SPARK* SF PUBLIC SCHOOLS
AUDITED FINANCIAL STATEMENTS
JUNE 30, 2023

(With summarized comparative totals as of and for the year ended June 30, 2022)

HARSHWAL® & COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

SPARK* SF PUBLIC SCHOOLS

TABLE OF CONTENTS
JUNE 30, 2023

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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, 2023, 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 present fairly, in all material respects, the financial position of the Organization as of June 30, 2023, 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 and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. 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 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.

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 and *Government 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 and *Government 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

We have previously audited the Organization's 2022 financial statements, and expressed an unmodified audit opinion on those audited financial statements, in their report dated November 30, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated January 12, 2024, on our consideration of Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Organization's internal control over financial reporting and compliance.

Harshwal & Company LLP

Oakland, California
January 12, 2024

FINANCIAL STATEMENTS

SPARK* SF PUBLIC SCHOOLS
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023
(With summarized comparative totals as of June 30, 2022)

	2023	2022
ASSETS		
Cash and cash equivalents	$ 4,339,353	$ 6,764,556
Investments	3,969,669	-
Pledges receivable	5,837,758	11,321,900
Prepaid expenses	1,250	296,297
Total assets	14,148,030	18,382,753
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	125,636	61,835
Grant payable	8,714,543	11,170,232
Total liabilities	8,840,179	11,232,067
NET ASSETS		
Without donor restrictions		
Undesignated	1,824,910	1,640,510
Board designated	-	48,245
With donor restrictions	3,482,941	5,461,931
Total net assets	5,307,851	7,150,686
Total liabilities and net assets	$14,148,030	$18,382,753

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

SPARK* SF PUBLIC SCHOOLS
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023
(With summarized comparative totals for the year ended June 30, 2022)

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total
REVENUES AND SUPPORT				
Grant and contributions	$ 97,335	$ 11,505,271	$11,602,606	$17,564,258
In-kind contributions	744,980	-	744,980	722,699
Interest	16,404	-	16,404	5,064
Investment income, net	120,350	-	120,350	-
Event revenue	121,914	-	121,914	182,849
Total public support	1,100,983	11,505,271	12,606,254	18,474,870
Net assets released from restrictions	13,484,261	(13,484,261)	-	-
Total revenue, gain and support	14,585,244	(1,978,990)	12,606,254	18,474,870
EXPENSES AND LOSSES				
Program services:				
Grants and other program expenses	13,573,606	-	13,573,606	22,474,867
Supporting services:				
Management and general	442,810	-	442,810	293,590
Fundraising	432,673	-	432,673	237,940
Total expenses and losses	14,449,089	-	14,449,089	23,006,397
Change in net assets	136,155	(1,978,990)	(1,842,835)	(4,531,527)
Net assets, beginning of year	1,688,755	5,461,931	7,150,686	11,682,213
Net assets, end of year	$ 1,824,910	$ 3,482,941	$ 5,307,851	$ 7,150,686

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, 2023
(With summarized comparative totals for the year ended June 30, 2022)

	2023				2022
	Program services	Management and General	Fundraising	Total expenses	Total expenses
Grant distributions	$ 12,412,569	$ -	$ -	$ 12,412,569	$ 21,800,573
In-kind salaries	13,777	215,221	399,367	628,365	402,447
Professional fees	556,716	51,750	-	608,466	362,133
Accounting fees	-	53,400	-	53,400	49,800
Rent	1,149	17,949	33,306	52,404	50,500
Insurance	-	6,346	-	6,346	4,160
Bank fees	455	439	-	894	6,862
Administrative services	-	31,476	-	31,476	39,335
Scholarships & stipend	587,109	-	-	587,109	262,365
Meals	1,795	1,964	-	3,759	9,463
Other expenses	36	64,265	-	64,301	18,759
Total expenses	$ 13,573,606	$ 442,810	$ 432,673	$ 14,449,089	$ 23,006,397
% of total expenses	93.94 %	3.06 %	2.99 %	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, 2023
(With summarized comparative totals for the year ended June 30, 2022)

	2023	2022
Cash flows from operating activities		
Change in net assets	$ (1,842,835)	$ (4,531,527)
Adjustments to reconcile the change in net assets to net cash provided by/(used in) operating activities:		
Investment income, net	(120,350)	-
Change in operating assets and liabilities:		
Pledges receivable	5,484,142	(2,060,602)
Other receivable	-	159,196
Prepaid expenses	295,047	(291,461)
Accounts payable	63,801	(28,169)
Grant payable	(2,455,689)	8,035,041
Due to related party	-	(347,196)
Net cash provided by/(used in) operating activities	1,424,116	935,282
Cash Flows from Investing Activities		
Purchase of investment	(3,969,669)	-
Investment income, net	120,350	-
Net cash used in investing activities	(3,849,319)	-
Net change in cash and cash equivalents	(2,425,203)	935,282
Cash and cash equivalents, beginning of year	6,764,556	5,829,274
Cash and cash equivalents, end of year	$ 4,339,353	$ 6,764,556

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

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.

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

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.

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.

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

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, 2023 and 2022.

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, 2023 and 2022, 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.

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 4.31% and 2.15% for the years ended June 30, 2023 and 2022 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, 2023 and 2022 amounted to $97,335 and $217,104 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 years ended June 30, 2023 and 2022 amounted to $121,914 and $182,849 respectively.

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 $744,980 and $722,699 for the year ended June 30, 2023 and 2022, respectively.

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 present 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, 2023 and 2022.

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, 2023 and 2022.

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, 2023 and 2022, grants payable amounted to $8,278,543 and $11,003,685 respectively.

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

J. Reclassification:

Certain reported amounts on the 2022 financial statements have been reclassified for comparative purposes to conform to the presentation in the 2023 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, 2022, 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.

NOTE 3 - CASH AND CASH EQUIVALENTS

As of June 30, 2023, and 2022, Organization's cash and cash equivalents consist of following:

	2023	2022
Checking/Savings account	$ 968,325	$ 4,661,493
Cash and sweep balances	3,371,028	2,103,063
Total cash and cash equivalents	$ 4,339,353	$ 6,764,556

At year-end, the carrying amount of the Organization's cash and cash equivalents was $4,339,353 and the bank balance was $4,349,107. The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit.

Credit Risk: Cash balances held in banks are insured up to $250,000 by Federal Deposit Insurance Corporation (FDIC) and balances held in the sweep accounts are fully insured. The Organization maintains its cash in bank deposit accounts that at times may exceed insured limits.

NOTE 3 - CASH AND CASH EQUIVALENTS - CONT'D

However, the Organization has not experienced any losses in such accounts. At June 30, 2023, the Organization had $728,078 in excess of insured limits as presented below:

	Bank Balance	Insured	Uninsured
Checking / Savings Account	$ 978,078	$ 250,000	$ 728,078
Cash and Sweep Balances	3,371,029	3,371,029	-
	$ 4,349,107	$ 3,621,029	$ 728,078

NOTE 4 - INVESTMENTS

Investments are stated at fair value as of June 30, 2023, consist of the following:

	2023
Money market funds	$ 1,124,971
Fixed income securities	1,744,562
Equities	1,021,490
Exchange trade fund	78,646
Total investments	$ 3,969,669

FAIR VALUE MEASUREMENTS

		Fair Value Measurement Using		
Description	Fair Value	(Level 1)	(Level 2)	(Level 3)
Money market funds	$ 1,124,971	$ 1,124,971	$ -	$ -
Fixed income securities	1,744,562	1,744,562	-	-
Equities	1,021,490	1,021,490	-	-
Exchange trade fund	78,646	78,646	-	-
Total investments	$ 3,969,669	$ 3,969,669	$ -	$ -

INVESTMENT INCOME, NET

	2023
Interest and Dividend	$ 105,047
Investment Gain and Losses	15,303
Total Investment Income	$ 120,350

NOTE 5 - PLEDGES RECEIVABLE

As of June 30, 2023 and 2022, pledges receivable consist of following:

	2023	2022
Receivable in less than one year	$ 5,837,758	$11,321,900
Receivable in one to five years	-	-
Total pledges receivable	$ 5,837,758	$11,321,900

NOTE 5 - PLEDGES RECEIVABLE - CONT'D

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, 2023 and 2022, one donor accounted for 94% and 57% respectively, of the total pledges receivable.

NOTE 6 - GRANT PAYABLE

As of June 30, 2023 and 2022, grant payable consist of following:

	2023	2022
Grant payable	$ 8,278,543	$11,003,685
Scholarship payable	436,000	166,547
Total grant payable	$ 8,714,543	$11,170,232

NOTE 7 - NET ASSETS WITHOUT DONOR RESTRICTIONS

As of June 30, 2023 and 2022, net assets without donor restrictions consists of the following:

	2023	2022
Designated by the Board of Directors - GOAT23	$ -	$ 48,245
Net assets without donor restrictions - undesignated	1,824,910	1,640,510
Total net assets without donor restrictions	$ 1,824,910	$ 1,688,755

NOTE 8 - 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, 2023:

	June 30, 2022	Reclassification	Contributions	Released from restrictions	June 30, 2023
Spark* Innovation	$ 968	$ (1)	$ 500	$ (22)	$ 1,445
Spark* Equity	106,730	(70,058)	333,139	(321,599)	48,212
Spark* Learning	2,849,007	(2,097,055)	4,503,165	(4,817,770)	437,347
Spark* Access	31,869	79,211	52	(111,085)	47
Spark* Wellness	2,463,084	(63,758)	130,822	(2,327,893)	202,255
Spark* Creativity	5,400	-	500	(22)	5,878
Spark* Talent	4,873	-	500,000	(500,000)	4,873
Restricted Funds	-	2,151,661	6,037,093	(5,405,870)	2,782,884
Total net assets with donor restrictions	$ 5,461,931	$ -	$ 11,505,271	$ (13,484,261)	$ 3,482,941

NOTE 9 - 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:	2023	2022
Cash and cash equivalents	$ 4,339,353	$ 6,764,556
Investments	3,969,669	-
Pledges receivable	5,837,758	11,321,900
Total financial assets	14,146,780	18,086,456
Less: amounts not available to be used within one year		
Net assets with donor restrictions	(3,482,941)	(5,461,931)
Board designated	-	(48,245)
Financial assets available to meet cash needs for general expenses within one year	$ 10,663,839	$ 12,576,280

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

NOTE 10 - 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 11 - RELATED PARTY TRANSACTIONS

The Organization entered into a Master Operating Agreement with SFUSD in 2021. Under this agreement, the Organization will pay SFUSD a fee in exchange for certain administrative services. During the years ended June 30, 2023 and 2022, the Organization incurred $31,476 and $39,335 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 $12,412,569 and $21,800,573 for the years ended June 30, 2023 and 2022, respectively. Grants payable to SFUSD as of June 30, 2023 and 2022, totaled $8,278,543 and $11,003,685, 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, 2023 and 2022.

NOTE 12 - SUBSEQUENT EVENTS

Management has reviewed subsequent events and transactions that occurred after the statement of financial position dates through January 12, 2024, 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.

COMPLIANCE SECTION

HARSHWAL®
& COMPANY LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Spark* SF Public Schools, (the "Organization") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 12, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Harshwal & Company LLP

Oakland, California
January 12, 2024

SPARK* SF PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2023

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified that are not considered to be material weakness(es)?	None reported
• Noncompliance material to financial statements noted?	No

SECTION II - FINANCIAL STATEMENTS FINDINGS

There were no findings reported in the current year.

SPARK* SF PUBLIC SCHOOLS
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2023

There were no findings reported in the prior year that require a status update.