



FINANCIAL STATEMENTS

June 30, 2022 and 2021

CONTENTS

| | |
|---|---|
| Independent Auditor's Report | 1 |
| Statements of Financial Position..... | 3 |
| Statements of Activities..... | 4 |
| Statements of Functional Expenses | 5 |
| Statements of Cash Flows | 7 |
| Notes to Financial Statements | 8 |

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, 2022 and 2021, 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, 2022 and 2021, 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.

Adoption of New Accounting Guidance

As discussed in Note 1 to the financial statements, Spark the Journey adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, as of July 1, 2021. Our opinion is not modified with respect to this matter.

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.



Wegner CPAs, LLP
Alexandria, Virginia
December 6, 2022

SPARK THE JOURNEY
STATEMENTS OF FINANCIAL POSITION
June 30, 2022 and 2021

| | <u>2022</u> | <u>2021</u> |
|--|----------------------------|----------------------------|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash | \$ 1,017,567 | \$ 1,041,572 |
| Current portion of unconditional promises to give | 770,218 | 242,823 |
| Government grants receivable | 5,000 | 306,944 |
| Prepaid expenses | <u>24,285</u> | <u>13,490</u> |
| Total current assets | 1,817,070 | 1,604,829 |
| EQUIPMENT AND SOFTWARE | | |
| Equipment and software | 50,491 | 50,491 |
| Accumulated depreciation and amortization | <u>(50,075)</u> | <u>(49,762)</u> |
| Equipment and software, net | 416 | 729 |
| OTHER ASSETS | | |
| Unconditional promises to give less current portion, net | 1,343,092 | 244,425 |
| Investments | 926,833 | 1,397,929 |
| Deposits | <u>2,250</u> | <u>-</u> |
| Total other assets | <u>2,272,175</u> | <u>1,642,354</u> |
| Total assets | <u><u>\$ 4,089,661</u></u> | <u><u>\$ 3,247,912</u></u> |
| LIABILITIES AND NET ASSETS | | |
| CURRENT LIABILITIES | | |
| Accounts payable | \$ 28,439 | \$ 41,258 |
| Accrued liabilities | 141,105 | 116,090 |
| Paycheck Protection Program loan | <u>-</u> | <u>343,500</u> |
| Total current liabilities | 169,544 | 500,848 |
| NET ASSETS | | |
| Without donor restrictions | 1,311,233 | 1,801,316 |
| With donor restrictions | <u>2,608,884</u> | <u>945,748</u> |
| Total net assets | <u>3,920,117</u> | <u>2,747,064</u> |
| Total liabilities and net assets | <u><u>\$ 4,089,661</u></u> | <u><u>\$ 3,247,912</u></u> |

See accompanying notes.

SPARK THE JOURNEY
STATEMENTS OF ACTIVITIES
Years Ended June 30, 2022 and 2021

| | 2022 | | | 2021 | | |
|--|-------------------------------|----------------------------|---------------------|-------------------------------|----------------------------|---------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total |
| OPERATING SUPPORT AND REVENUE | | | | | | |
| Contributions | | | | | | |
| Individuals | \$ 801,747 | \$ 2,484,000 | \$ 3,285,747 | \$ 306,737 | \$ 184,700 | \$ 491,437 |
| Foundations | 230,019 | 313,137 | 543,156 | 389,759 | 320,000 | 709,759 |
| Government | 606,361 | 28,991 | 635,352 | 714,488 | - | 714,488 |
| In-kind contributions | 1,000 | - | 1,000 | 50,000 | - | 50,000 |
| Corporations | 34,825 | - | 34,825 | 56,144 | - | 56,144 |
| Special events | 155,421 | - | 155,421 | 144,210 | - | 144,210 |
| Miscellaneous income | 15,637 | - | 15,637 | - | - | - |
| Total support and revenue | 1,845,010 | 2,826,128 | 4,671,138 | 1,661,338 | 504,700 | 2,166,038 |
| OPERATING EXPENSES | | | | | | |
| Program services | 2,610,341 | - | 2,610,341 | 2,215,094 | - | 2,215,094 |
| Management and general | 350,019 | - | 350,019 | 440,966 | - | 440,966 |
| Fundraising | 453,293 | - | 453,293 | 250,858 | - | 250,858 |
| Total expenses | 3,413,653 | - | 3,413,653 | 2,906,918 | - | 2,906,918 |
| NET ASSETS RELEASED FROM RESTRICTIONS | | | | | | |
| Satisfaction of program restrictions | 977,992 | (977,992) | - | 529,934 | (529,934) | - |
| Expiration of time restrictions | 185,000 | (185,000) | - | 1,111,181 | (1,111,181) | - |
| Net assets released from restrictions | 1,162,992 | (1,162,992) | - | 1,641,115 | (1,641,115) | - |
| Change in net assets from operations | (405,651) | 1,663,136 | 1,257,485 | 395,535 | (1,136,415) | (740,880) |
| OTHER CHANGES | | | | | | |
| Investment return, net | (84,432) | - | (84,432) | 246,663 | - | 246,663 |
| Change in net assets | (490,083) | 1,663,136 | 1,173,053 | 642,198 | (1,136,415) | (494,217) |
| Net assets at beginning of year | 1,801,316 | 945,748 | 2,747,064 | 1,159,118 | 2,082,163 | 3,241,281 |
| Net assets at end of year | <u>\$ 1,311,233</u> | <u>\$ 2,608,884</u> | <u>\$ 3,920,117</u> | <u>\$ 1,801,316</u> | <u>\$ 945,748</u> | <u>\$ 2,747,064</u> |

See accompanying notes.

SPARK THE JOURNEY
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2022

| | Program Services | Management and General | Fundraising | Total |
|-------------------------------|---------------------|---------------------------|-------------------|---------------------|
| Salaries | \$ 1,509,581 | \$ 240,588 | \$ 272,796 | \$ 2,022,965 |
| Tuition scholarships | 24,357 | - | - | 24,357 |
| Contract services | 173,546 | 19,282 | 21,426 | 214,254 |
| Occupancy | 66,056 | 7,339 | 8,155 | 81,550 |
| Health insurance | 146,895 | 23,411 | 26,545 | 196,851 |
| Accounting fees | 46,987 | 5,221 | 5,801 | 58,009 |
| Payroll taxes | 154,244 | 24,582 | 27,873 | 206,699 |
| Other operating expenses | 241,467 | 1,446 | 1,607 | 244,520 |
| 403(b) retirement plan | 23,269 | 3,709 | 4,205 | 31,183 |
| Event fees | - | - | 64,296 | 64,296 |
| Technology | 83,017 | 5,759 | 6,399 | 95,175 |
| Transportation | 2,489 | 276 | 307 | 3,072 |
| Interns | 24,500 | - | - | 24,500 |
| Supplies | 3,599 | 1,598 | 1,776 | 6,973 |
| Professional development | 8,306 | 923 | 1,025 | 10,254 |
| Insurance | 25,435 | 2,826 | 3,140 | 31,401 |
| Telephone/internet | 6,996 | 777 | 864 | 8,637 |
| Enrichment activities | 1,482 | - | - | 1,482 |
| Staff development | 9,936 | 1,104 | 1,227 | 12,267 |
| Printing | 1,211 | 134 | 149 | 1,494 |
| Depreciation and amortization | 254 | 28 | 31 | 313 |
| Payroll services | 9,623 | 1,069 | 1,188 | 11,880 |
| Postage | 2,026 | 225 | 250 | 2,501 |
| Miscellaneous | 21,720 | 1,215 | 1,351 | 24,286 |
| Credit card fees | - | 5,913 | - | 5,913 |
| Membership fees | 23,345 | 2,594 | 2,882 | 28,821 |
| Total expenses | <u>\$ 2,610,341</u> | <u>\$ 350,019</u> | <u>\$ 453,293</u> | <u>\$ 3,413,653</u> |

See accompanying notes.

SPARK THE JOURNEY
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2021

| | Program Services | Management and General | Fundraising | Total |
|-------------------------------|---------------------|---------------------------|-------------------|---------------------|
| Salaries | \$ 1,370,292 | \$ 243,340 | \$ 192,355 | \$ 1,805,987 |
| Tuition scholarships | 100,366 | - | - | 100,366 |
| Contract services | 54,232 | 56,552 | 3,730 | 114,514 |
| Occupancy | 43,760 | 5,287 | 3,010 | 52,057 |
| Health insurance | 99,676 | 17,701 | 13,991 | 131,368 |
| Accounting fees | - | 69,762 | - | 69,762 |
| Payroll taxes | 111,885 | 19,869 | 15,705 | 147,459 |
| Other operating expenses | 227,270 | 1,593 | 906 | 229,769 |
| 403(b) retirement plan | 30,341 | 5,388 | 4,260 | 39,989 |
| Event fees | - | - | 7,686 | 7,686 |
| Technology | 64,761 | 4,156 | 2,366 | 71,283 |
| Transportation | 592 | 72 | 40 | 704 |
| Interns | 12,500 | - | - | 12,500 |
| Supplies | 16,119 | 1,947 | 1,109 | 19,175 |
| Professional development | 8,006 | 967 | 550 | 9,523 |
| Insurance | 22,358 | 2,701 | 1,538 | 26,597 |
| Telephone/internet | 14,463 | 1,747 | 995 | 17,205 |
| Enrichment activities | 2,809 | - | - | 2,809 |
| Staff development | 6,497 | 785 | 446 | 7,728 |
| Printing | 53 | 5 | 5 | 63 |
| Depreciation and amortization | 1,074 | 130 | 73 | 1,277 |
| Payroll services | 9,896 | 1,196 | 680 | 11,772 |
| Postage | 1,434 | 173 | 98 | 1,705 |
| Miscellaneous | 10,572 | 1,277 | 893 | 12,742 |
| Credit card fees | - | 5,576 | - | 5,576 |
| Membership fees | 6,138 | 742 | 422 | 7,302 |
| | <u>\$ 2,215,094</u> | <u>\$ 440,966</u> | <u>\$ 250,858</u> | <u>\$ 2,906,918</u> |
| Total expenses | <u>\$ 2,215,094</u> | <u>\$ 440,966</u> | <u>\$ 250,858</u> | <u>\$ 2,906,918</u> |

See accompanying notes.

SPARK THE JOURNEY
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2022 and 2021

| | <u>2022</u> | <u>2021</u> |
|--|----------------------------|----------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Change in net assets | \$ 1,173,053 | \$ (494,217) |
| Adjustments to reconcile change in net assets to net cash flows from operating activities | | |
| Depreciation and amortization | 313 | 1,277 |
| Change in discount on unconditional promises to give | 95,520 | (36,122) |
| Net realized and unrealized (gain) loss on investments | 99,361 | (307,055) |
| Forgiveness of Paycheck Protection Program loan | (343,500) | (343,500) |
| (Increase) decrease in assets | | |
| Unconditional promises to give | (1,721,582) | 1,016,803 |
| Government grants receivable | 301,944 | (306,944) |
| Prepaid expenses | (10,795) | (4,496) |
| Deposits | (2,250) | 10,875 |
| Increase (decrease) in liabilities | | |
| Accounts payable | (12,819) | 5,261 |
| Accrued liabilities | 25,015 | 82,558 |
| | <u>(395,740)</u> | <u>(375,560)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Proceeds from sale of investments | 488,070 | 272,115 |
| Purchases of investments | (101,802) | (103,626) |
| Interest and dividends retained in investments | (14,533) | (16,320) |
| | <u>371,735</u> | <u>152,169</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from Paycheck Protection Program loan | <u>-</u> | <u>343,500</u> |
| Net change in cash | (24,005) | 120,109 |
| Cash at beginning of year | <u>1,041,572</u> | <u>921,463</u> |
| Cash at end of year | <u><u>\$ 1,017,567</u></u> | <u><u>\$ 1,041,572</u></u> |

See accompanying notes.

SPARK THE JOURNEY
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Spark the Journey (formerly Capital Partners for Education) 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.

Promises to Give and Government Grants Receivable

Unconditional promises to give and government grants receivable are recognized as support or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give and government grants receivable are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

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, in general, are exposed to various risks, such as interest rates, credit, and overall market volatility. 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 provided 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.

Income Tax Status

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

SPARK THE JOURNEY
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Donated Services

Donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their estimated fair values in the period received.

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 FTE 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.

Adoption of New Accounting Guidance

On September 17, 2020, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The intent of this Update is to improve transparency in the reporting of contributed nonfinancial assets (also known as gifts-in-kind) received by not-for-profit entities. The Update requires a not-for-profit entity to present contributed nonfinancial assets as a separate line item in the statements of activities, apart from contributions of cash and other financial assets. The Update also requires enhanced disclosures about the valuation of contributed nonfinancial assets and their use in programs and other activities, including any donor-imposed restrictions on such use. Spark the Journey adopted the requirements of this Update effective July 1, 2021. The changes required by this Update have been applied retrospectively to all periods presented.

Date of Management's Review

Management has evaluated subsequent events through December 6, 2022, the date which the financial statements were available to be issued.

SPARK THE JOURNEY
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE 2 – INVESTMENTS

Investments consist of the following:

| | 2022 | 2021 |
|---|------------|--------------|
| Money market funds and cash equivalents | \$ 61,698 | \$ 445,524 |
| Equity mutual funds | 615,302 | 688,689 |
| Bond mutual funds | 249,833 | 263,716 |
| Investments | \$ 926,833 | \$ 1,397,929 |

Equity mutual funds and bond mutual funds 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:

| | 2022 | 2021 |
|--------------------------------------|--------------|------------|
| Receivable in less than one year | \$ 770,218 | \$ 242,823 |
| Receivable in one to five years | 1,455,666 | 261,479 |
| Total unconditional promises to give | 2,225,884 | 504,302 |
| Less discount to present value | (112,574) | (17,054) |
| Unconditional promises to give, net | \$ 2,113,310 | \$ 487,248 |

Promises to give receivable in one to five years at June 30, 2022 and 2021 are discounted at 5%.

NOTE 4 – 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. Management believes the risk in these situations to be minimal.

Donor Concentration

As of June 30, 2022 and 2021, promises to give from three and four donors, respectively, totaled approximately 90% and 85%, respectively, of total promises to give.

For the years ended June 30, 2022 and 2021, contributions from three and three donors, respectively, totaled approximately 70% and 40%, respectively, of total contributions.

SPARK THE JOURNEY
NOTES TO FINANCIAL STATEMENTS
 June 30, 2022 and 2021

NOTE 5 – 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 6 – NET ASSETS WITH DONOR RESTRICTIONS

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

| | 2022 | 2021 |
|------------------------------------|--------------|------------|
| Future years' operations | \$ 535,884 | \$ 845,748 |
| Organization Sustainability | 2,073,000 | 100,000 |
| Net assets with donor restrictions | \$ 2,608,884 | \$ 945,748 |

NOTE 7 – IN-KIND CONTRIBUTIONS

For the year ended June 30, 2021, in-kind contributions recognized within the statements of activities include \$50,000 of donated legal services. The in-kind contributions are included with contract services as a management and general activity in the statement of functional expenses. For the year ended June 30, 2022, Spark the Journey received donated gift cards to be used in Spark the Journey's programming. Unless otherwise noted, in-kind contributions did not have donor-imposed restrictions. Donated legal services recognized comprise professional services from a law firm to assist with review of contracts, research, court filings, and general legal counsel, none of which was related to pending or threatened litigation. Donated legal services are valued and are reported at the estimated fair value in the financial statements based on current rates for similar services. Donated gift cards are valued at the redemption value associated with the gift card.

SPARK THE JOURNEY
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

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 salary, which is 100% vested. For the years ended June 30, 2022 and 2021, Spark the Journey contributed \$31,183 and \$39,989, respectively, to the 403(b) plan.

NOTE 9 – OPERATING LEASES

Spark the Journey has leases for office space and storage space in Washington, D.C. that have terms running through April 2029, with required monthly payments ranging from \$1,300 to \$4,746. Rent expense for the years ended June 30, 2022 and 2021 was \$81,550 and \$52,057, respectively.

Future minimum payments under these lease agreements are as follows:

| | | |
|------------|----|----------------|
| 2023 | \$ | 29,941 |
| 2024 | | 16,332 |
| 2025 | | 16,985 |
| 2026 | | 17,665 |
| 2027 | | 18,371 |
| Thereafter | | <u>35,555</u> |
| | \$ | <u>134,849</u> |

NOTE 10 – SCHOLARSHIPS CONTINGENCY

In years prior to the year ended June 30, 2018, Spark the Journey awarded college scholarships to participating charter and public school students. The scholarship is \$1,000 per year and is contingent upon the student continuing at the designated school, meeting certain performance requirements and attending college. This program was discontinued during the year ended June 30, 2018. As of June 30, 2022, the college scholarship commitments, contingent upon the factors described above for the students in the program, are as follows for the years ending June 30:

| | | |
|------|----|----------------|
| 2023 | \$ | 56,436 |
| 2024 | | <u>56,436</u> |
| | \$ | <u>112,872</u> |

NOTE 11 – 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, 2022 and 2021, contribution revenue included \$2,208,000 and \$100,000, respectively, from founders or members of the Board of Directors. Unconditional promises to give on the statements of financial position as of June 30, 2022 and 2021 consisted of \$1,597,666 and \$222,651, respectively, due from founders or members of the Board of Directors.

SPARK THE JOURNEY
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE 12 – 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:

| | 2022 | 2021 |
|--|--------------|--------------|
| Financial assets at year-end: | | |
| Cash | \$ 1,017,567 | \$ 1,041,572 |
| Unconditional promises to give | 2,113,310 | 487,248 |
| Government grants receivable | 5,000 | 306,944 |
| Investments | 926,833 | 1,397,929 |
| Total financial assets | 4,062,710 | 3,233,693 |
| Less those unavailable for general expenditures within one year due to: | | |
| Restricted by donors purpose restrictions | (2,073,000) | (100,000) |
| Restricted by donors with time restrictions less amounts to be released next year | (261,384) | (507,925) |
| Financial assets available to meet cash needs for general expenditures within one year | \$ 1,728,326 | \$ 2,625,768 |

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.