

SPARK* SF PUBLIC SCHOOLS

FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

SPARK* SF PUBLIC SCHOOLS
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Independent Auditors' Report

To the Board of Directors
SPARK* SF PUBLIC SCHOOLS

We have audited the accompanying financial statements of Spark* SF Public Schools (the "Organization") which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

TO THE BOARD OF DIRECTORS
SPARK* SF PUBLIC SCHOOLS

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script, appearing to read "Seiler WP".

San Francisco, California
December 16, 2021

SPARK* SF PUBLIC SCHOOLS
Statements of Financial Position

	June 30,	
	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 5,829,274	\$ 6,712,893
Pledges receivable	9,261,298	10,174,714
Other receivable	159,196	259,196
Prepaid expenses	4,836	31,587
Total current assets	<u>15,254,604</u>	<u>17,178,390</u>
Pledges receivable (non-current), net	<u>-</u>	<u>500,000</u>
Total assets	<u>\$ 15,254,604</u>	<u>\$ 17,678,390</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 90,004	\$ 45,509
Grants payable	3,135,191	15,181,473
Due to related party, net	347,196	356,785
Deferred revenue	-	10,300
Total current liabilities	<u>3,572,391</u>	<u>15,594,067</u>
COMMITMENTS AND CONTINGENCIES (NOTE 5)		
NET ASSETS		
Without donor restrictions	1,213,367	700,453
With donor restrictions	10,468,846	1,383,870
Total net assets	<u>11,682,213</u>	<u>2,084,323</u>
Total liabilities and net assets	<u>\$ 15,254,604</u>	<u>\$ 17,678,390</u>

See Notes to Financial Statements

SPARK* SF PUBLIC SCHOOLS
Statements of Activities
For the Years Ended June 30, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT						
Grants	\$ 571,812	\$ 26,311,993	\$ 26,883,805	\$ 345,183	\$ 16,917,422	\$ 17,262,605
Contributions	286,627	-	286,627	643,119	-	643,119
In-kind contributions	557,090	-	557,090	556,973	-	556,973
Interest	29,129	-	29,129	10,491	-	10,491
Fiscal agency fees	-	-	-	411	-	411
Total public support	1,444,658	26,311,993	27,756,651	1,556,177	16,917,422	18,473,599
Net assets released from donor restrictions	17,227,017	(17,227,017)	-	16,293,257	(16,293,257)	-
Total revenue, gains, and other support	18,671,675	9,084,976	27,756,651	17,849,434	624,165	18,473,599
EXPENSES						
Program services:						
Grants and other program expenses	17,542,299	-	17,542,299	16,885,692	-	16,885,692
Supporting services:						
Management and general	282,857	-	282,857	241,872	-	241,872
Fundraising	333,605	-	333,605	354,519	-	354,519
Total expenses	18,158,761	-	18,158,761	17,482,083	-	17,482,083
CHANGE IN NET ASSETS	512,914	9,084,976	9,597,890	367,351	624,165	991,516
NET ASSETS, BEGINNING OF YEAR	700,453	1,383,870	2,084,323	333,102	759,705	1,092,807
NET ASSETS, END OF YEAR	\$ 1,213,367	\$ 10,468,846	\$ 11,682,213	\$ 700,453	\$ 1,383,870	\$ 2,084,323

See Notes to Financial Statements

SPARK* SF PUBLIC SCHOOLS
Statements of Functional Expenses
For the Years Ended June 30, 2021 and 2020

	2021				2020			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Grants distributions	\$ 17,116,837	\$ -	\$ -	\$ 17,116,837	\$ 16,768,195	\$ -	\$ -	\$ 16,768,195
In-kind salaries	89,454	80,935	283,605	453,994	111,177	74,070	326,646	511,893
In-kind professional fees	10,760	-	50,000	60,760	-	-	-	-
Professional fees	325,248	67,199	-	392,447	-	92,432	-	92,432
In-kind rent	-	42,336	-	42,336	5,834	8,757	25,729	40,320
Administrative services	-	38,518	-	38,518	-	31,838	-	31,838
Bank fees	-	37,031	-	37,031	-	23,821	-	23,821
Insurance	-	5,906	-	5,906	-	3,784	-	3,784
In-kind subscription fees	-	-	-	-	486	730	2,144	3,360
Meals	-	272	-	272	-	-	-	-
Other expenses	-	10,660	-	10,660	-	6,440	-	6,440
Total expenses included in the expense section on the statements of activities	<u>\$ 17,542,299</u>	<u>\$ 282,857</u>	<u>\$ 333,605</u>	<u>\$ 18,158,761</u>	<u>\$ 16,885,692</u>	<u>\$ 241,872</u>	<u>\$ 354,519</u>	<u>\$ 17,482,083</u>
% of total expenses	96.60%	1.56%	1.84%	100.00%	96.62%	1.35%	2.03%	100.00%

See Notes to Financial Statements

SPARK* SF PUBLIC SCHOOLS
Statements of Cash Flows

	For the Years Ended June 30,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 9,597,890	\$ 991,516
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Changes in operating assets and liabilities:		
(Increase) decrease in pledges receivable	1,413,416	(9,565,240)
Decrease in other receivable	100,000	100,000
(Increase) decrease in prepaid expenses	26,751	(31,587)
Increase in accounts payable	44,495	45,509
Increase (decrease) in grants payable	(12,046,282)	10,500,603
Increase (decrease) in due to related party	(9,589)	9,589
Increase (decrease) in deferred revenue	(10,300)	10,300
Net cash provided by (used in) operating activities	<u>(883,619)</u>	<u>2,060,690</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(883,619)	2,060,690
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>6,712,893</u>	<u>4,652,203</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 5,829,274</u></u>	<u><u>\$ 6,712,893</u></u>

See Notes to Financial Statements

SPARK* SF PUBLIC SCHOOLS

Notes to Financial Statements

1. ORGANIZATION

Spark* SF Public Schools (the “Organization”) was incorporated on January 2, 2015, as a nonprofit corporation and operates exclusively for public and charitable purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code (“IRC”). The Organization is dedicated to building private financial support and partnerships to support the strategic priorities of the San Francisco Unified School District (“SFUSD”) so that each and every child receives the quality instruction and equitable support required to thrive in the 21st century. 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 six key areas:

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, Spark ensures that school success translates to real world achievement.

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

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.

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.

SPARK* SF PUBLIC SCHOOLS

Notes to Financial Statements

1. ORGANIZATION (continued)

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

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

Spark* 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.

COVID-19 response: The outbreak of the 2019 coronavirus disease ("COVID-19"), which was declared a global pandemic by the World Health Organization on March 11, 2020, and the related responses by public health and governmental authorities to contain and combat its outbreak and spread, adversely affected workforces, economies, schools and financial markets globally and particularly in the San Francisco Bay area. With the widespread and mandatory closure of school buildings in March 2020, the Organization and SFUSD focused on three major priorities: attending to the wellness and wellbeing of students and families; providing free meals to all students who need them; and engaging each and every student in remote learning opportunities, both digital and non-digital to support and advance their learning and instruction while school building remained closed..

2. SIGNIFICANT ACCOUNTING POLICIES

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.

SPARK* SF PUBLIC SCHOOLS
Notes to Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation: (continued)

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.

Use of Estimates:

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents:

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

Revenue Recognition:

Grants and 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, 2021 and 2020.

SPARK* SF PUBLIC SCHOOLS
Notes to Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition: (continued)

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 earned administrative fees in the amount of \$0 and \$411 for fiscal agency arrangements for June 30, 2021 and 2020, respectively. The Organization recognizes a liability payable to the specified beneficiary concurrent with its recognition of cash or other financial assets received from the donor and retains a percentage as fiscal agency fees earned. The liability is relieved upon transfer of assets or use on behalf of the donor. No contribution revenue or grant expense is recognized for these transactions.

In 2018, the Organization received pledges for fiscal agency contributions totaling \$1,470,366. Remaining receivables totaling \$159,196 and \$259,196 are included in other receivables in the statements of financial position as of June 30, 2021 and 2020, respectively. These funds were to be paid to SFUSD, the specified beneficiary. In 2020, the Organization received additional fiscal agency contributions. Remaining payables totaling \$347,196 and \$356,785 are included in the due to related party account in the statements of financial position as of June 30, 2021 and 2020.

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 3.18% and 4.11% for the years ended June 30, 2021 and 2020 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, 2021 and 2020 amounted to \$571,812 and \$345,183, respectively.

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. Special events revenue is recognized upon the event taking place. There were no events held in 2021 or 2020.

SPARK* SF PUBLIC SCHOOLS

Notes to Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

In-Kind Contributions:

Contributed services which require specialized skill and which the Organization would have paid for if not donated are recorded as in-kind contributions at their estimated fair market value at the time the services are rendered. The Organization received in-kind donated professional services, office space and subscriptions in the amount of \$557,090 and \$556,973 in 2021 and 2020, respectively.

Change in Accounting Principle:

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)* to clarify revenue recognition principles. The ASU and all subsequently issued clarifying ASUs replaced most existing revenue recognition guidance in U.S. GAAP. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue. On June 3, 2020, the FASB issued ASU 2020-05, which delays implementation by one year of effective dates of FASB standards for Topic 606 due to the global concerns about the effects of the COVID-19 pandemic on financial reporting. The ASU permits not-for-profits organization that have not yet applied the revenue recognition standard to do so for annual reporting periods beginning after December 15, 2019. In 2021, the Organization adopted ASU 2014-19, as amended, as management believes the standard improves the usefulness and understandability of the Organization’s financial reporting.

Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

In June 2018, FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*. These amendments clarify and improve the scope and accounting guidance around contributions of cash and other assets received and made by not-for-profit organizations. The ASU clarifies and improves current guidance about whether a transfer of assets, or the reduction, settlement, or cancellation of liabilities, is a contribution or an exchange transaction. It provides criteria for determining whether the resource provider is receiving commensurate value in return for the resources transferred which, depending on the outcome, determines whether the organization follows contribution guidance or exchange transaction guidance in the revenue recognition and other applicable standards. It also provides a more robust framework for determining whether a contribution is conditional or unconditional, and for distinguishing a donor-imposed condition from a donor-imposed restriction. The Foundation implemented this standard for all contributions received starting on July 1, 2019, and for contributions made on July 1, 2020. The adoption of this standard did not result in any changes to previously recognized net assets.

SPARK* SF PUBLIC SCHOOLS
Notes to Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional Allocation of Expenses:

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

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

Income Taxes:

The Organization is exempt from federal income taxes under the provisions of Internal Revenue Code 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.

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, 2021 or 2020.

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, 2021 or 2020.

SPARK* SF PUBLIC SCHOOLS
Notes to Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 2021 and 2020, grants payable amounted to \$2,960,976 and \$15,076,233, respectively, and are all payable within one year.

Reclassification:

Certain reported amounts on the 2020 financial statements have been reclassified for comparative purposes to conform to the presentation in the 2021 financial statements, specifically the net asset rollforward schedule in the Note 6. These reclassifications had no effect on previously reported changes in net assets.

Recent Accounting Pronouncements:

In September 2020, the FASB issued ASU No. 2020-07 - Not-for-Profit Entities (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The amendments in the ASU improves the transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. The ASU should be applied on a retrospective basis. The ASU is effective for the Organization's year ending June 30, 2022. Early adoption is permitted. The Organization does not anticipate that this ASU will have a material impact on the Organization's financial statements.

3. LIQUIDITY AND AVAILABILITY OF RESOURCES

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

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 5,829,274	\$ 6,712,893
Pledges receivable	9,261,298	10,174,714
Other receivable	159,196	259,196
Total	<u>15,249,768</u>	<u>17,646,803</u>
Less:		
Due to related party, net	(347,196)	(356,785)
Net assets with donor restriction	<u>(11,468,846)</u>	<u>(1,383,870)</u>
	<u>(11,503,042)</u>	<u>(1,740,655)</u>
Amounts available for general expenditures within one year	<u>\$ 3,746,726</u>	<u>\$ 15,906,148</u>

SPARK* SF PUBLIC SCHOOLS
Notes to Financial Statements

3. LIQUIDITY AND AVAILABILITY OF RESOURCES (continued)

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

4. PLEDGES RECEIVABLE

Pledges receivable consist of the following:

	<u>2021</u>	<u>2020</u>
Receivable in less than one year	\$ 9,261,298	\$ 10,174,714
Receivable in one to five years	<u>-</u>	<u>500,000</u>
Total pledges receivable	<u>\$ 9,261,298</u>	<u>\$ 10,674,714</u>

The discount to net present value on the receivables due in more than one year was not material to the financial statements; therefore, no discount was recorded. At June 30, 2021 and 2020, one donor accounted for 81% and 82% respectively, of the total pledges receivable.

5. RISKS AND UNCERTAINTIES

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.

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.

SPARK* SF PUBLIC SCHOOLS
Notes to Financial Statements

5. RISKS AND UNCERTAINTIES (continued)

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. In March 2020, the World Health Organization declared the COVID-19 outbreak a global pandemic, and governments, businesses and individuals around the world have taken strong, temporary measures to slow the spread of the virus. This has resulted in reduced economic activity and the United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. The Organization worked proactively to respond to the COVID-19 pandemic to provide continuity of learning during school closures and partnered with various organizations to provide funding to the various schools in the district.

6. 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 years ended June 30, 2021 and 2020:

	June 30, 2020	Additions	Releases	June 30, 2021
Spark* Innovation	\$ -	\$ 1,064,584	\$ (484,100)	\$ 580,484
Spark* Equity	16,841	327,771	(180,069)	164,543
Spark* Learning	1,056,827	9,898,098	(4,389,291)	6,565,634
Spark* Access	32,623	11,128,943	(10,507,074)	654,492
Spark* Wellness	272,461	3,892,791	(1,666,477)	2,498,775
Spark* Creativity	5,118	(194)	(6)	4,918
	<u>\$ 1,383,870</u>	<u>\$ 26,311,993</u>	<u>\$ (17,227,017)</u>	<u>\$ 10,468,846</u>

SPARK* SF PUBLIC SCHOOLS
Notes to Financial Statements

6. NET ASSETS WITH DONOR RESTRICTIONS (continued)

	<u>June 30, 2019</u>	<u>Additions</u>	<u>Releases</u>	<u>June 30, 2020</u>
Spark* Equity	\$ -	\$ 234,136	\$ (217,295)	\$ 16,841
Spark* Learning	646,181	12,507,893	(12,097,247)	1,056,827
Spark* Access	113,524	51,099	(132,000)	32,623
Spark* Wellness	-	4,119,174	(3,846,713)	272,461
Spark* Creativity	-	5,120	(2)	5,118
	<u>\$ 759,705</u>	<u>\$ 16,917,422</u>	<u>\$ (16,293,257)</u>	<u>\$ 1,383,870</u>

7. RELATED PARTY TRANSACTIONS

The Organization entered into a Master Operating Agreement with SFUSD in June 2015. Under this agreement, the Organization will pay SFUSD a fee in exchange for certain administrative services. During the years ended June 30, 2021 and 2020, the Organization incurred \$38,518 and \$31,838 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 \$16,968,529 and \$16,750,195 in 2021 and 2020, respectively. Grants payable to SFUSD in 2021 and 2020, totaled \$2,960,976 and \$15,076,233 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, 2021 and 2020.

8. SUBSEQUENT EVENTS

Management has reviewed subsequent events and transactions that occurred after the statement of financial position dates through December 16, 2021, 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.