

**Ann Arbor SPARK and Affiliate**

**Financial Statements**

**December 31, 2019  
(With Summarized Comparative  
Information for 2018)**



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## **Independent Auditors' Report**

Management and Board of Directors  
Ann Arbor SPARK and Affiliate  
Ann Arbor, MI

We have audited the accompanying consolidated financial statements of Ann Arbor SPARK and Affiliate which comprise the consolidated statement of financial position as of December 31, 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related consolidated notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

### **Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Ann Arbor SPARK and Affiliate as of December 31, 2019, 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.

## Adoption of New Accounting Standards

As described in Note 2 to the consolidated financial statements, Ann Arbor SPARK and Affiliate changed its method of accounting for contributions in 2019 as required by the provisions of FASB Accounting Standards Update 2018-08 *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, and changed its method of accounting for restricted cash in 2019 as required by the provisions of FASB Accounting Standards Update 2016-18 *Statement of Cash Flows – Restricted Cash*. Our opinion is not modified with respect to that matter.

## Report on Summarized Comparative Information

We have previously audited Ann Arbor SPARK and Affiliate's December 31, 2018 consolidated financial statements, and our report dated April 25, 2019 expressed an unmodified opinion on those consolidated financial statements. In our opinion, the summarized comparative information presented herein, with the exception of the matter discussed in Note 2, as of and for the year ended December 31, 2018 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

## Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the 2019 consolidated financial statements as a whole. The 2019 consolidating statement of financial position, consolidating statement of activities and consolidating statement of cash flows is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2019 information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Yeo & Yeo, P.C.*

Ann Arbor, Michigan  
May 29, 2020

**Ann Arbor SPARK and Affiliate**  
**Consolidated Statement of Financial Position**  
**December 31, 2019**

**(With Summarized Comparative Information for December 31, 2018)**

	<u>2019</u>	<u>Restated 2018</u>
<b>Assets</b>		
Current assets		
Cash	\$ 2,039,259	\$ 1,653,384
Restricted cash - capital funding	5,431,679	4,065,761
Accounts receivable, net	330,996	572,455
Prepaid expenses	<u>139,443</u>	<u>108,280</u>
Total current assets	<u>7,941,377</u>	<u>6,399,880</u>
Property and equipment, net	<u>426,184</u>	<u>337,645</u>
Investments		
Michigan Pre-Seed Capital Fund Portfolio Investments, net	4,713,103	6,256,172
Microloans, net	<u>810,601</u>	<u>817,608</u>
Total investments	<u>5,523,704</u>	<u>7,073,780</u>
Other assets		
Deposits	<u>16,819</u>	<u>173,796</u>
<b>Total assets</b>	<b><u>\$ 13,908,084</u></b>	<b><u>\$ 13,985,101</u></b>
<b>Liabilities and Net Assets</b>		
Current liabilities		
Accounts payable	\$ 530,018	\$ 231,586
Accrued liabilities	293,805	450,645
Deferred revenue	<u>34,750</u>	<u>18,395</u>
Total current liabilities	<u>858,573</u>	<u>700,626</u>
Net assets		
Without donor restrictions		
Undesignated	12,450,563	12,683,027
With donor restrictions		
Purpose restrictions	<u>598,948</u>	<u>601,448</u>
Total net assets	<u>13,049,511</u>	<u>13,284,475</u>
<b>Total liabilities and net assets</b>	<b><u>\$ 13,908,084</u></b>	<b><u>\$ 13,985,101</u></b>

See Accompanying Notes to the Consolidated Financial Statements

**Ann Arbor SPARK and Affiliate**  
**Consolidated Statement of Activities**  
**For the Year Ended December 31, 2019**  
**(With Summarized Comparative Information for December 31, 2018)**

	Without Donor Restrictions	With Donor Restrictions	Total	
			2019	Restated 2018
<b>Program Service Fee Revenue and Public Support</b>				
Program service fee revenue				
Facility revenue	\$ 654,523	\$ -	\$ 654,523	\$ 613,913
Public support				
Contributions	1,079,500	305,000	1,384,500	1,643,396
Accelerator grants and revenue	1,063,745	-	1,063,745	1,058,726
Local Development Finance Authority revenue	3,834,290	-	3,834,290	2,941,223
Municipal service contracts	1,021,904	-	1,021,904	934,470
In-kind	119,115	-	119,115	204,118
Net assets released from restriction	307,500	(307,500)	-	-
Total public support	7,426,054	(2,500)	7,423,554	6,781,933
Total program service fee revenue and public support	8,080,577	(2,500)	8,078,077	7,395,846
<b>Expenses</b>				
Program services	6,856,783	-	6,856,783	5,635,340
Supporting services				
Management and general	1,177,310	-	1,177,310	1,065,112
Fundraising	217,792	-	217,792	220,316
Total expenses	8,251,885	-	8,251,885	6,920,768
<b>Other Income (Expense)</b>				
Interest income	24,622	-	24,622	15,827
Interest earned on investments	190,412	-	190,412	253,578
Realized gain on investments	483,440	-	483,440	155,522
Realized loss on investments	(1,602,564)	-	(1,602,564)	(1,146,007)
Unrealized gain on investments based on company performance	101,568	-	101,568	742,295
Valuation allowance on investments based on projected performance	619,590	-	619,590	307,152
Return on prior investments	262,666	-	262,666	4,816
Payment to MEDC	(121,357)	-	(121,357)	(44,692)
Return of funds	(19,533)	-	(19,533)	(127,970)
Total other income (expense)	(61,156)	-	(61,156)	160,521
Change in net assets	(232,464)	(2,500)	(234,964)	635,599
Net assets - beginning of year, as previously reported	12,683,027	-	13,284,475	12,648,876
Cumulative effect adjustment for contributions	-	601,448	601,448	-
Net assets - beginning of year (restated)	12,683,027	601,448	13,885,923	12,648,876
<b>Net assets - end of year</b>	<b>\$ 12,450,563</b>	<b>\$ 598,948</b>	<b>\$ 13,049,511</b>	<b>\$ 13,284,475</b>

See Accompanying Notes to the Consolidated Financial Statements

**Ann Arbor SPARK and Affiliate**  
**Consolidated Statement of Cash Flows**  
**For the Year Ended December 31, 2019**  
**(With Summarized Comparative Information for December 31, 2018)**

	<b>2019</b>	Restated 2018
<b>Cash flows from operating activities</b>		
Change in net assets	\$ (234,964)	\$ 635,599
Items not requiring cash		
Depreciation	166,983	149,773
Unrealized and realized interest, (gain) loss on investments, net	827,142	(5,421)
Valuation allowance	(619,590)	(307,152)
Changes in operating assets and liabilities		
Accounts receivable	241,459	(80,206)
Prepaid expenses	(31,163)	4,141
Deposits	156,977	(39,828)
Accounts payable	298,432	(36,784)
Accrued liabilities	(156,840)	22,613
Deferred revenue	16,355	(25,131)
	<b>664,791</b>	317,604
 <b>Cash flows from investing activities</b>		
Redemption of preferred stock, common stock, and convertible promissory notes	1,702,990	1,323,724
Redemption of microloans	25,936	92,598
Purchase of preferred stock	(275,002)	(352,100)
Purchase of micro loans	(110,000)	(70,000)
Purchase of convertible promissory notes	(1,400)	-
Purchase of property and equipment	(255,522)	(165,698)
	<b>1,087,002</b>	828,524
 Net cash provided by investing activities		
	<b>1,087,002</b>	828,524
 Change in cash	<b>1,751,793</b>	1,146,128
 Cash and restricted cash - beginning of year	<b>5,719,145</b>	4,573,017
 <b>Cash and restricted cash - end of year</b>	<b>\$ 7,470,938</b>	\$ 5,719,145
 <b>Cash and restricted cash</b>		
Cash	\$ 2,039,259	\$ 1,653,384
Restricted cash - capital funding	<b>5,431,679</b>	4,065,761
 <b>Total cash and restricted cash</b>	<b>\$ 7,470,938</b>	\$ 5,719,145

See Accompanying Notes to the Consolidated Financial Statements

**Ann Arbor SPARK and Affiliate**  
**Consolidated Statement of Functional Expenses**  
**For the Year Ended December 31, 2019**  
**(With Summarized Comparative Information for December 31, 2018)**

	Supporting Services			Total		
	Program	Management and General	Fund- Raising	Subtotal	2019	2018
Personnel expenses	\$ 2,248,279	\$ 646,535	\$ 181,975	\$ 828,510	<b>\$ 3,076,789</b>	\$ 2,787,313
Professional expenses	2,320,082	150,833	4,500	155,333	<b>2,475,415</b>	1,683,378
Operating expenses	1,288,072	84,113	26,556	110,669	<b>1,398,741</b>	1,221,014
Marketing expenses	850,318	278,878	4,761	283,639	<b>1,133,957</b>	1,079,290
Depreciation expense	150,032	16,951	-	16,951	<b>166,983</b>	149,773
	<u>\$ 6,856,783</u>	<u>\$ 1,177,310</u>	<u>\$ 217,792</u>	<u>\$ 1,395,102</u>	<u><b>\$ 8,251,885</b></u>	<u>\$ 6,920,768</u>

See Accompanying Notes to the Consolidated Financial Statements



**Ann Arbor SPARK and Affiliate**  
**Notes to the Consolidated Financial Statements**  
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**Note 1 - Organization**

Ann Arbor SPARK ("SPARK") is the operating entity and is exempt from income taxes under Section 501(c)(6) of the Internal Revenue Code.

The Ann Arbor SPARK Foundation (the "Foundation") is an affiliated 501(c)(3) nonprofit organization designed to solicit contributions and promote the charitable purposes of SPARK. The Foundation is a special purpose entity formed by SPARK. The Foundation primarily provides support to SPARK, and its board of directors consists entirely of the members of SPARK's executive committee.

SPARK and the Foundation (the Organization) are organized to operate a centralized cooperative, publicly and privately supported economic development program that attracts, expands and retains jobs within Washtenaw County and Livingston County, Michigan. The Organization's mission is to advance the economy of the Ann Arbor Region by establishing that area as a desired place for business expansion and location, by identifying and meeting the needs of business at every stage, from those that are established to those working to successfully commercialize innovations. Programs and services offered by the Organization are as follows:

- Business incubator services
- Business accelerator services
- Business development – local business expansion, retention & referrals
- Business attraction
- Talent connections
- Marketing the region

SPARK has both an economic interest and control that exist through a majority voting interest in the Foundation's board. As a result, SPARK is required to consolidate the results of the Foundation for its financial statements. Contributions to the Foundation qualify as deductible charitable contributions as provided in Section 170(b) (1) (A) (VI) of the Internal Revenue Code. SPARK provides administrative support including staff time, use of facilities and other indirect expenses related to the activities of the Foundation on an ongoing basis.

**Note 2 - Summary of Significant Accounting Policies**

**Basis of Presentation**

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 (or certain grantor) imposed restrictions. Some donor imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

The Organization reports contributions 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, depending on the nature of the

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restrictions. When a 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.

**Principles of Consolidation**

The 2019 consolidated financial statements include the financial information of SPARK and the Foundation. All inter-entity balances and transactions have been eliminated.

**Revenue Recognition**

Under its business accelerator program, the Organization provides funding for consulting services and other development-stage costs to start-up companies in the greater Ann Arbor region. Revenue is recognized when earned. Program service fees are deferred to the applicable period in which the performance obligations are met, that is, when the companies submit, in writing, that deliverables have been satisfactorily achieved. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

**Donated Services and Goods**

Donated services for which the value is clearly measurable and that the Organization would otherwise need to purchase have been recorded in the consolidated financial statements.

**Cash and Restricted Cash**

The Organization considers all highly liquid investments with an initial maturity of three months or less to be cash. Restricted cash is Pre-Seed and Microloan cash that is required to be held in a separate account.

**Accounts Receivable**

Accounts receivable consist of amounts that have been expended for intended grant purposes and not yet reimbursed by the granting agency, business incubator rent payments due and donations not yet paid. Grant and other receivables are valued at what is believed to be collected, an allowance of \$21,054 and \$19,818 has been recorded for the year ended December 31, 2019 and 2018, respectively.

**Promises to Give**

The Organization accounts for unconditional promises to give at fair value based on the present value of the future cash flows the Organization expects to collect.

**Prepaid Expenses**

Prepaid expenses consist of amounts paid in advance for future expenses. All amounts are expected to be utilized.

**Investments**

**Michigan Pre-Seed Capital Fund**

In January 2007, as part of the State of Michigan's 21st Century Jobs Fund Initiative, the Organization was provided a grant in the amount of \$8,000,000 by The Michigan Strategic Fund ("MSF") in order to start and manage the Michigan Pre-Seed Capital Fund. The term of this grant agreement was January 15, 2007 through December 31, 2009. As of December 31, 2019, the Organization had received \$8,000,000 in payments under the grant and made expenditures and investments in the same amount.

In July 2009, the Organization was provided an additional grant in the amount of \$6,800,000 by the MSF in order to continue to manage the Michigan Pre-Seed Capital Fund. The term of this grant agreement was July 15, 2009 through June 30, 2012. As of December 31, 2019, the Organization had received \$6,800,000 in payments under the grant and made expenditures and investments in the same amount.

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In October 2011, the MSF provided another grant in the amount of \$10,170,000 for the same purpose. The term of this agreement was October 1, 2011 through December 31, 2014. The grant had an initial payment of \$2,150,000 and additional payments were received upon the Organization achieving certain milestones and materially complying with requirements as defined in the agreement with the MSF. As of December 31, 2019, the Organization had received payments of \$10,170,000 and made expenditures and investments in the amount of \$10,170,000.

**Microloans**

The Michigan Microloan Fund Program currently includes three distinct microloan funds. Through the Michigan Microloan Fund Program, \$264,000 is available to start-ups via the Eastern Washtenaw Microloan Fund and \$1,050,000 is available for companies located in the City of Ann Arbor via funding from the Ann Arbor/Ypsilanti Local Development Financing Authority (LDFA). Included above in the Michigan Pre-Seed Capital Fund amounts \$1,000,000 of the 2009 funds and \$1,734,800 of the 2011 funds are designated for microloans.

Microloans available through the Michigan Microloan Fund Program range from \$10,000 to \$50,000. To qualify, companies must be a small business located in Michigan, have the rights (ownership or license) to innovative technology, and be privately held.

Michigan Pre-Seed Capital Fund microloans have the same requirements as the Michigan Microloan Fund Program; however, funding is to be used for the development of a business that is focused on the commercialization of technology of interest to the 21st Century Jobs Fund.

Accrued interest on microloans originated by either program noted above was \$605,448 and \$567,726 at December 31, 2019 and 2018, respectively.

The valuation allowance on the microloans was \$827,688 and \$809,494 at December 31, 2019 and 2018, respectively. The allowance is based on historical collection rates of the microloans over the life of the program.

In the year ending 2017 the LDFA discontinued the microloan program. Any return of funds received relating to the LDFA microloans held by the Organization at year end, will be remitted back to the LDFA. Previously, any return of funds were reinvested back into the microloan program. This event does not change the value or operations of the microloans or their effect on the financial statements.

**Valuation of Michigan Pre-Seed Capital Fund Investments and Microloans**

Investments are recorded at fair value as determined in good faith by management. Initial transaction cost is used as the best estimate of fair value at inception. Fair value is subsequently adjusted as changes in economic and other performance indicators provide. Since no public market exists for the securities, fair value is determined by taking into consideration factors such as: the cost of the securities; prices of recent significant placements of securities of the same issuer with sophisticated, unrelated new investors; subsequent developments concerning the companies to which the securities relate; any financial data and projections of such companies provided to management; and such other factors as the management may deem relevant. The values determined for these investments are based on available information at the time the good faith valuations are made and may not necessarily represent the amounts that might ultimately be realized, which could be higher or lower than the reported values. These investments are in high-tech start-up companies where the capital market and business environment is highly volatile and performance of such companies vary dramatically over time and performance has a significant effect on valuation. The valuation of these investments can be subject to rapid change due to business and market conditions and the valuation is

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therefore inherently uncertain. Because of this inherent uncertainty, the estimated fair values of the investments may differ significantly from the values that would have been used had a ready market for the investments existed. Any appreciation or depreciation of an investment's value is reported as an unrealized gain or loss in the financial statements.

Warrants of private companies are not valued due to the inherent uncertainty of such valuation.

Interest on convertible promissory notes is recognized when earned. Collectability is evaluated periodically by management based on the circumstances of each company to which the notes relate and a corresponding reserve established for estimated uncollectible amounts.

Accrued interest earned from convertible notes was \$545,626 and \$787,911 at December 31, 2019 and 2018, respectively.

The valuation allowance on the investments was \$6,090,430 and \$6,728,214 at December 31, 2019 and 2018, respectively. The allowance is based on historical collection rates of the investments over the life of the program.

**Fair value measurement - definition and hierarchy**

Fair value measurements define fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e. the "exit price") in an orderly transaction between market participants at the measurement date.

In determining fair value, the Organization uses various valuation approaches, including market, income and/or cost approaches. Fair value measurements establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from independent sources. Unobservable inputs include management's efforts to best reflect the perceptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The hierarchy is broken down into three levels based on the reliability of inputs as follows:

**Level 1**

Valuations based on quoted prices in active markets for identical assets or liabilities that the Fund managements has the ability to access. Valuation adjustments and block discounts are not applied to Level 1 instruments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

**Level 2**

Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, directly or indirectly.

**Level 3**

Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The availability of observable inputs can vary from business to business and is affected by a wide variety of factors, including, for example, the type of business, whether the business is new and not yet established in

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the marketplace, and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by the Fund management in determining fair value is greatest for instruments categorized in level 3. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy.

In such cases, for disclosure purposes the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement in its entirety. Fair value is a market-based measure rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, the Organization's own assumptions are set to reflect those that market participants would use in pricing the asset or liability at the measurement date. Management uses prices and inputs that are current as of the measurement date, including during periods of market dislocation. In periods of market dislocation, the observability of prices and inputs may be reduced for many instruments. This condition could cause an instrument to be reclassified from level 1 to level 2 or Level 2 to Level 3. See Note 5 to the consolidated financial statements for further information about the Organization's fund investments that are accounted for at fair value.

#### **Property and Equipment**

Property and equipment are recorded at cost when purchased, or at fair market value when received as a donation. Depreciation of property placed in service is calculated on a straight-line basis over the estimated useful lives of the assets. Property and equipment are capitalized when the cost exceeds \$1,000. Property and equipment not meeting these criteria are expensed in the period of acquisition. The Organization estimates the useful life of its property and equipment between 3 and 10 years.

Gifts of land, buildings, equipment and other long-lived assets are also reported as revenue without donor restrictions and net assets, unless subject to time restrictions. Absent explicit donor stipulations for the time long-lived assets must be held, expirations of restrictions resulting in reclassification of net assets with donor restrictions as net assets without donor restrictions are reported when the long-lived assets are placed in service.

#### **Deferred Revenue**

Deferred revenue represents unearned rental income. These revenues are earned as the terms of the agreements are met.

#### **Functional Expenses**

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Those expenses include salaries and benefits, depreciation and amortization, occupancy and information technology. Salaries and benefits are allocated based on a time and cost study of where efforts are made, occupancy, depreciation and amortization are allocated based on a square footage basis, and information technology is allocated based on a cost study of specific technology utilized.

#### **Marketing Costs**

The Organization expenses marketing production costs as they are incurred and marketing communication costs for programs the first time the marketing takes place. Marketing costs for the years ended December 31, 2019 and 2018, were \$1,133,957 and \$1,079,290, respectively. These totals include in-kind donations of Google AdWords.

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**Use of Estimates**

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

As further discussed above under Investments, there are no readily ascertainable fair values for portfolio investments. In these instances, management estimates fair value using its investment valuation policy as described above. Because of this inherent uncertainty, the estimated fair values of the investments may differ significantly from the values that would have been used had a ready market for the investments existed.

**Comparative Financial Statements**

The amounts shown for the year ended December 31, 2018 in the accompanying financial statements are included to provide a basis for comparison with 2019 and present summarized totals only. Accordingly, the 2018 totals are not intended to present all information necessary for a fair presentation in conformity with accounting principles generally accepted in the United States of America. Such information should be read in conjunction with the Organization's consolidated financial statements for the year ended December 31, 2018, from which the summarized information was derived.

**Income Tax Status**

SPARK is classified as a Section 501(c)(6) organization under the Federal Internal Revenue Code, and is exempt from federal and state income taxes. The Foundation is classified as a Section 501(c)(3) organization under the Federal Internal Revenue Code, and is exempt from federal and state income taxes.

**Subsequent Events**

Management has evaluated subsequent events through May 29, 2020, which is the date the financial statements were available to be issued.

**Change in Accounting Principle**

The Organization adopted ASU 2016-18 Not-for-Profit Entities (Topic 230) *Statement of Cash Flows – Restricted Cash* as of the beginning of the year ended December 31, 2019. This has been adopted retrospectively. Restricted cash was included in total cash on the cash flow statement as a result of this change. Cash flow activities for the year ended December 31, 2018 were restated as follows:

Cash Flow Activities	Before Adoption	Reclassification	After Adoption
Operating	\$ (446,403)	\$ 764,007	\$ 317,604
Investing	828,524	-	828,524
	\$ 382,121	\$ 764,007	\$ 1,146,128
Cash - beginning of year, December 31, 2018			\$ 1,271,263
Reclassification - restricted cash			3,301,754
Cash and restricted cash - beginning of year, December 31, 2018 - restated			\$ 4,573,017

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The Organization adopted ASU 2018-08 Not-for-Profit Entities (Topic 958) *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* as of the beginning of the year ended December 31, 2019. This has been adopted prospectively.

	Before Adoption	Adjustment	After Adoption
Change in net assets	\$ 258,153	\$ 377,446	\$ 635,599
Net assets with donor restrictions	-	601,448	601,448
Total program service fee revenue and public support	7,018,400	377,446	7,395,846
Deferred revenue	619,843	(601,448)	18,395

**Note 3 - Liquidity and Availability**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	Total
Cash	\$ 2,039,259
Accounts receivable	330,996
	<u>\$ 2,370,255</u>

As part of the Organization's liquidity management plan, management projects cash flow through the end of the fiscal year. The projection is approved by the finance committee annually and targets a reserve of approximately 4 months operating cash on hand. The Organization also maintains a line of credit for up to \$400,000 that is available if needed.

**Note 4 - Concentrations and Credit Risks**

The Organization has cash accounts at various local banks. Accounts at these financial institutions are insured by the FDIC up to \$250,000 per institution. At December 31, 2019, cash account balances that were in excess of the FDIC coverage limit were \$1,655,833.

The Organization's investments are all in start-up companies located in the State of Michigan.

**Note 5 - Investments**

The Organization received convertible promissory notes, preferred stock or common stock in exchange for its investments in portfolio companies under the Michigan Pre-Seed Capital Fund Program. Unless earlier converted, or converted upon maturity, principal and accrued interest from the promissory notes are due upon the earlier of (a) two to five years after the date of the note, (b) a change in control, or (c) an event of default. The notes will be converted into shares of the portfolio company's preferred stock upon the closing of a qualified financing. A qualified financing is defined as a minimum of \$1 million or \$2 million in new gross proceeds from investors that occurs on or before the maturity date.

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Michigan Pre-Seed Capital Fund Portfolio Investments, stated at fair value, consist of the following at December 31, 2019 and 2018, respectively:

	<u>2019</u>	<u>2018</u>
Preferred stock	\$ 7,404,992	\$ 8,737,926
Common stock	2,274,415	2,274,425
Convertible promissory notes and accrued interest	1,124,126	1,972,035
Valuation allowance on investments based on projected performance	<u>(6,090,430)</u>	<u>(6,728,214)</u>
	<u>\$ 4,713,103</u>	<u>\$ 6,256,172</u>

Portfolio investment income (loss) consists of the following for the years ended December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Interest earned, convertible promissory notes	\$ 69,753	\$ 123,889
Interest earned, micro loans	120,659	129,689
Realized loss, micro loans	(193,536)	(122,214)
Realized gain, preferred stock	483,440	-
Realized loss, preferred stock	(647,405)	(115,500)
Unrealized gain, preferred stock	709,137	1,264,738
Unrealized loss, preferred stock	(732,569)	(221,860)
Realized gain, common stock	-	155,522
Realized loss, common stock	(125,010)	(264,578)
Unrealized gain, common stock	125,000	-
Unrealized loss, common stock	-	(300,583)
Realized loss, convertible promissory notes	(636,613)	(643,715)
Change in valuation allowance on investments based on projected performance	<u>619,590</u>	<u>307,152</u>
Total portfolio investment income (loss)	<u>\$ (207,554)</u>	<u>\$ 312,540</u>

**Note 6 - Fair Value Disclosures**

The Organization's Fund investments recorded at fair market value have been categorized based upon a fair value hierarchy. See Note 2 for a discussion of the Organization's policies regarding this hierarchy. The Fund investments of the Organization are all included in the Level 3 of the fair value hierarchy because they trade infrequently or not at all, and therefore, the fair value is unobservable.



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The following fair value hierarchy table presents information about the Organization's Fund investments measured at fair value on a recurring basis as of December 31, 2019 and 2018:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance
<u>December 31, 2019</u>				
Michigan Pre-Seed Capital Fund Portfolio Investments, net	\$ -	\$ -	\$ 4,713,103	\$ 4,713,103
Micro loans, net	-	-	810,601	810,601
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,523,704</u>	<u>\$ 5,523,704</u>

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance
<u>December 31, 2018</u>				
Michigan Pre-Seed Capital Fund Portfolio Investments, net	\$ -	\$ -	\$ 6,256,172	\$ 6,256,172
Micro loans, net	-	-	817,608	817,608
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,073,780</u>	<u>\$ 7,073,780</u>

Total assets at fair value classified within level 3 were \$5,523,704 and \$7,073,780, as of December 31, 2019 and 2018, which consists of Michigan Pre-Seed Capital Fund Portfolio Investments and Microloans. Such amounts were approximately 51% and 58% of total assets on the Organization's consolidated statement of activities available as of December 31, 2019 and 2018, respectively. Michigan Pre-Seed Capital Fund Portfolio Investments and Microloans are recorded at fair value as determined in good faith by the investment committee. Initial cost is used as the best estimate of fair value at inception. Fair value is subsequently adjusted as changes in economic and other performance indicators provide. Since no public market exists for the securities, fair value is determined by taking into consideration factors such as: the cost of the securities; prices of recent significant placements of securities of the same issuer with sophisticated, unrelated new investors; subsequent developments concerning the companies to which the securities relate; any financial data and projections of such companies provided to the investment committee; and such other factors as the committee may deem relevant. The values determined for these investments are based on available information at the time the good faith valuations are made and may not necessarily represent the amounts that might ultimately be realized, which could be higher or lower than the reported values. The valuation of these investments can be subject to rapid change due to business and market conditions and the valuation is therefore inherently uncertain. Because of this inherent uncertainty, the estimated fair values of the

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investments may differ significantly from the values that would have been used had a ready market for the investments existed.

**Quantitative Information about Level 3 Fair Value Measurements**

	Fair Value at December 31, 2019	Valuation Technique	Unobservable Input	Range (weighted Average)
Michigan Pre-Seed Capital Fund Portfolio Investments, net and Micro loans, net	\$ 5,523,704	Valuation Committee or SPARK Staff Assessments	Recent stock issuance by entity Economic status of entity	50%  50%

**Quantitative Information about Level 3 Fair Value Measurements**

	Fair Value at December 31, 2018	Valuation Technique	Unobservable Input	Range (weighted Average)
Michigan Pre-Seed Capital Fund Portfolio Investments, net and Micro loans, net	\$ 7,073,780	Valuation Committee or SPARK Staff Assessments	Recent stock issuance by entity Economic status of entity	50%  50%

Level 3 Gains and Losses

The following table presents changes in Level 3 assets measured at fair value on a recurring basis for the years ended December 31, 2019 and 2018:

Fair Value Measurements Using Significant Unobservable Inputs (Level 3)		
	2019	2018
Balance at January 1,	\$ 7,073,780	\$ 7,755,429
Invested in promissory notes	1,400	-
Invested in micro loans	110,000	70,000
Invested in preferred stock	275,002	352,100
Net investment gain (loss)	(827,142)	5,421
Cash received	(1,728,926)	(1,416,322)
Valuation allowance	619,590	307,152
Balance at December 31,	<u>\$ 5,523,704</u>	<u>\$ 7,073,780</u>

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**Note 7 - Property and Equipment**

The components of property and equipment are as follows at December 31, 2019 and 2018:

	2019	2018
Furniture and fixtures	\$ 240,664	\$ 361,386
Office equipment	330,581	305,994
Leasehold improvements	696,980	519,293
	1,268,225	1,186,673
Less accumulated depreciation	(842,041)	(849,028)
	\$ 426,184	\$ 337,645

Depreciation expense was \$166,983 and \$149,773 for the years ended December 31, 2019 and 2018, respectively.

**Note 8 - Lines of Credit**

SPARK has a revolving line of credit with a bank and may borrow up to \$400,000 with a variable interest rate of 5.0% at December 31, 2019. Interest accrues and is due monthly. The note is collateralized by substantially all assets of SPARK. This line of credit expires June 5, 2020. At December 31, 2019 and 2018, the line of credit outstanding was \$0.

SPARK has various credit cards with a bank for employee use with a total credit limit of \$177,000 for both the years ended December 31, 2019 and 2018. As of December 31, 2019 and 2018 the credit amount used was \$40,674 and \$18,035, respectively.

**Note 9 - Retirement Plan**

The Organization has established a 401(k) defined contribution plan for eligible employees who have attained the age of 21 and completed three months of service. Employees may elect to defer a certain percentage of qualified compensation through voluntary contributions to the 401(k) plan. The Organization may make discretionary contributions to the 401(k) plan as determined by the Board of Directors. In order to be eligible for matching contributions, employees must be making contributions to the Plan. The Organization contributions for the years ended December 31, 2019 and 2018, were \$84,641 and \$76,267, respectively.

The Organization made a contribution to a deferred compensation plan under an employment contract of \$35,250 and \$43,625 for the years ended December 31, 2019 and 2018, respectively. The funds are a prepaid asset to the Organization until the period of performance is complete.

**Note 10 - Commitments**

Total rent paid during the years ended December 31, 2019 and 2018 was \$630,913 and \$631,341, respectively. The Organization leased three office facilities (referred to as "SPARK HQ", "SPARK Central", and "SPARK East"). The SPARK HQ facility lease was terminated early in September 2019 and the operations were moved to SPARK Central third floor, where it has a new lease expiring December 31, 2024 with current monthly payments of \$14,559, increasing by approximately 3% each year thereafter. The SPARK Central facility has a fourth floor lease with current monthly payments of \$15,187 expiring July 31, 2020 and a first floor lease expiring December 31, 2021, with current monthly payments of \$10,054, increasing by approximately 2%

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each year thereafter. The SPARK East facility has a 6 year lease expiring December 31, 2023, with monthly payments of \$7,841 with an increase of 3% taking affect January 1, 2021.

At December 31, future minimum rentals under these leases are as follows:

<u>For the year ending December 31,</u>	
2020	\$ 600,059
2021	616,059
2022	501,581
2023	512,954
2024	684,311
	<u>\$ 2,914,964</u>

**Note 11 - Rental Income**

The Organization subleases space in SPARK Central and SPARK East to various organizations. Currently, the subleases range from month to month to 5 years. Monthly payments range from \$40 to \$4,275. The following is a schedule by years of future minimum rental income under the leases at December 31, 2019.

<u>For the year ending December 31,</u>	
2020	<u>\$ 91,285</u>

Total rental income under all subleases is included in the facility revenue line on the statement of activities.

**Note 12 - Related Party Transactions**

The Board of Directors, Executive Committee and Finance Committee include management of various municipalities, public institutions, not for profits and for profit companies. The related organizations of these members contribute sponsorship and grant revenues to Ann Arbor SPARK. The total amounts received by Ann Arbor SPARK for the year ended December 31, 2019 and 2018 was \$80,000 and \$390,000 for sponsorships and \$1,071,688 and \$446,688 for donations, respectively.

A current officer of the Organization's Board of Directors is also a partner of the firm with which the Organization incurred approximately \$18,987 and \$16,101 of legal fees for the years ended December 31, 2019 and 2018, respectively.

Employees of the Organization provide services to the Michigan Angel Fund (1, 2 & 3), Limited Liability Companies. The Michigan Angel Fund's managing member is an entity, MAF, of which the Organization has control. Revenues are derived from management fees paid to SPARK by the funds. Expenses related to administrative services performed for the Michigan Angel Fund were \$69,583 and \$77,802 for the years ended December 31, 2019 and 2018, respectively. Revenues related for these services were \$69,917 and \$63,097 for the years ended December 31, 2019 and 2018, respectively.

The Organization performs business development and accounting functions for the American Center for Mobility, of which the CEO of SPARK sits on the Board of Directors. For the years ended December 31, 2019 and 2018 approximately \$60,000 and \$260,000, respectively was generated in revenues for these services and \$48,636 and \$200,544 was generated in related expenses.

**Ann Arbor SPARK and Affiliate**  
**Notes to the Consolidated Financial Statements**  
**December 31, 2019**  
**(With Summarized Comparative Information for 2018)**

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**Note 13 - Net Assets With Donor Restrictions**

Net assets with donor restrictions are restricted for the following purposes and periods at December 31:

	2019	Restated 2018
Subject to expenditure for specified purpose:		
Ypsilanti Incentive grant funds	\$ 598,948	\$ 601,448

**Note 14 - Net Assets Released from Restrictions**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended December 31:

	2019	Restated 2018
Satisfaction of purpose restrictions		
Innovation programs	\$ 307,500	\$ 458,514

**Note 15 - Subsequent Event**

As result of the global coronavirus pandemic of 2020, many organizations' financial picture has seen an unanticipated change. The duration and full effects of the outbreak are currently unknown, as the global picture continues to change daily. While management is hopeful that the impact is temporary in nature, it is not possible to estimate the effect this may have on the Organization. Accordingly, no adjustments to the financial statements were made as a result of this subsequent event

## **Supplementary Information**

**Ann Arbor SPARK and Affiliate**  
**Consolidating Statement of Financial Position**  
**December 31, 2019**

	Ann Arbor SPARK - Operations	Ann Arbor SPARK - PreSeed Investment and Microloan Program	Ann Arbor SPARK - Total	Ann Arbor SPARK Foundation	Eliminations	<b>Total</b>
<b>Assets</b>						
Current assets						
Cash	\$ 1,855,750	\$ -	\$ 1,855,750	\$ 183,509	\$ -	\$ 2,039,259
Restricted cash - capital funding	126,890	5,304,789	5,431,679	-	-	5,431,679
Accounts receivable, net	342,638	11,621	354,259	-	(23,263)	330,996
Prepaid expenses	139,443	-	139,443	-	-	139,443
Unconditional promises to give, net						
Total current assets	<u>2,464,721</u>	<u>5,316,410</u>	<u>7,781,131</u>	<u>183,509</u>	<u>(23,263)</u>	<u>7,941,377</u>
Property and equipment, net	<u>426,184</u>	<u>-</u>	<u>426,184</u>	<u>-</u>	<u>-</u>	<u>426,184</u>
Investments						
Michigan Pre-Seed Capital Fund Portfolio Investments, net	-	4,713,103	4,713,103	-	-	4,713,103
Microloans, net	-	810,601	810,601	-	-	810,601
Total investments	<u>-</u>	<u>5,523,704</u>	<u>5,523,704</u>	<u>-</u>	<u>-</u>	<u>5,523,704</u>
Other assets						
Deposits	<u>16,819</u>	<u>-</u>	<u>16,819</u>	<u>-</u>	<u>-</u>	<u>16,819</u>
<b>Total assets</b>	<u>\$ 2,907,724</u>	<u>\$ 10,840,114</u>	<u>\$ 13,747,838</u>	<u>\$ 183,509</u>	<u>\$ (23,263)</u>	<u>\$ 13,908,084</u>
<b>Liabilities and Net Assets</b>						
Current liabilities						
Accounts payable	\$ 530,018	\$ -	\$ 530,018	\$ 23,263	\$ (23,263)	\$ 530,018
Accrued liabilities	293,805	-	293,805	-	-	293,805
Deferred revenue	34,750	-	34,750	-	-	34,750
Total current liabilities	<u>858,573</u>	<u>-</u>	<u>858,573</u>	<u>23,263</u>	<u>(23,263)</u>	<u>858,573</u>
Net assets						
Without donor restrictions						
Undesignated	1,450,203	10,840,114	12,290,317	160,246	-	12,450,563
With donor restrictions						
Purpose restrictions	<u>598,948</u>	<u>-</u>	<u>598,948</u>	<u>-</u>	<u>-</u>	<u>598,948</u>
Total net assets	<u>2,049,151</u>	<u>10,840,114</u>	<u>12,889,265</u>	<u>160,246</u>	<u>-</u>	<u>13,049,511</u>
<b>Total liabilities and net assets</b>	<u>\$ 2,907,724</u>	<u>\$ 10,840,114</u>	<u>\$ 13,747,838</u>	<u>\$ 183,509</u>	<u>\$ (23,263)</u>	<u>\$ 13,908,084</u>

**Ann Arbor SPARK and Affiliate  
Consolidating Statement of Activities  
For the Year Ended December 31, 2019**

	Ann Arbor SPARK - Operations	Ann Arbor SPARK - PreSeed Investment and Microloan Program	Ann Arbor SPARK - Total	Ann Arbor SPARK Foundation	Eliminations	Total
<b>Program Service Fee Revenue and Public Support</b>						
Program service fee revenue						
Facility revenue	\$ 654,523	\$ -	\$ 654,523	\$ -	\$ -	\$ 654,523
Public support						
Contributions	1,213,000	14,000	1,227,000	157,500	-	1,384,500
Accelerator grants and revenue	1,039,745	-	1,039,745	150,000	(126,000)	1,063,745
Local Development Finance Authority revenue	3,834,290	-	3,834,290	-	-	3,834,290
Municipal service contracts	1,021,904	-	1,021,904	-	-	1,021,904
In-kind	119,115	-	119,115	-	-	119,115
Total public support	<u>7,228,054</u>	<u>14,000</u>	<u>7,242,054</u>	<u>307,500</u>	<u>(126,000)</u>	<u>7,423,554</u>
Total program service fee revenue and public support	<u>7,882,577</u>	<u>14,000</u>	<u>7,896,577</u>	<u>307,500</u>	<u>(126,000)</u>	<u>8,078,077</u>
<b>Expenses</b>						
Program services	6,392,915	168,279	6,561,194	295,589	(126,000)	6,730,783
Supporting services						
Management and general	1,177,310	-	1,177,310	126,000	-	1,303,310
Fundraising	217,792	-	217,792	-	-	217,792
Total expenses	<u>7,788,017</u>	<u>168,279</u>	<u>7,956,296</u>	<u>421,589</u>	<u>(126,000)</u>	<u>8,251,885</u>
<b>Other Income (Expense)</b>						
Interest income	3,345	21,277	24,622	-	-	24,622
Interest earned on investments	-	190,412	190,412	-	-	190,412
Realized gain on investments	-	483,440	483,440	-	-	483,440
Realized loss on investments	-	(1,602,564)	(1,602,564)	-	-	(1,602,564)
Unrealized loss on investments based on company performance	-	101,568	101,568	-	-	101,568
Valuation allowance on investments based on projected performance	-	619,590	619,590	-	-	619,590
Return on prior investments	-	262,666	262,666	-	-	262,666
Payment to MEDC	-	(121,357)	(121,357)	-	-	(121,357)
Return of funds	-	(19,533)	(19,533)	-	-	(19,533)
Total other income (expense)	<u>3,345</u>	<u>(64,501)</u>	<u>(61,156)</u>	<u>-</u>	<u>-</u>	<u>(61,156)</u>
Change in net assets	97,905	(218,780)	(120,875)	(114,089)	-	(234,964)
Net assets - beginning of year, as previously reported	1,349,798	11,058,894	12,408,692	274,335	-	12,683,027
Cumulative effect adjustment for contributions	601,448	-	601,448	-	-	601,448
Net assets - beginning of year (restated)	<u>1,951,246</u>	<u>11,058,894</u>	<u>13,010,140</u>	<u>274,335</u>	<u>-</u>	<u>13,284,475</u>
<b>Net assets - end of year</b>	<u>\$ 2,049,151</u>	<u>\$ 10,840,114</u>	<u>\$ 12,889,265</u>	<u>\$ 160,246</u>	<u>\$ -</u>	<u>\$ 13,049,511</u>



**Ann Arbor SPARK and Affiliate  
Consolidating Statement of Cash Flows  
For the Year Ended December 31, 2019**

	Ann Arbor SPARK - Operations	Ann Arbor SPARK - PreSeed Investment and Microloan Program	Ann Arbor SPARK - Total	Ann Arbor SPARK Foundation	Eliminations	Total
<b>Cash flows from operating activities</b>						
Change in net assets	\$ 97,905	\$ (218,780)	\$ (120,875)	\$ (114,089)	\$ -	\$ (234,964)
Items not requiring cash						
Depreciation	166,983	-	166,983	-	-	166,983
Unrealized and realized interest, (gains) and losses on investments, net	-	827,142	827,142	-	-	827,142
Valuation allowance	-	(619,590)	(619,590)	-	-	(619,590)
Changes in operating assets and liabilities						
Accounts receivable	114,413	(11,621)	102,792	206,000	(67,333)	241,459
Prepaid expenses	(31,163)	-	(31,163)	-	-	(31,163)
Deposits	156,977	-	156,977	-	-	156,977
Accounts payable	298,432	-	298,432	(67,333)	67,333	298,432
Accrued liabilities	(156,840)	-	(156,840)	-	-	(156,840)
Deferred revenue	16,355	-	16,355	-	-	16,355
	<u>663,062</u>	<u>(22,849)</u>	<u>640,213</u>	<u>24,578</u>	<u>-</u>	<u>664,791</u>
Net cash provided (used) by operating activities						
<b>Cash flows from investing activities</b>						
Redemption of convertible promissory notes	-	1,702,990	1,702,990	-	-	1,702,990
Redemption of micro loans	-	25,936	25,936	-	-	25,936
Purchase of preferred stock	-	(275,002)	(275,002)	-	-	(275,002)
Purchase of micro loans	-	(110,000)	(110,000)	-	-	(110,000)
Purchase of convertible promissory notes	-	(1,400)	(1,400)	-	-	(1,400)
Purchase of property and equipment	(255,522)	-	(255,522)	-	-	(255,522)
	<u>(255,522)</u>	<u>1,342,524</u>	<u>1,087,002</u>	<u>-</u>	<u>-</u>	<u>1,087,002</u>
Net cash provided (used) by investing activities						
Change in cash	407,540	1,319,675	1,727,215	24,578	-	1,751,793
Cash and restricted cash - beginning of year	1,575,100	3,985,114	5,560,214	158,931	-	5,719,145
<b>Cash and restricted cash - end of year</b>	<b><u>\$ 1,982,640</u></b>	<b><u>\$ 5,304,789</u></b>	<b><u>\$ 7,287,429</u></b>	<b><u>\$ 183,509</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 7,470,938</u></b>
<b>Cash and restricted cash</b>						
Cash	\$ 1,855,750	\$ -	\$ 1,855,750	\$ 183,509	\$ -	\$ 2,039,259
Restricted cash - capital funding	126,890	5,304,789	5,431,679	-	-	5,431,679
<b>Total cash and restricted cash</b>	<b><u>\$ 1,982,640</u></b>	<b><u>\$ 5,304,789</u></b>	<b><u>\$ 7,287,429</u></b>	<b><u>\$ 183,509</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 7,470,938</u></b>