



FINANCIAL STATEMENTS

June 30, 2024 and 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Spark the Journey
Washington, D.C.

Opinion

We have audited the financial statements of Spark the Journey, which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Spark the Journey as of June 30, 2024 and 2023, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 the Journey and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. 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 Spark the Journey'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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial 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 Spark the Journey'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 Spark the Journey'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.

A handwritten signature in black ink that reads "Wegner CPAs LLP". The signature is written in a cursive, flowing style.

Wegner CPAs, LLP
Alexandria, Virginia
October 31, 2024

SPARK THE JOURNEY
STATEMENTS OF FINANCIAL POSITION
June 30, 2024 and 2023

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash	\$ 979,327	\$ 673,071
Current portion of unconditional promises to give	129,106	964,594
Government grants receivable	60,083	-
Prepaid expenses	19,405	30,083
Total current assets	1,187,921	1,667,748
EQUIPMENT AND SOFTWARE		
Equipment and software	50,491	50,491
Accumulated depreciation and amortization	(50,491)	(50,370)
Equipment and software, net	-	121
OTHER ASSETS		
Unconditional promises to give less current portion, net	984,341	894,103
Operating lease right-of-use assets	86,133	156,756
Investments	1,795,067	624,730
Deposits	2,250	2,250
Total other assets	2,867,791	1,677,839
Total assets	<u>\$ 4,055,712</u>	<u>\$ 3,345,708</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 41,969	\$ 53,435
Accrued liabilities	117,185	115,673
Current portion of operating lease liabilities	41,022	69,662
Total current liabilities	200,176	238,770
OTHER LIABILITIES		
Operating lease liabilities less current portion	47,661	88,683
Total liabilities	247,837	327,453
NET ASSETS		
Without donor restrictions	2,665,263	1,025,922
With donor restrictions	1,142,612	1,992,333
Total net assets	3,807,875	3,018,255
Total liabilities and net assets	<u>\$ 4,055,712</u>	<u>\$ 3,345,708</u>

See accompanying notes.

SPARK THE JOURNEY
STATEMENTS OF ACTIVITIES
Years Ended June 30, 2024 and 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING SUPPORT AND REVENUE						
Contributions						
Individuals	\$ 1,524,040	\$ 30,000	\$ 1,554,040	\$ 1,125,268	\$ 100,000	\$ 1,225,268
Foundations	1,582,624	124,280	1,706,904	404,395	400,000	804,395
Government	660,066	-	660,066	607,522	-	607,522
Corporations	190,133	-	190,133	190,511	-	190,511
Special events	95,896	-	95,896	57,905	-	57,905
Miscellaneous income	4,334	-	4,334	-	-	-
Total support and revenue	4,057,093	154,280	4,211,373	2,385,601	500,000	2,885,601
OPERATING EXPENSES						
Program services	2,717,110	-	2,717,110	2,947,220	-	2,947,220
Management and general	380,680	-	380,680	384,038	-	384,038
Fundraising	428,710	-	428,710	542,997	-	542,997
Total expenses	3,526,500	-	3,526,500	3,874,255	-	3,874,255
NET ASSETS RELEASED FROM RESTRICTIONS						
Satisfaction of program restrictions	689,001	(689,001)	-	635,668	(635,668)	-
Expiration of time restrictions	315,000	(315,000)	-	480,883	(480,883)	-
Net assets released from restrictions	1,004,001	(1,004,001)	-	1,116,551	(1,116,551)	-
Change in net assets from operations	1,534,594	(849,721)	684,873	(372,103)	(616,551)	(988,654)
OTHER CHANGES						
Investment return, net	104,747	-	104,747	86,792	-	86,792
Change in net assets	1,639,341	(849,721)	789,620	(285,311)	(616,551)	(901,862)
Net assets at beginning of year	1,025,922	1,992,333	3,018,255	1,311,233	2,608,884	3,920,117
Net assets at end of year	<u>\$ 2,665,263</u>	<u>\$ 1,142,612</u>	<u>\$ 3,807,875</u>	<u>\$ 1,025,922</u>	<u>\$ 1,992,333</u>	<u>\$ 3,018,255</u>

See accompanying notes.

SPARK THE JOURNEY
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2024

	Program Services	Management and General	Fundraising	Total
Salaries	\$ 1,752,516	\$ 289,730	\$ 313,286	\$ 2,355,532
Tuition scholarships	8,051	-	-	8,051
Contract services	122,530	11,954	14,943	149,427
Occupancy	60,879	5,939	7,425	74,243
Health insurance	135,524	22,405	24,227	182,156
Accounting fees	74,402	7,259	9,073	90,734
Payroll taxes	130,370	21,553	23,306	175,229
Other operating expenses	211,138	-	-	211,138
403(b) retirement plan	37,761	6,243	6,750	50,754
Event expenses	-	-	13,865	13,865
Technology	101,820	4,877	6,096	112,793
Transportation	4,727	461	577	5,765
Supplies	3,550	346	433	4,329
Professional development	17,693	1,726	2,158	21,577
Insurance	34,355	3,352	4,189	41,896
Telephone/internet	6,981	681	851	8,513
Enrichment activities	2,263	-	-	2,263
Staff development	283	28	34	345
Printing	69	7	8	84
Depreciation and amortization	98	10	13	121
Payroll services	9,710	947	1,184	11,841
Postage	1,220	119	149	1,488
Miscellaneous	141	14	17	172
Credit card fees	-	2,929	-	2,929
Membership fees	1,029	100	126	1,255
Total expenses	<u>\$ 2,717,110</u>	<u>\$ 380,680</u>	<u>\$ 428,710</u>	<u>\$ 3,526,500</u>

See accompanying notes.

SPARK THE JOURNEY
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2023

	Program Services	Management and General	Fundraising	Total
Salaries	\$ 1,890,790	\$ 293,059	\$ 345,302	\$ 2,529,151
Tuition scholarships	15,998	-	-	15,998
Contract services	133,383	13,013	16,266	162,662
Occupancy	59,777	7,401	7,265	74,443
Health insurance	110,503	17,127	20,181	147,811
Accounting fees	66,643	6,531	8,163	81,337
Payroll taxes	142,589	22,100	26,040	190,729
Other operating expenses	261,175	947	1,184	263,306
Event expenses	5,059	131	93,271	98,461
403(b) retirement plan	24,100	3,735	4,401	32,236
Technology	69,933	4,078	5,098	79,109
Transportation	6,420	627	783	7,830
Interns	22,520	-	-	22,520
Supplies	9,949	971	1,213	12,133
Professional development	14,099	1,376	1,720	17,195
Insurance	26,639	2,599	3,249	32,487
Telephone/internet	7,900	771	964	9,635
Enrichment activities	14,942	-	-	14,942
Staff development	21,499	2,098	2,622	26,219
Printing	928	91	113	1,132
Depreciation and amortization	242	24	29	295
Payroll services	10,369	1,012	1,265	12,646
Postage	1,340	131	163	1,634
Miscellaneous	62	2	3	67
Credit card fees	-	3,252	-	3,252
Membership fees	30,361	2,962	3,702	37,025
Total expenses	<u>\$ 2,947,220</u>	<u>\$ 384,038</u>	<u>\$ 542,997</u>	<u>\$ 3,874,255</u>

See accompanying notes.

SPARK THE JOURNEY
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2024 and 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 789,620	\$ (901,862)
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation and amortization	121	295
Amortization of operating lease right-of-use assets	70,623	74,243
Amortization of discount on unconditional promises to give	(10,238)	(58,345)
Net realized and unrealized gain on investments	(64,903)	(62,575)
(Increase) decrease in assets		
Unconditional promises to give	755,488	312,958
Government grants receivable	(60,083)	5,000
Prepaid expenses	10,678	(5,798)
Increase (decrease) in liabilities		
Accounts payable	(11,466)	24,996
Accrued liabilities	1,512	(25,432)
Operating lease liabilities	(69,662)	(72,654)
Net cash flows from operating activities	1,411,690	(709,174)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	180,000	447,895
Purchases of investments	(1,246,997)	(59,000)
Interest and dividends retained in investments	(38,437)	(24,217)
Net cash flows from investing activities	(1,105,434)	364,678
Net change in cash	306,256	(344,496)
Cash at beginning of year	673,071	1,017,567
Cash at end of year	<u>\$ 979,327</u>	<u>\$ 673,071</u>

See accompanying notes.

SPARK THE JOURNEY
NOTES TO FINANCIAL STATEMENTS
June 30, 2024 and 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Spark the Journey provides mentorship and a community of support for young adults to chart their own path to achieving college and career success. Spark the Journey derives the majority of its revenue from contributions and government grants.

Promises to Give

Conditional promises to give are not recognized in the financial statements until the conditions are substantially met or explicitly waived by the donor. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. In the absence of donor stipulations to the contrary, promises with payments due in future periods are restricted to use after the due date. Promises that remain uncollected more than one year after their due dates are written off unless the donors indicate that payment is merely postponed.

Investments

Spark the Journey carries investments in equity securities with readily determinable fair values and all investments in debt securities at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities. Investment securities are exposed to various risks, such as interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statements of financial position.

Equipment and Software

Equipment and software are carried at cost or, if donated, at the approximate fair value at the date of donation. All acquisitions of equipment and software and all expenditures for repairs, maintenance, and improvements that materially prolong the useful lives of assets are capitalized. Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the assets.

Contributions

Contributions received are recorded as increases in net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

SPARK THE JOURNEY
NOTES TO FINANCIAL STATEMENTS
June 30, 2024 and 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Grants

Spark the Journey receives grants from government agencies and others that are conditioned upon Spark the Journey incurring qualifying expenses. Revenue from these grants is generally recognized on a reimbursement basis, that is, when qualifying expenses are incurred by Spark the Journey, both a receivable from the grantor agency and revenue are recorded. Grants are also generally restricted by the grantor for a specified purpose. Grants whose conditions and restrictions are met in the same reporting period that the revenue is recognized are reported as increases in net assets without donor restrictions.

Leases

Spark the Journey does not recognize short-term leases in the statement of financial position. For these leases, Spark the Journey recognizes the lease payments in the change in net assets on a straight-line basis over the lease term and variable lease payments in the period in which the obligation for those payments is incurred. Spark the Journey also does not separate nonlease components from lease components for all classes of underlying assets and instead accounts for each separate lease component and the nonlease components associated with that lease component as a single lease component. If the rate implicit in the lease is not readily determinable, Spark the Journey uses a risk-free rate as the discount rate for the lease for all classes of underlying assets.

Income Tax Status

Spark the Journey is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

Expense Allocation

The financial statements report certain categories of expenses that are attributable to more than one program service or supporting activity. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, health insurance, payroll taxes, 403(b) retirement plan, and payroll services, which are allocated on the basis of estimates of time and effort. Contract services, occupancy, technology, professional development, insurance, telephone/internet, staff development, printing, depreciation and amortization, postage, miscellaneous, and membership fees are allocated on the basis of number of full time employees in program services and supporting activities.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could differ from those estimates.

SPARK THE JOURNEY
NOTES TO FINANCIAL STATEMENTS
June 30, 2024 and 2023

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Date of Management's Review

Management has evaluated subsequent events through October 31, 2024, the date which the financial statements were available to be issued.

NOTE 2 – INVESTMENTS

Investments consist of the following:

	2024	2023
Money market funds and cash equivalents	\$ 1,224,496	\$ 14,386
Equity mutual funds	254,985	370,475
Bond mutual funds	208,808	199,646
Exchange traded funds	29,440	23,380
Stocks	77,338	16,843
	<u>1,795,067</u>	<u>624,730</u>
Investments	<u>\$ 1,795,067</u>	<u>\$ 624,730</u>

Equity mutual funds, bond mutual funds, exchange traded funds, and stocks are valued at unadjusted quoted prices reported on the active markets on which the individual securities are traded, which are Level 1 fair value measurements.

NOTE 3 – UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give are as follows:

	2024	2023
Receivable in less than one year	\$ 129,106	\$ 964,594
Receivable in one to five years	1,028,332	948,332
	<u>1,157,438</u>	<u>1,912,926</u>
Total unconditional promises to give	1,157,438	1,912,926
Less discount to present value	(43,991)	(54,229)
	<u>1,113,447</u>	<u>1,858,697</u>
Unconditional promises to give, net	<u>\$ 1,113,447</u>	<u>\$ 1,858,697</u>

Promises to give receivable in one to five years at June 30, 2024 and 2023 are discounted at 5%.

NOTE 4 – CONDITIONAL GRANTS

Spark the Journey has several grants that are conditioned upon Spark the Journey incurring qualifying expenses under the grant programs. At June 30, 2024 and 2023, these conditional grants total \$84,808 and \$211,459, respectively. These conditional grants will be recognized as revenue when the respective conditions are met in future years.

SPARK THE JOURNEY
NOTES TO FINANCIAL STATEMENTS
June 30, 2024 and 2023

NOTE 5 – CONCENTRATIONS

Credit Risk

Spark the Journey maintains its cash and cash equivalent balances in one financial institution located in Washington, D.C. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At times during the year, Spark the Journey's cash balances exceed the FDIC Insurance amount. At June 30, 2024 and 2023, Spark the Journey has uninsured cash balances of approximately \$700,000 and \$72,000, respectively.

Donor Concentration

As of June 30, 2024 and 2023, promises to give from four and five donors, respectively, totaled approximately 74% and 95%, respectively, of total promises to give.

For the years ended June 30, 2024 and 2023, contributions from one and eight donors, respectively, totaled approximately 57% and 55%, respectively, of total contributions.

NOTE 6 – PAYCHECK PROTECTION PROGRAM LOANS

Spark the Journey received loans totaling \$687,000 under the Paycheck Protection Program (PPP) established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act and administered by the U.S. Small Business Administration (SBA). The loans accrue interest at 1% but payments are deferred for borrowers who apply for forgiveness until SBA remits the borrower's forgiveness amount to the lender. The amount of forgiveness depends, in part, on the total amount of eligible expenses paid by Spark the Journey during the covered period. Eligible expenses may include payroll costs, rent, and utilities. Any unforgiven portion is payable over five years. The SBA has preliminarily approved forgiveness of Spark the Journey's PPP loans, which are included with government grants on the statements of activities. Spark the Journey must retain PPP documentation in its files for six years after the date the loan is forgiven or repaid in full and permit authorized representatives of SBA to access such files upon request. SBA may review any loan at any time at its discretion. Therefore, SBA may review Spark the Journey's good-faith certification concerning the necessity of its loan request, whether Spark the Journey calculated the loan amount correctly, whether Spark the Journey used loan proceeds for the allowable uses specified in the CARES Act, and whether Spark the Journey is entitled to loan forgiveness in the amount claimed on its application. If SBA determines Spark the Journey was ineligible for the loan or for forgiveness in whole or in part, SBA will seek repayment of the outstanding loan balance.

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following periods or purposes:

	2024	2023
Future years' operations	\$ 369,280	\$ 530,000
Organization Sustainability	748,332	1,437,333
College Program	25,000	25,000
Net assets with donor restrictions	<u>\$ 1,142,612</u>	<u>\$ 1,992,333</u>

SPARK THE JOURNEY
NOTES TO FINANCIAL STATEMENTS
June 30, 2024 and 2023

NOTE 8 – RETIREMENT PLAN

Spark the Journey established a 403(b)-employer contributory plan as of June 1, 2006. This plan covers all full-time employees. There is an employer match of up to 3% of an employee's salary, which is 100% vested. For the years ended June 30, 2024 and 2023, Spark the Journey contributed \$50,754 and \$32,236, respectively, to the 403(b) plan.

NOTE 9 – LEASES

Spark the Journey has leases for office space and storage space in Washington, D.C. The leases expire in April 2028. There are no variable lease components associated with Spark the Journey's leases. Total lease expense for the years ended June 30, 2024 and 2023 was \$74,243 and \$74,443, respectively.

Other information related to operating leases is as follows:

	<u>2024</u>	<u>2023</u>
Cash payments classified as part of operating cash flows for amounts included in the measurement of operating lease liabilities	\$ 69,662	\$ 72,654
Weighted average remaining lease term	2.91 years	3.11 years
Weighted average discount rate	2.90%	2.88%

The maturities of operating lease liabilities as of June 30, 2024 are as follows:

2025	\$ 41,022
2026	17,293
2027	17,293
2028	<u>14,411</u>
Total minimum lease payments	90,019
Imputed interest	<u>(1,336)</u>
Total lease liabilities	<u><u>\$ 88,683</u></u>

NOTE 10 – RELATED PARTY TRANSACTIONS

Spark the Journey is regularly the recipient of contributions from donors who are also founders or members of the Board of Directors. For the years ended June 30, 2024 and 2023, contribution revenue included \$229,507 and \$85,000, respectively, from founders or members of the Board of Directors. Unconditional promises to give on the statements of financial position as of June 30, 2024 and 2023 consisted of \$553,332 and \$1,094,333, respectively, due from founders or members of the Board of Directors.

SPARK THE JOURNEY
NOTES TO FINANCIAL STATEMENTS
June 30, 2024 and 2023

NOTE 11 – LIQUIDITY AND AVAILABILITY

The following table reflects Spark the Journey's financial assets as of the date of the statements of financial position, reduced by amounts that are not available to meet cash needs for general expenditures within one year of the statements of financial position date because of donor-imposed restrictions:

	<u>2024</u>	<u>2023</u>
Financial assets at year-end:		
Cash	\$ 979,327	\$ 673,071
Unconditional promises to give	1,113,447	1,858,697
Government grants receivable	60,083	-
Investments	<u>1,795,067</u>	<u>624,730</u>
Total financial assets	3,947,924	3,156,498
Less those unavailable for general expenditures within one year due to:		
Restricted by donors purpose restrictions	(748,332)	(1,437,333)
Restricted by donors with time restrictions less amounts to be released next year	<u>(90,000)</u>	<u>(305,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 3,109,592</u>	<u>\$ 1,414,165</u>

As part of Spark the Journey's liquidity management, it has a policy to structure its financial assets to be available for its general expenditures, liabilities, and other obligations as they come due.