment, and other materials are recognized if they (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The Organization received in-kind donated professional services, office space and subscriptions in the amount of \$722,699 and \$557,090 for the year ended June 30, 2022 and 2021, respectively.

SPARK* SF PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

F. Functional Allocation of Expenses:

The costs of providing the various programs, fundraising and other support activities have been summarized on a functional basis in the statements of functional expenses. The statements of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the various functions based on estimates of time and direct costs. Direct expenses including grants distributions, administrative services, insurance, consultants, and other expenses are charged directly to the function, and in-kind salaries are allocated based on estimates of time and effort. Rent expenses are allocated based on square footage.

Percentages of total expenses in the statements of functional expenses are calculated by dividing program services, management and general, and fundraising expenses by the total expenses for the period.

G. Income Taxes:

The Organization is exempt from federal income taxes under the provisions of IRC Section 501(c)(3) and similar state provisions, except on any net income derived from unrelated business activities. In addition, the Organization has determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Internal Revenue Code. The Organization files United States federal and California tax returns.

The Organization evaluates tax positions taken by the Organization and recognizes a tax liability if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the applicable tax authority. The Organization has reviewed its tax positions for all open tax years and believes that it has appropriate support for the tax positions taken. Therefore, no liability has been recorded.

H. Unconditional Promises to Give:

Pledges receivable representing unconditional promises to give are recorded at their net realizable value. If such promises to give are due in more than one year, they are discounted to the present value of their estimated future cash flows using a discount rate commensurate with the risk involved. Amortization of the discount is included in contribution revenue.

Conditional promises to give are not included as revenue until the conditions are substantially met. There were no conditional promises to give as of June 30, 2022 and 2021.

An allowance for uncollectible unconditional promises to give is provided based upon management's judgment including such factors as prior collection history and type of contribution. No allowance is deemed necessary as of June 30, 2022 and 2021.

I. Grant Expense:

Grants are recorded as expenses when they are approved by the Organization's board of directors for payment. Grants scheduled for payment in more than one year are discounted to the expected value of future payments. As of June 30, 2022 and 2021, grants payable amounted to \$11,003,685 and \$2,960,976 respectively.

SPARK* SF PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONT'D

J. Reclassification:

Certain reported amounts on the 2021 financial statements have been reclassified for comparative purposes to conform to the presentation in the 2022 financial statements, specifically the net asset rollforward schedule in the Note 7. These reclassifications had no effect on previously reported changes in net assets.

K. Comparative Summarized Financial Information:

The financial statements include certain prior year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2021, from which the summarized information was derived.

L. New Accounting Pronouncement:

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). The guidance in this ASU supersedes the leasing guidance in Topic 840, Leases. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. In June 2020, the FASB issued ASU 2020-05, which defers the effective date of ASU 2016-02 one year, making it effective for annual reporting periods beginning after December 15, 2021. The Organization is currently evaluating the impact of its pending adoption of the new standard on its financial statements.

In November 2019, the FASB issued ASU 2019-10, Financial Instruments - Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842): Effective Dates, which delays the effective date of ASU 2016-13 for certain entities. The new standard is effective for years beginning after December 15, 2022, including interim periods within those years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Organization is currently evaluating the impact on its financial statements.

NOTE 3 - CASH AND CASH EQUIVALENTS

As of June 30, 2022, cash and cash equivalents consist of following:

	<u>Carrying Amount</u>	<u>Bank Balance</u>
Charles Schwab 6329	\$ 2,103,063	\$ 2,103,063
FRB Checking	3,941,827	3,980,429
FRB Savings 3098	351,423	351,423
FRB Savings 3887	<u>368,243</u>	<u>368,243</u>
Total cash and cash equivalents	<u>\$ 6,764,556</u>	<u>\$ 6,803,158</u>

SPARK* SF PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3 - CASH AND CASH EQUIVALENTS - CONT'D

The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit. Cash balances held in banks are insured up to \$250,000 by Federal Deposit Insurance Corporation (FDIC). The Organization maintains its cash in bank deposit accounts that at times may exceed insured limits. However, the Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash and cash equivalents.

NOTE 4 - PLEDGES RECEIVABLE

As of June 30, 2022 and 2021, pledges receivable consist of following:

	<u>2022</u>	<u>2021</u>
Receivable in less than one year	\$11,321,900	\$ 9,261,298
Receivable in one to five years	<u>-</u>	<u>-</u>
Total pledges receivable	<u>\$11,321,900</u>	<u>\$ 9,261,298</u>

The discount to net present value on the receivables due in more than one year was not material to the financial statements; therefore, no discount was recorded. At June 30, 2022 and 2021, one donor accounted for 57% and 81% respectively, of the total pledges receivable.

NOTE 5 - GRANT PAYABLE

As of June 30, 2022 and 2021, grant payable consist of following:

	<u>2022</u>	<u>2021</u>
Grant payable	\$11,003,685	\$ 2,960,976
Scholarship payable	<u>166,547</u>	<u>174,215</u>
Total grant payable	<u>\$11,170,232</u>	<u>\$ 3,135,191</u>

NOTE 6 - NET ASSETS WITHOUT DONOR RESTRICTIONS

As of June 30, 2022 and 2021, net assets without donor restrictions consists of the following:

	<u>2022</u>	<u>2021</u>
Designated by the Board of Directors - GOAT23	\$ 48,245	\$ -
Net assets without donor restrictions - undesignated	<u>1,640,510</u>	<u>1,213,367</u>
Total net assets without donor restrictions	<u>\$ 1,688,755</u>	<u>\$ 1,213,367</u>

SPARK* SF PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses to satisfy purposes designated by the donors which is primarily to support projects benefiting the interest and welfare of SFUSD, and to carry on other educational and charitable activities. The following table summarizes the purposes for which net assets with donor restrictions are available and the related additions and releases for the year ended June 30, 2022:

	June 30, 2021	Reclassification	Contributions	Released from restrictions	June 30, 2022
Spark* Innovation	\$ 580,484	\$ -	\$ 580,500	\$ (1,160,016)	\$ 968
Spark* Equity	164,543	27,302	257,819	(342,934)	106,730
Spark* Learning	6,565,634	5,321	11,581,203	(15,303,151)	2,849,007
Spark* Access	654,492	(32,623)	610,000	(1,200,000)	31,869
Spark* Wellness	2,498,775	-	3,722,080	(3,757,771)	2,463,084
Spark* Creativity	4,918	-	500	(18)	5,400
Spark* Talent	-	-	595,052	(590,179)	4,873
Total net assets with donor restrictions	<u>\$10,468,846</u>	<u>\$ -</u>	<u>\$ 17,347,154</u>	<u>\$(22,354,069)</u>	<u>\$ 5,461,931</u>

NOTE 8 - LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

Financial assets available for general expenditure, that is without donor or other restrictions limiting their use, within one year of the statement of the financial position date, comprise the following:

Financial assets at year end:	2022	2021
Cash and cash equivalents	\$ 6,764,556	\$ 5,829,274
Pledges receivable	11,321,900	9,261,298
Other receivable	-	159,196
Total financial assets	<u>18,086,456</u>	<u>15,249,768</u>
Less: amounts not available to be used within one year		
Due to related party	-	(347,196)
Net assets with donor restrictions	(5,461,931)	(10,468,846)
Board designated	<u>(48,245)</u>	<u>-</u>
Financial assets available to meet cash needs for general expenses within one year	<u>\$ 12,576,280</u>	<u>\$ 4,433,726</u>

The Organization endeavors to structure its financial assets to be available and liquid as its general expenditures, liabilities, and other obligations become due.

SPARK* SF PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 9 - RISKS AND UNCERTAINTIES

A. Credit Risk:

The Organization maintains its cash in accounts at financial institutions which, at times, may exceed federally insured limits. The deposits at financial institutions bear the credit risk associated with institutions. The Organization has not experienced any losses in such accounts, and management believes it is not exposed to any significant credit risk on cash and cash equivalents.

B. Concentrations:

The majority of the Organization's contributions are received from individuals and corporations located in San Francisco, California, and the surrounding communities. As such, the Organization's ability to generate resources via contributions is dependent upon the economic health of that area. An economic downturn could cause a decrease in contribution revenues and related grant expenses.

C. Economic Conditions:

The Organization relies on contributions and special events revenue to fund its mission and operations. As with most nonprofit organizations, these revenue streams are largely dependent on the general economic environment. General domestic and global economic, legal, and political conditions can have a major influence on donor giving and event attendance. A significant decline in contributions or event revenue could have an adverse impact on the Organization's future operating results. In addition, the values of assets and liabilities recorded in the financial statements could change rapidly, resulting in material future adjustments in allowance for contributions receivable that could negatively impact the Organization's ability to maintain sufficient liquidity.

NOTE 10 - RELATED PARTY TRANSACTIONS

The Organization entered into a Master Operating Agreement with SFUSD in June 2015. Under this agreement, the Organization will pay SFUSD a fee in exchange for certain administrative services. During the years ended June 30, 2022 and 2021, the Organization incurred \$39,335 and \$38,518 for the administrative services, respectively. The administrative services fees are reported as accounts payable in statements of financial position.

The Organization awarded grants to SFUSD amounting to \$21,800,573 and \$16,968,529 for the years ended June 30, 2022 and 2021, respectively. Grants payable to SFUSD as of June 30, 2022 and 2021, totaled \$11,003,685 and \$2,960,976, respectively.

Due to related party (net) reported in the statements of financial position includes contributions received by the Organization as the fiscal agent which have not been released to SFUSD, and other amounts owed to SFUSD payable as of June 30, 2022 and 2021.

NOTE 11 - SUBSEQUENT EVENTS

Management has reviewed subsequent events and transactions that occurred after the statement of financial position dates through November 30, 2022, the date the financial statements were available to be issued. The financial statements include all events or transactions, including estimates, required to be recognized in accordance with U.S. GAAP. Management has determined that there are no unrecognized subsequent events that require additional disclosure.