

SPARK* SF PUBLIC SCHOOLS

FINANCIAL STATEMENTS

JUNE 30, 2019 and 2018

SPARK* SF PUBLIC SCHOOLS
Table of Contents

	<u>Pages</u>
Independent Auditors' Report	1 - 2
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	5
Statements of Functional Expenses	6
Notes to Financial Statements	7 - 14



Independent Auditors' Report

To the Board of Directors
SPARK* SF PUBLIC SCHOOLS

We have audited the accompanying financial statements of SPARK* SF PUBLIC SCHOOLS (the "Organization") which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, cash flows, and functional expenses 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 the 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.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 auditors' 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.

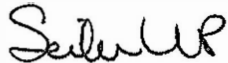
TO THE BOARD OF DIRECTORS
SPARK* SF PUBLIC SCHOOLS

Emphasis of Matter – Change in Accounting Principle

As described in Note 2 to the financial statements, the Organization has adopted Accounting Standards Update No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to that matter.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in black ink, appearing to read "Sebastian W.", is positioned above the typed name and date.

San Francisco, California
November 20, 2019

SPARK* SF PUBLIC SCHOOLS
Statements of Financial Position

	June 30,	
	<u>2019</u>	<u>2018</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 4,652,203	\$ 5,464,348
Pledges receivable	1,109,474	3,510,568
Other receivable	359,196	994,196
Prepaid expenses	-	2,866
	<u>6,120,873</u>	<u>9,971,978</u>
Total current assets	<u>6,120,873</u>	<u>9,971,978</u>
Total assets	<u>\$ 6,120,873</u>	<u>\$ 9,971,978</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	\$ -	\$ 29,907
Grants payable	4,680,870	8,500,000
Due to related party, net	347,196	1,063,651
	<u>5,028,066</u>	<u>9,593,558</u>
Total current liabilities	<u>5,028,066</u>	<u>9,593,558</u>
COMMITMENTS AND CONTINGENCIES (NOTE 5)		
NET ASSETS		
Without donor restrictions	333,102	246,114
With donor restrictions	759,705	132,306
	<u>1,092,807</u>	<u>378,420</u>
Total net assets	<u>1,092,807</u>	<u>378,420</u>
Total liabilities and net assets	<u>\$ 6,120,873</u>	<u>\$ 9,971,978</u>

See Notes to Financial Statements

SPARK* SF PUBLIC SCHOOLS
Statements of Activities
For the Years Ended June 30, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT						
Grants	\$ -	\$ 12,217,897	\$ 12,217,897	\$ -	\$ 17,016,935	\$ 17,016,935
Donations	10,854	-	10,854	-	37,026	37,026
Interest	2,622	-	2,622	-	-	-
Fiscal agency fee	48,385	-	48,385	-	-	-
In-kind contributions	403,578	-	403,578	236,094	-	236,094
Administrative fees revenue	159,445	-	159,445	47,497	-	47,497
Total public support	624,884	12,217,897	12,842,781	283,591	17,053,961	17,337,552
Special events revenue, net:						
Sponsorships and participants	-	-	-	336,765	-	336,765
Less: direct benefit costs	-	-	-	(70,583)	-	(70,583)
Total special events revenue, net	-	-	-	266,182	-	266,182
Net assets released from donor restrictions	11,590,498	(11,590,498)	-	17,332,717	(17,332,717)	-
Total revenue, gains, and other support	12,215,382	627,399	12,842,781	17,882,490	(278,756)	17,603,734
EXPENSES						
Program services:						
Grants distribution	11,687,607	-	11,687,607	17,461,375	-	17,461,375
Supporting services:						
Management and general	211,790	-	211,790	196,846	-	196,846
Fundraising	228,997	-	228,997	147,795	-	147,795
Total expenses	12,128,394	-	12,128,394	17,806,016	-	17,806,016
CHANGE IN NET ASSETS	86,988	627,399	714,387	76,474	(278,756)	(202,282)
NET ASSETS, BEGINNING OF YEAR	246,114	132,306	378,420	169,640	411,062	580,702
NET ASSETS, END OF YEAR	\$ 333,102	\$ 759,705	\$ 1,092,807	\$ 246,114	\$ 132,306	\$ 378,420

See Notes to Financial Statements

SPARK* SF PUBLIC SCHOOLS
Statements of Cash Flows

	For the Years Ended June 30,	
	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 714,387	\$ (202,282)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Changes in operating assets and liabilities:		
Decrease in prepaid expenses	2,866	135,211
(Increase) decrease in other receivable	635,000	(988,711)
(Increase) decrease in pledges receivable	2,401,094	(3,362,872)
Increase (decrease) in accounts payable	(29,907)	29,907
Increase (decrease) in due to related party	(716,455)	1,047,691
Increase (decrease) in grants payable	(3,819,130)	8,444,988
Increase (decrease) in deferred revenue	-	(73,846)
Net cash provided by (used in) operating activities	<u>(812,145)</u>	<u>5,030,086</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(812,145)	5,030,086
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>5,464,348</u>	<u>434,262</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 4,652,203</u>	<u>\$ 5,464,348</u>

See Notes to Financial Statements

SPARK* SF PUBLIC SCHOOLS
Statements of Functional Expenses
For the Years Ended June 30, 2019 and 2018

	2019				2018			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Grants distribution	\$ 11,609,667	\$ -	\$ -	\$ 11,609,667	\$ 17,382,188	\$ -	\$ -	\$ 17,382,188
In-kind salaries	70,543	87,469	207,263	365,275	67,016	53,517	79,274	199,807
Professional fees	-	73,500	-	73,500	-	91,001	30,000	121,001
In-kind rent	7,397	9,172	21,734	38,303	12,171	9,719	14,397	36,287
Administrative services	-	30,332	-	30,332	-	30,000	-	30,000
Insurance	-	5,654	-	5,654	-	6,705	-	6,705
Advertising & marketing	-	-	-	-	-	-	17,434	17,434
Board development	-	558	-	558	-	3,310	-	3,310
Direct benefit costs	-	-	-	-	-	-	70,583	70,583
Miscellaneous	-	5,105	-	5,105	-	2,594	6,690	9,284
Total expenses by function	11,687,607	211,790	228,997	12,128,394	17,461,375	196,846	218,378	17,876,599
Less expenses included with revenues on the statement of activities								
Direct benefit costs	-	-	-	-	-	-	(70,583)	(70,583)
Total expenses included in the expense section on the statement of activities	<u>\$ 11,687,607</u>	<u>\$ 211,790</u>	<u>\$ 228,997</u>	<u>\$ 12,128,394</u>	<u>\$ 17,461,375</u>	<u>\$ 196,846</u>	<u>\$ 147,795</u>	<u>\$ 17,806,016</u>
% of total expenses	96.37%	1.75%	1.89%	100.00%	97.68%	1.10%	1.22%	100.00%

See Notes to Financial Statements

SPARK* SF PUBLIC SCHOOLS

Notes to Financial Statements

1. ORGANIZATION

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. Spark* 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 six 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, STEM, and, college and career readiness, Spark 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. Spark’s equity investments are also designed to create positive school cultures and amplify student and parent voices.
- 3) 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.
- 4) 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. Spark* 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.
- 5) 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

1. ORGANIZATION (continued)

6) 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.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting:

The accompanying 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").

Basis of Presentation:

The Organization's financial statements are presented on the basis of net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions represent net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net assets with donor restrictions represent contributions that are limited in use by the Organization in accordance with donor or 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 that 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 reports contributions restricted by donors as increase in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

SPARK* SF PUBLIC SCHOOLS
Notes to Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

Revenue Recognition:

Grants and donations

Grants and contributions, including unconditional promises to give, are recorded at the time the promise is received. Conditional grants and contributions are not recognized until the conditions on which they depend are substantially met. Grants and contributions scheduled to be collected in more than one year are recorded at the expected value of future payments using present value techniques. There were no conditional grants or contributions as of June 30, 2019 and 2018.

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 recognizes a liability payable to the specified beneficiary concurrent with its recognition of cash or other financial assets received from the donor. 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.

For the year ended June 30, 2018, the Organization received fiscal agency contributions totaling \$1,470,366. These funds were paid to SFUSD, the specified beneficiary, during the fiscal year 2019. Remaining payables totaling \$1,036,585 are included in the due to related party account in the statements of financial position as of June 30, 2018.

For the year ended June 30, 2019, the Organization received no fiscal agency contributions. However, remaining payables relating to prior fiscal agency contributions totaling \$347,196 are included in the due to related party account in the statements of financial position.

SPARK* SF PUBLIC SCHOOLS
Notes to Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition: (continued)

Fiscal agency and fiscal sponsorship (continued)

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, the Organization recognizes contribution revenue unless the transfer is revocable, repayable, or reciprocal.

Administrative fees revenue

The Organization collects an administrative fee up to 4.24% and 4.32% for the years ended June 30, 2019 and 2018 respectively, on certain grants received to cover the Organization's administrative overhead costs. Administrative fees earned for the years ended June 30, 2019 and 2018 amounted to \$159,445 and \$47,497, respectively. The Organization also earned administrative fees in the amount of \$48,385 for fiscal agency arrangements for the year ended June 30, 2019.

Special Events:

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. There were no events held during the year ended June 30, 2019 and one event held during the year ended June 30, 2018.

In-Kind Contributions

Contributed services, which require specialized skill and which the Organization would have paid for if not donated, are recorded as in-kind contributions at their estimated fair market value at the time the services are rendered.

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 statement 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 distribution, administrative services, insurance, consultants, and other expenses 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.

SPARK* SF PUBLIC SCHOOLS
Notes to Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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 net income derived from unrelated business activities. 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.

Unconditional Promises to Give:

Unconditional promises to give are recorded at their net realizable value. Unconditional promises to give which are due in more than one year are discounted to the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the year in which the promises are received. Amortization of the discount is included in contribution revenue.

The Organization uses the allowance method to determine uncollectible contributions receivable. The allowance is based on prior years' experience and management's analysis of specific contributions receivable. Contribution receivables are written off when deemed uncollectible. No allowance was deemed necessary as of June 30, 2019 and 2018.

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, 2019 and 2018, grants payable amounted to \$4,680,870 and \$8,500,000, respectively.

Reclassification:

Certain reported amounts on the 2018 statements of activities have been restated for comparative purposes to conform to the presentation in the 2019 financial statements. In-kind contributions and in-kind expenses have been recorded for 2018 in order to be consistent with the presentation. These restatements had no effect on previously reported changes in net assets.

SPARK* SF PUBLIC SCHOOLS
Notes to Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Recent Accounting Pronouncements:

In June 2018, Financial Accounting Standards Board (“FASB”) issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Topic 958) (“ASU No. 2018-08”). These amendments clarify and improve the scope and accounting guidance around contributions of cash and other assets received and made by not-for-profit organizations. The ASU clarifies and improves current guidance about whether a transfer of assets, or the reduction, settlement, or cancellation of liabilities, is a contribution or an exchange transaction. It provides criteria for determining whether the resource provider is receiving commensurate value in return for the resources transferred which, depending on the outcome, determines whether the organization follows contribution guidance or exchange transaction guidance in the revenue recognition and other applicable standards. It also provides a more robust framework for determining whether a contribution is conditional or unconditional, and for distinguishing a donor-imposed condition from a donor-imposed restriction. ASU No. 2018-08 is effective for the Organization’s year ending June 30, 2020, with early adoption permitted. The Organization is currently evaluating the impact that ASU No. 2018-08 may have on its financial position or results of operations.

Change in Accounting Principle:

In August 2016, the FASB issued ASU No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* (Topic 958) (“ASU No. 2016-14”). The amendments in ASU No. 2016-14 require *Not-for-Profit Entities* to present on the face of the statement of financial position amounts for two classes of net assets, net assets with donor restrictions and net assets without donor restrictions. The amendments also require improved presentation and disclosures to help not-for-profits provide more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors, and other users. These include qualitative and quantitative requirements in net asset classes, investment return, expenses, liquidity and availability of resources, and presentation of operating cash flows. The amendments will also require entities to disclose, among other things, amounts of expenses by both their natural classification and their functional classification and the method(s) used to allocate costs among program and support functions.

ASU No. 2016-14 is effective for the Organization’s year ended June 30, 2019. The Organization has implemented this ASU for the year ended June 30, 2018 and has adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented in which expenses on the statement of activities have been divided between grant making and operational support expenses. In addition, the Organization has added additional note disclosures to present liquidity and availability of resources to fund future operations (Note 3) and provide additional information regarding the nature of net assets with donor restrictions (note 5).

SPARK* SF PUBLIC SCHOOLS
Notes to Financial Statements

3. LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization's financial assets available within one year of June 30, 2019 to meet general expenditures include:

Cash and cash equivalents	\$	4,652,203
Pledges receivable		1,109,474
Other receivable		<u>359,196</u>
Total		<u>6,120,873</u>
Less:		
Due to related party, net		(347,196)
Time restricted projects		<u>(759,705)</u>
		<u>(1,106,901)</u>
Amounts available for general expenditures within one year	\$	<u>5,013,972</u>

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

4. CONCENTRATIONS OF 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.

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.

SPARK* SF PUBLIC SCHOOLS
Notes to Financial Statements

5. 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:

	<u>June 30, 2018</u>	<u>Additions</u>	<u>Releases</u>	<u>June 30, 2019</u>
Spark* learning	\$ 88,790	\$ 1,557,325	\$ (891,696)	\$ 754,419
Spark* equity	-	1,384,156	(1,384,156)	-
Spark* talent	43,516	73,940	(117,456)	-
Spark* innovation	-	9,071,344	(9,071,344)	-
Spark* wellness	-	111,902	(111,423)	479
Spark* creativity	-	19,230	(14,423)	4,807
	<u>\$ 132,306</u>	<u>\$ 12,217,897</u>	<u>\$ (11,590,498)</u>	<u>\$ 759,705</u>

6. RELATED PARTY TRANSACTIONS

The Organization awarded grants to SFUSD amounting to \$11,609,667 and \$17,382,188 for the years ended June 30, 2019 and 2018, respectively. Grants payable to SFUSD as of June 30, 2019 and 2018 totaled \$4,680,870 and \$8,500,000, respectively.

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, 2019 and 2018, the Organization incurred \$30,332 and \$30,000 for the administrative services, respectively.

Due to related party (net) reported in the statement 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, 2019 and 2018.

7. SUBSEQUENT EVENTS

Management has reviewed subsequent events and transactions that occurred after the statement of financial position dates through November 20, 2019, 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.