



DAVISKELLY CERTIFIED  
PUBLIC  
ACCOUNTANTS  
CREATING VALUE FROM NUMBERS

**SPARKYOUTH, INC.**



*Financial Statements*

*For the Years Ended December 31, 2020 and 2019*

*A Certified Women-Owned Business Enterprise  
in the Commonwealth of Massachusetts and City of New York  
4238 Washington Street, Suite 307, Boston, Massachusetts 02131  
687 West 204<sup>th</sup> Street, New York, New York 10034  
Member, American Institute of Certified Public Accountants  
Member, Association of Fraud Examiners  
[www.daviskellycpas.com](http://www.daviskellycpas.com)*

**SPARKYOUTH, INC.**

***Financial Statements***

***For the Years Ended December 31, 2020 and 2019***

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### *Independent Auditors' Report*

To the Board of Directors  
SparkYouth, Inc.  
New York, New York

#### *Report on the Financial Statements*

We have audited the accompanying financial statements of SparkYouth, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year 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 these 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.

#### *Auditor's Responsibility*

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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.

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***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SparkYouth, Inc. as of December 31, 2020, 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.

*DavisKelly LLC*

New York, New York  
October 15, 2021

**SPARKYOUTH, INC.**

***Statements of Financial Position***

***As of December 31, 2020 and 2019***

	<u>2020</u>	<u>2019</u>
<b><i>Assets</i></b>		
Cash and cash equivalents	\$ 1,048,429	\$ 1,228,242
Accounts receivable	110,500	144,467
Fixed assets, net	5,433	10,278
Security deposit	46,200	36,200
	<hr/>	<hr/>
<b><i>Total assets</i></b>	<b>\$ 1,210,562</b>	<b>\$ 1,419,187</b>
	<hr/> <hr/>	<hr/> <hr/>
<b><i>Liabilities and Net Assets</i></b>		
<b><i>Liabilities:</i></b>		
Accounts payable	\$ 35,635	\$ 12,500
Grants payable	25,000	111,000
Accrued expenses	604	288
	<hr/>	<hr/>
<b><i>Total liabilities</i></b>	<b>61,239</b>	<b>123,788</b>
	<hr/>	<hr/>
<b><i>Net Assets:</i></b>		
Net assets without donor restrictions	1,149,323	1,295,399
	<hr/>	<hr/>
<b><i>Total net assets</i></b>	<b>1,149,323</b>	<b>1,295,399</b>
	<hr/>	<hr/>
<b><i>Total liabilities and net assets</i></b>	<b>\$ 1,210,562</b>	<b>\$ 1,419,187</b>
	<hr/> <hr/>	<hr/> <hr/>

**SPARKYOUTH, INC.**

*Statements of Activities*

*For the Years Ended December 31, 2020 and 2019*

	<u>2020</u>	<u>2019</u>
<b><i>Support and Revenue:</i></b>		
Contributions and other support:		
Grants and contributions	\$ 1,178,042	\$ 404,278
Refundable advance, PPP	53,323	-
Interest and dividend income	6,904	8,242
	<hr/>	<hr/>
<b><i>Total contributions and other support</i></b>	<b>1,238,269</b>	<b>412,520</b>
	<hr/>	<hr/>
Special event revenue	38,834	2,245,716
Less: direct special event expenses	(24,000)	(362,311)
	<hr/>	<hr/>
<b><i>Special event revenue, net</i></b>	<b>14,834</b>	<b>1,883,405</b>
	<hr/>	<hr/>
<b><i>Total support and revenue</i></b>	<b>1,253,103</b>	<b>2,295,925</b>
	<hr/>	<hr/>
<b><i>Expenses:</i></b>		
Program services	1,162,144	1,643,044
General and administration	65,796	121,413
Fundraising	171,239	117,032
	<hr/>	<hr/>
<b><i>Total expenses</i></b>	<b>1,399,179</b>	<b>1,881,489</b>
	<hr/>	<hr/>
<b><i>Change in net assets</i></b>	<b>(146,076)</b>	<b>414,436</b>
	<hr/>	<hr/>
<b><i>Net Assets, beginning</i></b>	<b>1,295,399</b>	<b>880,963</b>
	<hr/>	<hr/>
<b><i>Net Assets, ending</i></b>	<b>\$ 1,149,323</b>	<b>\$ 1,295,399</b>
	<hr/> <hr/>	<hr/> <hr/>

See accompanying notes to financial statements.

**SPARKYOUTH, INC.**

*Statements of Cash Flows*

*For the Years Ended December 31, 2020 and 2019*

	<u>2020</u>	<u>2019</u>
<b><i>Cash Flows from Operating Activities:</i></b>		
Change in net assets	\$ (146,076)	\$ 414,436
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation expense	4,845	4,845
Change in:		
Accounts receivable	33,967	138,192
Security deposit	(10,000)	235
Accounts payable	23,135	(213,603)
Grants payable	(86,000)	111,000
Accrued expenses	316	(18,922)
	<hr/>	<hr/>
<i>Net cash provided by operating activities</i>	(179,813)	436,183
	<hr/>	<hr/>
<i>Net increase in cash and cash equivalents</i>	(179,813)	436,183
<i>Cash and Cash Equivalents, beginning</i>	1,228,242	792,059
	<hr/>	<hr/>
<i>Cash and Cash Equivalents, ending</i>	\$ 1,048,429	\$ 1,228,242
	<hr/>	<hr/>

**SPARKYOUTH, INC.**

*Statement of Functional Expenses*

*For the Year Ended December 31, 2020*

	<i>Program Services</i>	<i>General and Administration</i>	<i>Fundraising</i>	<i>Total</i>
Salaries	\$ 183,424	\$ 42,750	\$ 73,500	\$ 299,674
Payroll taxes	12,830	2,945	5,258	21,033
Fringe benefits	25,462	5,844	10,435	41,741
Bad debt expense	-	-	56,550	56,550
Bank and credit card fees	10,717	2,460	4,392	17,569
Depreciation expenses	2,955	678	1,211	4,844
Equipment rental and maintenance	15,521	3,562	6,361	25,444
Grant expenses	878,330	-	-	878,330
Insurance	2,418	555	991	3,964
Occupancy	7,549	1,733	3,094	12,376
Office expense	261	64	107	432
Printing and postage	2,403	552	985	3,940
Professional fees	18,387	4,220	7,536	30,143
Special event expense	14,640	3,360	6,000	24,000
Telephone	1,220	280	500	2,000
Travel and mileage	667	153	319	1,139
<i>Total expenses</i>	1,176,784	69,156	177,239	1,423,179
Special event expense	(14,640)	(3,360)	(6,000)	(24,000)
<i>Total expenses included in statement of activities</i>	\$ 1,162,144	\$ 65,796	\$ 171,239	\$ 1,399,179

See accompanying notes to financial statements.

**SPARKYOUTH, INC.**

*Statement of Functional Expenses*

*For the Year Ended December 31, 2019*

	<i>Program Services</i>	<i>General and Administration</i>	<i>Fundraising</i>	<i>Total</i>
Salaries	\$ 182,198	\$ 56,117	\$ 48,985	\$ 287,300
Payroll taxes	9,879	2,933	2,624	15,436
Fringe benefits	23,435	6,958	6,224	36,617
Bank and credit card fees	-	-	21,073	21,073
Depreciation expenses	3,133	891	821	4,845
Equipment rental and maintenance	11,989	3,563	3,186	18,738
Grant expenses	1,284,000	-	-	1,284,000
Insurance	3,811	1,128	1,011	5,950
Marketing	88,896	26,382	23,622	138,900
Miscellaneous expenses	348	104	93	545
Occupancy	10,240	3,040	2,720	16,000
Office expense	3,497	1,038	930	5,465
Printing and postage	1,281	778	340	2,399
Professional fees	13,991	16,598	3,716	34,305
Special event expense	362,311	-	-	362,311
Telephone	1,372	407	365	2,144
Travel and mileage	4,974	1,476	1,322	7,772
<b><i>Total expenses</i></b>	<b>2,005,355</b>	<b>121,413</b>	<b>117,032</b>	<b>2,243,800</b>
Special event expense	(362,311)	-	-	(362,311)
<b><i>Total expenses included in statement of activities</i></b>	<b>\$ 1,643,044</b>	<b>\$ 121,413</b>	<b>\$ 117,032</b>	<b>\$ 1,881,489</b>

See accompanying notes to financial statements.

# SPARKYOUTH, INC.

## *Notes to Financial Statements*

### *For the Years Ended December 31, 2020 and 2019*

#### **Note 1. Organization and Background**

SparkYouth, Inc. (the Organization), formerly known as The Catalog for Giving, Inc., is a nonprofit organization dedicated to transforming the lives of New York City children by identifying and providing crucial funding and operational support to innovative community-based start-up organizations that assist disadvantaged youth throughout the City.

Every three years since its inception in 1994, the Organization scours New York City and selects the “best of the best” small, youth development programs with which they partner, empowering those organizations to expand their capability to bring critical services to needy youth. The Organization serves like a “fund to funds,” carefully vetting and selecting the premiere groups that have demonstrated they have the capacity to transform under-served youth but require additional support to grow their programs and broaden their reach. Some organizations work with children in afterschool programs; others operate within the schools. Some connect children with programming in sports; others promote arts and media. All of them provide children who have had limited opportunities the chance of a lifetime, to develop new skills, seek new pathways and learn new ways to achieve success.

SparkYouth, Inc.’s value-added model contributes significant funding to each program and provides intensive individual mentoring and professional development workshops to the Executive Directors and other senior staff of our programs, fosters collaboration between the programs, empowers program expansion, and enhances the organizations’ skills in finance, technology, and development.

#### **Note 2. Summary of Significant Accounting Policies**

##### ***Basis of Accounting and Financial Statement Presentation***

The financial statements have been prepared in accordance with generally accepted accounting standards and principles established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these notes are to the FASB Accounting Standards Codification (ASC). The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

##### ***Net Assets***

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-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-imposed restrictions. Contributions are restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions.

# SPARKYOUTH, INC.

## *Notes to Financial Statements*

*For the Years Ended December 31, 2020 and 2019*

### **Note 2. Summary of Significant Accounting Policies (Continued)**

#### ***Use of Estimates and Assumptions***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the Organization's 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 revenue and expenses during the reporting period. Actual results could differ from those estimates and assumptions.

#### ***Functional Expenses***

The costs of program and supporting service activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

#### ***Basis of Allocation***

Salary and benefit expense is allocated by full time equivalents; occupancy is allocated by square footage.

#### ***Cash and Cash Equivalents***

The Organization considers as cash equivalents all highly liquid investments, which can be converted into known amounts of cash and have a maturity period of ninety days or less at the time of purchase. Money market deposits maintained in checking and saving accounts which are available for current operations. For the purposes of the statements of cash flows, the Organization considers all highly liquid investments with maturity of three months or less when purchased to be cash equivalents.

#### ***Accounts Receivable***

Accounts receivable are presented net of the allowance for doubtful accounts. The Organization's periodic evaluation of the adequacy of the allowance is based on its past loss experience. All of the accounts receivable are expected to be fully collected within one year; therefore, no allowance for doubtful accounts has been recorded.

#### ***Fixed Assets***

Purchased fixed assets are carried at costs. Equipment, furniture and improvements are capitalized at cost, if purchased, or if donated, at fair market value at the date of receipt. Depreciation is provided on the straight-line method over the estimated useful lives of the respective assets. Maintenance and repairs are charged to expense as incurred, while betterments are capitalized. When items are sold or retired, the related cost and accumulated depreciation is removed from the accounts and any gain or loss is included in revenues. The capitalization policy is any item over \$1,500.

# SPARKYOUTH, INC.

## *Notes to Financial Statements*

*For the Years Ended December 31, 2020 and 2019*

### **Note 2. Summary of Significant Accounting Policies (Continued)**

#### ***Income Tax Status***

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(a) and has been classified as an Organization that is not a private foundation under Section 509(a)(1). The Organization is also exempt from New York state taxes. However, the Organization remains subject to income taxes on any net income that is derived from a trade or business, regularly carried on and not in furtherance of the purpose for which it was granted exemption.

#### ***Contributions***

The Organization follows the requirements of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards, *Accounting for Contributions Received and Contributions Made*. This financial accounting standard requires that contributions be recorded as receivables and revenues and requires the Organization to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions. Contributions may include gifts of cash, stock or other securities, collection items, or promises to give.

#### ***Revenue Recognition***

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Contributions subject to donor-imposed stipulations that are met in the same reporting period are reported as assets without donor restrictions. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risk involved, when such amounts are considered material. The Organization reports gifts of cash and other assets as assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. The Organization reports gifts of land, building, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support.

#### ***New Accounting Pronouncements***

The Organization has adopted Accounting Standards Update (ASU) 2014-09, Revenue from Contracts with Customers (Topic 606), as amended. ASU 2014-09 eliminated the transaction and industry-specific revenue recognition guidance under previous U.S. GAAP and replaced it with a principle-based approach for determining revenue recognition. The core principle of ASU 2014-09 is that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard improves the usefulness and understandability of the Organization's financial reporting.

# SPARKYOUTH, INC.

## *Notes to Financial Statements*

*For the Years Ended December 31, 2020 and 2019*

### **Note 2. Summary of Significant Accounting Policies (Continued)**

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

The Organization has adopted ASU 2018-08, Not-for-Profit Entities: Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 605), as amended. ASU 2018-08 was issued to make it easier for not-for-profit organizations to evaluate whether gifts, grants or contracts should be accounted for as contributions or as reciprocal (exchange) transactions accounted for under ASU 2014-09. Under the new guidance, all organizations are required to evaluate whether the resource provider (i.e., federal agency, foundation, corporation, etc.) is receiving commensurate value in a transfer of resources (i.e., assets or reduction/settlement of liabilities) and whether contributions are conditional or unconditional. If commensurate value is received by the resource provider, the transaction is to be accounted for as an exchange transaction by applying ASU 2014-09. If commensurate value is not received by the resource provider (i.e., the transaction is nonexchange), the recipient organization would determine the transaction to be a contribution and determine whether the contribution is unconditional or conditional. The standard improves the usefulness and understandability of the Organization's financial reporting.

### **Note 3. Commitments**

The Organization occupies office space under a lease agreement in New York, New York. The lease provides for a monthly rent payment of \$1,650. Rent expense totaled \$12,375 and \$16,000 for the years ended December 31, 2020 and 2019, respectively.

### **Note 4. Fixed Assets**

Fixed assets consisted of the following as of December 31:

	<u>2020</u>	<u>2019</u>
Furniture and fixtures	\$ 1,880	\$ 1,880
Computer equipment	28,473	28,473
Data migration	24,225	24,225
<b>Subtotal</b>	<b>54,578</b>	<b>54,578</b>
Less: Accumulated depreciation	(49,145)	(44,300)
<b>Total fixed assets</b>	<b>\$ 5,433</b>	<b>\$ 10,278</b>

Depreciation expense was \$4,845 and \$4,845 for the years ended December 31, 2020 and 2019, respectively.

# SPARKYOUTH, INC.

## *Notes to Financial Statements*

### *For the Years Ended December 31, 2020 and 2019*

#### **Note 5. Concentration of Credit Risk**

The Organization maintains its cash balances at a financial institution in New York, which at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on its cash and cash equivalents. The Organization had amounts in excess of the FDIC insurance limits of \$798,429 and \$978,238 for the years ended December 31, 2020 and 2019, respectively.

#### **Note 6. Available Resources and Liquidity**

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Organization's sources of liquidity are cash and cash equivalents, marketable debt and equity securities and lines of credit.

The following table shows the total financial assets held by the Organization at December 31 and the amounts of those financial assets could readily be made available within one year of the statement of financial position dates to meet general expenditures:

	<u>2020</u>	<u>2019</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 1,048,429	\$ 1,228,242
Accounts receivable	110,500	144,467
	<u>1,158,929</u>	<u>1,372,709</u>
<b><i>Financial assets available to meet general expenditures over the next 12 months</i></b>	<b><i>\$ 1,158,929</i></b>	<b><i>\$ 1,372,709</i></b>

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities of programing, exhibits and membership as well as the conduct of services undertaken to support those activities to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

#### **Note 7. Subsequent Events**

In connection with the preparation of the financial statements and in accordance with Financial Accounting Standards Board Accounting Standards Codification 855-10, *Subsequent Events*, the Organization management evaluated subsequent events after the statement of financial position date of December 31, 2020, through October 15, 2021, the date the financial statements were available to be issued, noting that there was no material events during this period that would impact the results reflected in this report.

**SPARKYOUTH, INC.**

*Notes to Financial Statements*

*For the Years Ended December 31, 2020 and 2019*

*Note 7. Subsequent Events (Continued)*

The Organization's operations may be affected by the recent and ongoing outbreak of the coronavirus disease 2019 (COVID-19) which was declared a pandemic by the World Health Organization in March 2020. The ultimate disruption, which may be caused by the outbreak, is uncertain; however, it may result in a material adverse impact on the Organization's financial position, operations and cash flows. Possible effects may include, but are not limited to, disruption to the Organization's services and revenue.