Ann Arbor SPARK and Affiliate

Financial Statements

December 31, 2023
(With Summarized Comparative Information for 2022)

YEO & YEO

BUSINESS SUCCESS PARTNERS

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Independent Auditors' Report

Management and the Board of Directors
Ann Arbor SPARK and Affiliate
Ann Arbor, Michigan

Opinion

We have audited the accompanying consolidated financial statements of Ann Arbor SPARK and Affiliate (a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

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, 2023, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Ann Arbor SPARK and Affiliate and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Ann Arbor SPARK and Affiliate's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Ann Arbor SPARK and Affiliate's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Ann Arbor SPARK and Affiliate's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Ann Arbor SPARK and Affiliate's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 18, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The December 31, 2023 consolidating statement of financial position, consolidating statement of activities and consolidating statement of cash flows are presented for purposes of additional analysis and are not a required part of the consolidated 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 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
April 29, 2024

Ann Arbor SPARK and Affiliate
Consolidated Statement of Financial Position
December 31, 2023
(With Summarized Comparative Information for 2022)

	2023	2022
Assets		
Current assets		
Cash	**$ 1,123,966**	$ 1,432,451
Accounts receivable, net of allowance for credit losses of $29,182 and $27,037	**91,488**	412,130
Contributions receivable, net	**426,416**	574,023
Prepaid expenses	**219,655**	191,731
Total current assets	**1,861,525**	2,610,335
Property and equipment, net	**132,285**	169,372
Right of use asset - operating lease, net	**967,640**	1,395,032
Other assets		
Cash restricted for capital funding	**2,748,638**	5,693,792
Investments restricted for capital funding	**2,902,933**	732,558
Michigan Pre-Seed Capital Fund Portfolio Investments, net	**4,722,353**	5,501,101
Microloans, net	**297,728**	412,440
Deposits	**16,500**	108,517
Total other assets	**10,688,152**	12,448,408
Total assets	**$ 13,649,602**	$ 16,623,147

Ann Arbor SPARK and Affiliate
Consolidated Statement of Financial Position
December 31, 2023
(With Summarized Comparative Information for 2022)

	2023	2022
Liabilities and Net Assets		
Current liabilities		
Accounts payable	**$ 291,079**	$ 307,832
Accrued liabilities	**318,773**	357,755
Deferred revenue	**11,531**	11,610
Refundable advance	**81,160**	513,860
Operating lease obligation, current portion	**257,077**	418,375
Total current liabilities	**959,620**	1,609,432
Long-term liabilities		
Operating lease obligation, net of current portion	**719,799**	986,679
Total liabilities	**1,679,419**	2,596,111
Net assets		
Without donor restrictions		
Undesignated	**11,241,892**	13,181,216
Board designated	**156,101**	195,538
Total without donor restrictions	**11,397,993**	13,376,754
With donor restrictions		
Purpose restrictions	**532,190**	575,282
Time-restricted for future periods	**40,000**	75,000
Total with donor restrictions	**572,190**	650,282
Total net assets	**11,970,183**	14,027,036
Total liabilities and net assets	**$ 13,649,602**	$ 16,623,147

Ann Arbor SPARK and Affiliate
Consolidated Statement of Activities
For the Year Ended December 31, 2023
(With Summarized Comparative Information for 2022)

	Without Donor Restrictions	With Donor Restrictions	Total 2023	Total 2022
Revenue, support and gains (losses)				
Local Development Finance Authority revenue	$ 4,342,490	$ -	**$ 4,342,490**	$ 4,448,926
Contributions	1,187,247	76,977	**1,264,224**	1,247,714
Accelerator grants	1,606,344	-	**1,606,344**	2,427,690
Municipal service contracts	841,534	-	**841,534**	839,767
Contributions of nonfinancial assets	145,700	-	**145,700**	81,085
Net investment income (loss)	(1,344,463)	-	**(1,344,463)**	28,010
Facility revenue	620,544	-	**620,544**	577,402
Net assets released from restrictions	155,069	(155,069)	**-**	-
Total revenue, support and gains (losses)	7,554,465	(78,092)	**7,476,373**	9,650,594
Expenses				
Program services	8,058,957	-	**8,058,957**	9,124,981
Management and general	1,229,880	-	**1,229,880**	1,294,137
Fundraising	244,389	-	**244,389**	227,564
Total expenses	9,533,226	-	**9,533,226**	10,646,682
Change in net assets	(1,978,761)	(78,092)	**(2,056,853)**	(996,088)
Net assets - beginning of year	13,376,754	650,282	**14,027,036**	15,023,124
Net assets - end of year	$ 11,397,993	$ 572,190	**$ 11,970,183**	$ 14,027,036

Ann Arbor SPARK and Affiliate
Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2023
(With Summarized Comparative Information for 2022)

		Supporting Services			Total	
	Program Services	Management and General	Fundraising	Total Supporting Services	**2023**	2022
Personnel expenses	$ 2,668,446	$ 672,988	$ 200,530	$ 873,518	**$ 3,541,964**	$ 3,420,789
Professional expenses	2,927,764	218,550	-	218,550	**3,146,314**	4,366,392
Operating expenses	1,362,417	12,669	30,430	43,099	**1,405,516**	1,535,075
Marketing expenses	1,028,177	291,764	13,429	305,193	**1,333,370**	1,216,291
Depreciation expense	72,153	33,909	-	33,909	**106,062**	108,135
Total expenses by function	$ 8,058,957	$ 1,229,880	$ 244,389	$ 1,474,269	**$ 9,533,226**	$ 10,646,682

Ann Arbor SPARK and Affiliate
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2023
(With Summarized Comparative Information for 2022)

	2023	2022
Cash flows from operating activities		
Change in net assets	**$ (2,056,853)**	$ (996,088)
Items not requiring cash		
Depreciation	**106,062**	108,135
Bad debt expense (recoveries)	**158,142**	(6,232)
Unrealized (gain) loss on investments	**948,534**	(949,217)
Realized loss on investments	**572,675**	267,829
Valuation allowance	**(29,617)**	706,269
Changes in operating assets and liabilities		
Accounts receivable	**270,365**	(350,388)
Contributions receivable	**39,742**	204,569
Prepaid expenses	**(27,924)**	(7,895)
Operating lease assets and liabilities	**(786)**	10,022
Deposits	**92,017**	(14,437)
Accounts payable	**(16,753)**	41,098
Accrued liabilities	**(38,982)**	2,821
Deferred revenue	**(79)**	(4,947)
Refundable advance	**(432,700)**	375,809
Net cash used by operating activities	**(416,157)**	(612,652)
Cash flows from investing activities		
Redemption of preferred stock, common stock, and convertible promissory notes	**830,936**	636,421
Redemption of microloans	**20,030**	15,961
Purchase of preferred stock	**(300,000)**	-
Purchase of convertible promissory notes	**(1,149,098)**	(780,000)
Purchase of treasury debt obligation	**(2,902,933)**	(732,558)
Proceeds from sale of treasury debt obligation	**732,558**	-
Purchases of property and equipment	**(68,975)**	(42,700)
Net cash used by investing activities	**(2,837,482)**	(902,876)
Net change in cash and restricted cash	**(3,253,639)**	(1,515,528)
Cash and restricted cash - beginning of year	**7,126,243**	8,641,771
Cash and restricted cash - end of year	**$ 3,872,604**	$ 7,126,243
Cash and restricted cash		
Cash	**$ 1,123,966**	$ 1,432,451
Cash restricted for capital funding	**2,748,638**	5,693,792
Total cash and restricted cash	**$ 3,872,604**	$ 7,126,243
Supplemental schedule of non-cash investing and financing activities		
Equipment acquired through operating leases	**$ -**	$ 621,652

See Accompanying Notes to the Consolidated Financial Statements

Note 1 - Organization

Nature of Activities
Ann Arbor SPARK ("SPARK") is an 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 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 Accounting
The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

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

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.

We report 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 restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

Reclassification
Certain amounts related to investment income and loss in the 2022 financial statements have been reclassified to conform to the 2023 presentation. Net assets and changes in net assets are unchanged due to these reclassifications.

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

Accounts Receivable
Account receivables are stated net of an allowance for credit losses. The Organization estimates the allowance based on an analysis of specific accounts, taking into consideration the age of past due accounts, an assessment of ability to pay, current conditions, and reasonable and supportable forecasts. Individual receivables are written off as a charge to the allowance for credit losses when, in management's estimation, it is probable that the receivable is worthless. Accounts receivable consist of business incubator rent payments due, receivables related to contracts with customers, and other receivables.

Promises to Give
Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. 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.

Prepaids
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, 2023, 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, 2023, the Organization had received $6,800,000 in payments under the grant and made expenditures and investments in the same amount.

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, 2023, the Organization had received payments of $10,170,000 and made expenditures and investments in the same amount.

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 $328,033 and $431,760 at December 31, 2023 and 2022, respectively.

The valuation allowance on the microloans was $382,461 and $496,801 at December 31, 2023 and 2022, 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 was 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 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 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 consolidated 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 $752,266 and $512,763 at December 31, 2023 and 2022, respectively.

The valuation allowance on the investments was $6,955,372 and $6,870,649 at December 31, 2023 and 2022, 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 establish 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 management 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 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.

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.

Leases
The Organization leases certain office spaces and equipment. The determination of whether an arrangement is a lease is made at the lease's inception. Under ASC 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed. Finance leases are contracts that have characteristics that make them similar to the purchase of the underlying asset. Operating leases are contracts that allow for the use of the underlying asset but there is no ownership transfer at the end of the lease.

Right of use assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments. Right of use assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Organization's lease terms may include options to extend or terminate the lease when it is reasonably certain that option will be exercised. The weighted-average discount rate is based on the discount rate implicit in the lease. The Organization has elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate for leases where the implicit rate is not readily determinable. The Organization has applied the risk-free rate option to the building and office equipment classes of assets.

Operating lease expense for lease payments is recognized on a straight-line basis over the lease term. Finance lease expense is allocated between the amortization of the right of use asset and interest expense.

The lease payments used to determine the lease liability and right of use assets include residual value guarantees that are probable of being paid at the termination of the lease term.

Donated Services and Goods
The Organization records the value of donated goods as contributions using estimated fair values at the date of receipt. The Organization's policy is to utilize, rather than monetize, donated services and goods.

Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills and would typically need to be purchased if not provided by donation are recorded at their fair values in the period received.

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

Marketing Costs
The Organization expenses advertising costs the first time the advertising occurs. Advertising expense for the years ended December 31, 2023 and 2022 was $1,333,370 and $1,216,291, respectively.

Functional Expenses
The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statement of activities. The consolidated statement of functional expenses presents 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.

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.

Risks and Uncertainties
The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the balance sheet.

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, 2022 in the accompanying consolidated financial statements are included to provide a basis for comparison with 2023 and present summarized totals only. Accordingly, the 2022 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, 2022, from which the summarized information was derived.

Date of Management's Review
Management has evaluated subsequent events through April 29, 2024, which is the date the consolidated financial statements were available to be issued.

Adoption of New Accounting Standard
The Organization adopted FASB Topic 326, *Financial Instruments – Credit Losses,* as of the beginning of the year ended December 31, 2023. FASB Topic 326 revises the accounting requirements related to the measurement of credit losses and requires organizations to measure all expected credit losses for financial assets based on historical experience, current conditions, and reasonable and supportable forecasts about collectability. Assets must be presented in the financial statements at the net of amount expected to be collected. This has been adopted prospectively using the modified retrospective approach which restates the balances as of the date of adoption. Beginning net assets for the year ended December 31, 2023 did not change as a result of this standard.

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 December 31:

	2023	2022
Cash and cash equivalents	$ 1,123,966	$ 1,432,451
Accounts receivable, net of allowance for credit losses of $29,182 and $27,037	91,488	412,130
Contributions receivable, net	426,416	574,023
Total financial assets - end of year	1,641,870	2,418,604
Less: Financial assets unavailable for general expenditures within one year, due to:		
Restricted by donor with time or purpose restrictions	(572,190)	(650,282)
Board designated for programs	(156,101)	(195,538)
Financial assets available to meet cash needs for general expenditures within one year	$ 913,579	$ 1,572,784

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 has access to a line of credit of $400,000.

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, 2023, cash account balances that were in excess of the FDIC coverage limit were $862,299.

Note 5 - Conditional Promises to Give

During the fiscal year, the Organization received conditional promises to give related to local, state and federal grants. Payment of the grants is contingent upon spending the funds for the designated allowable purpose and various compliance requirements in accordance with 2 CFR 200. The conditional contributions consisted of the following as of December 31, 2023:

Condition/ Grant Purpose	Total Contract/ Grant Amount	Spent to Date	Conditional Contribution
MicroEnterprise grants	$ 200,000	$ 173,883	$ 26,117
MISTEM Internship Program	2,500,000	2,322,281	177,719
Provide economic development services	563,917	419,004	144,913
Support emerging minority and woman angel investors	39,000	6,448	32,552
Connect and collaborate with entities to foster the mobility ecosystem	20,000	18,341	1,659
Improve access, quality, and affordability of childcare services to support economic development	150,000	81,398	68,602
Support talent acquisition to create a Global Epicenter of Mobility (GEM)	1,000,000	111,046	888,954
Assist FAME chapter via meetings support, marketing, & outreach to establish a pre-apprenticeship program	71,450	26,440	45,010
Sustain and enhance regional incubator programs	100,000	95,000	5,000
Strategic Site Readiness Program	2,535,147	-	2,535,147
Build inter-city broadband connection	2,400,000	-	2,400,000
	$ 9,579,514	$ 3,253,841	$ 6,325,673

Note 6 - 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.

Michigan Pre-Seed Capital Fund Portfolio Investments, stated at fair value, consist of the following at December 31, 2023 and 2022, respectively.

	2023	2022
Preferred stock	$ 6,425,490	$ 7,951,100
Common stock	1,361,589	1,558,587
Convertible promissory notes and accrued interest	3,890,646	2,862,063
Valuation allowance on investments based on projected performance	(6,955,372)	(6,870,649)
Total Michigan Pre-Seed Capital Fund Portfolio	$ 4,722,353	$ 5,501,101

Portfolio investment income (loss) consists of the following for the years ended December 31 consist of:

	2023	2022
Interest income	$ 141,228	$ 50,641
Dividend income	5,901	2,250
Total interest and dividend income	147,129	52,891
Realized loss, microloans	(254,981)	(237,813)
Realized loss, convertible promissory notes	(172,500)	(7,583)
Realized gain, preferred stock	-	267,623
Realized loss, preferred stock	(145,000)	-
Realized loss, common stock	(194)	(290,056)
Total realized gain (loss)	(572,675)	(267,829)
Interest earned, convertible promissory notes	217,585	134,908
Interest earned, microloans	45,959	60,006
Unrealized loss, microloans	-	(3,771)
Unrealized loss, convertible promissory notes	(50,000)	(52,500)
Unrealized gain, preferred stock	-	838,862
Unrealized loss, preferred stock	(1,037,080)	(45,738)
Unrealized gain, common stock	-	63,700
Unrealized loss, common stock	(124,998)	(46,250)
Total unrealized gain (loss)	(948,534)	949,217
Change in valuation allowance on investments based on projected performance	29,617	(706,269)
Total portfolio investment income (loss)	$ (1,344,463)	$ 28,010

Note 7 - 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 Level 3 of the fair value hierarchy because they trade infrequently or not at all and, therefore, the fair value is unobservable.

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, 2023 and 2022:

	Balance	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
December 31, 2023				
Michigan Pre-Seed Capital				
Fund Portfolio Investments, net	$ 4,722,353	$ -	$ -	$ 4,722,353
Microloans, net	297,728	-	-	297,728
Total assets at fair value	$ 5,020,081	$ -	$ -	$ 5,020,081

	Balance	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
December 31, 2022				
Michigan Pre-Seed Capital				
Fund Portfolio Investments, net	$ 5,501,101	$ -	$ -	$ 5,501,101
Microloans, net	412,440	-	-	412,440
Total assets at fair value	$ 5,913,541	$ -	$ -	$ 5,913,541

Total assets at fair value classified within level 3 were $5,020,081 and $5,913,541, as of December 31, 2023 and 2022, which consists of Michigan Pre-Seed Capital Fund Portfolio Investments and Microloans. Such amounts were approximately 37% and 36% of total assets on the Organization's consolidated statement of financial position available as of December 31, 2023 and 2022, 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 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, 2023	Valuation Technique	Unobservable Input	Range (weighted Average)
Michigan Pre-Seed Capital Fund Portfolio Investments, net and Micro loans, net	$ 5,020,081	Valuation Committee or SPARK Staff Assessments	Recent stock issuance by entity	50%
			Economic status of entity	50%

Quantitative Information about Level 3 Fair Value Measurements

	Fair Value at December 31, 2022	Valuation Technique	Unobservable Input	Range (weighted Average)
Michigan Pre-Seed Capital Fund Portfolio Investments, net and Micro loans, net	$ 5,913,541	Valuation Committee or SPARK Staff Assessments	Recent stock issuance by entity	50%
			Economic status of entity	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:

Fair Value Measurements Using Significant Unobservable Inputs (Level 3)	2023	2022
Balance at January 1,	$ 5,913,541	$ 5,810,804
Invested in promissory notes	1,149,098	780,000
Invested in preferred stock	300,000	-
Net investment gain (loss)	(1,521,209)	769,625
Cash received	(850,966)	(740,619)
Valuation allowance	29,617	(706,269)
Balance at December 31,	$ 5,020,081	$ 5,913,541

Note 8 - Accounts Receivable

Accounts receivable at December 31 consist of:

	2023	2022
Accounts receivable	$ 42,150	$ 30,856
Rent receivable	49,196	104,259
Other receivables	29,324	304,052
	120,670	439,167
Less: allowance for credit losses	29,182	27,037
	$ 91,488	$ 412,130

Changes in the allowance for credit losses during the year December 31, 2023 consist of:

Beginning allowance	$ 27,037
Current provision	50,277
Write-offs	(48,632)
Recoveries collected	500
Ending allowance	$ 29,182

Note 9 - Promises to Give

Contributions receivable include unconditional promises to give that are expected to be collected within the next fiscal year. Contributions receivable consist of the following at December 31:

	2023	2022
Contributions receivable	$ 440,166	$ 581,898
Less allowance for doubtful accounts	13,750	7,875
Total contributions receivable	$ 426,416	$ 574,023

Note 10 - Related Party Transactions

The Board of Directors 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, 2023 and 2022 was $20,000 and $5,000 for sponsorships and $1,721,531 and $1,286,067 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 $6,234 and $11,138 of legal fees for the years ended December 31, 2023 and 2022, 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 $25,347 and $15,320 for the years ended December 31, 2023 and 2022, respectively. Revenues related for these services were $43,000 and $83,000 for the years ended December 31, 2023 and 2022, 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, 2023 and 2022 approximately $150,000 and $105,000, respectively was generated in revenues for these services and $153,478 and $104,230 was generated in related expenses.

Note 11 - Property and Equipment

Major classes of assets and related accumulated depreciation thereon are summarized as follows at December 31:

	2023	2022
Furniture and fixtures	$ 190,657	$ 259,566
Leasehold improvements	403,653	601,241
Office equipment	222,607	234,066
	816,917	1,094,873
Accumulated depreciation	(684,632)	(925,501)
Property and equipment, net	$ 132,285	$ 169,372

Depreciation expense was $106,062 and $108,135 for the years ended December 31, 2023 and 2022, respectively.

Note 12 - Lines of Credit

SPARK had a revolving line of credit with a bank for up to $400,000 with a variable interest rate of not less than 4.5% at December 31, 2023 and 2022. Interest accrued and was due monthly. The note was collateralized by substantially all assets of SPARK. This line of credit matures in May 2025. At December 31, 2023 and 2022, the line of credit outstanding was $0.

SPARK has various credit cards with a bank for employee use with a total credit limit of $104,000 and $129,000 for the years ended December 31, 2023 and 2022, respectively. As of December 31, 2023 and 2022 the credit amount used was $28,917 and $19,436, respectively.

Note 13 - 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, 2023 and 2022, were $114,983 and $75,203, respectively.

The Organization made a contribution to a deferred compensation plan under an employment contract of $0 and $92,017 for the years ended December 31, 2023 and 2022, respectively. The funds are a prepaid asset to the Organization until the period of performance is complete.

Note 14 - Leases

The Organization leases certain office spaces and equipment at various terms under long-term non-cancelable operating lease and finance lease agreements. The leases expire at various dates through 2029 and one lease provides for a renewal option of five years. The Organization includes in the determination of the right-of-use assets and lease liabilities any renewal options when the options are reasonably certain to be exercised. The operating lease provides for increases in future minimum annual rental payments. Additionally, the operating lease agreement requires the Organization to pay real estate taxes, insurance, and repairs.

Total lease costs for the years ended December 31 are as follows:

	2023	2022
Operating lease cost	$ 618,620	$ 628,979

The following table summarizes the supplemental cash flow information for the years ended December 31:

	2023	2022
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	$ 627,244	$ 618,956

The following summarizes the weighted-average remaining lease term and weighted-average discount rate for the years ended December 31:

	2023	2022
Weighted-average remaining lease term in years:		
Operating leases	4.50	4.80
Weighted-average discount rate:		
Operating leases	2.81%	2.81%

The future minimum lease payments under noncancelable operating and finance leases with terms greater than one year are listed below as of December 31, 2023:

	Operating
2024	$ 280,161
2025	232,778
2026	235,496
2027	96,916
2028	96,916
Thereafter	96,916
Total lease payments	1,039,183
Less interest	(62,307)
Present value of lease liabilities	$ 976,876

The Organization subleases space in SPARK Central and SPARK East to various organizations. The subleases range from month-to-month to 3 years. The leases do not transfer ownership of the leased assets and do not provide an option for the lessees to purchase the assets.

The following table summarizes lease income included in facilities revenue on the consolidated statement of activities for the years ended December 31:

	2023	2022
Office space	$ 282,572	$ 299,398

The following table summarizes the carrying amounts of the underlying assets related to operating leases:

	2023	2022
Right of use asset, office space, net	$ 967,640	$ 1,395,032

The following is an analysis of the maturity for the undiscounted operating lease payments:

2024	$ 55,082
2025	115
Total lease payments	$ 55,197

Note 15 - Board Designated Net Assets

The Board of Directors of the Organization has voluntarily designated $156,101 and $195,538 as of December 31, 2023 and 2022, respectively, whose purpose is to be held as the Organization’s match contribution for a upcoming program.

Note 16 - Net Assets With Donor Restrictions

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

	2023	2022
Subject to the passage of time:	$ 40,000	$ 75,000
Subject to expenditure for specified purpose:		
Ypsilanti business development	180,644	179,744
EDA grant partner payments	315,469	395,538
CEED Microloan	36,077	-
	$ 572,190	$ 650,282

Note 17 - Net Assets Released from Donor 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:

	2023	2022
Expiration of time restrictions	$ 75,000	$ -
Satisfaction of purpose restrictions		
Ypsilanti business development	-	130,000
Site readiness	-	100,000
EDA grant partner payments	80,069	4,462
Mobility grants	-	314,186
Total net assets released from donor restrictions	$ 155,069	$ 548,648

Note 18 - Revenue from Contracts with Customers

The following summarizes revenue by type for the year ended December 31:

	2023	2022
Revenue from contracts with customers	$ 198,250	$ 188,000
Local Development Finance Authority revenue	4,342,490	4,448,926
Contributions	1,264,224	1,247,714
Accelerator grants	1,606,344	2,427,690
Municipal service contracts	841,534	839,767
Contributions of nonfinancial assets	145,700	81,085
Net investment income (loss)	(1,344,463)	28,010
Facility revenue	422,294	389,402
Total revenue, support and gains (losses)	$ 7,476,373	$ 9,650,594

The following summarizes bad debt expense for the year ended December 31:

	2023	2022
Impairment loss (recovery) on receivables and contract assets on contracts with customers and rent receivables	$ 50,277	$ (6,232)
Impairment loss on promises to give	107,865	-
Total bad debt expense (recovery)	$ 158,142	$ (6,232)

The revenue from contracts with customers for the year ended December 31 consists of:

	2023	2022
Revenue earned over time	$ 198,250	$ 188,000

Revenue earned over time consists of management and accounting services. The period is from month-to-month and therefore the performance obligation is typically satisfied over the period of time that the services are being provided.

The following summarizes contract assets related to contracts with customers for the years ended:

	December 31, 2023	December 31, 2022	January 1, 2022
Accounts receivable	$ 42,150	$ 30,856	$ 12,567

The Organization uses the practical expedient to record revenue as if there is no significant financing component when the receivable is due within one year.

Note 19 - Contributed Nonfinancial Assets

Contributed nonfinancial assets for the year ended December 31, 2023 were:

Category	Revenue Recognized	Utilization in Programs/Activities	Donor Restrictions	Valuation Techniques and Inputs
Household goods	$ 3,384	Table on first floor	None	Valued by third party invoice
Services	750	Legal services	None	Contributed services from attorneys are valued at the estimated fair value based on current rates for similar legal services.
Services	27,456	Russel Video services at Annual Meeting	None	Vendor invoices at 50% of portions of invoice reflecting expenses they are willing to offer SPARK as contributed nonfinancial assets.
Services	109,010	Marketing by Google AdWords	None	$10k per month but the restrictions would never allow us to reach that maximum.
Services	1,500	Membership from Merit Network, Inc.	None	1 Year membership
Software	3,600	Power of 10 software (Salesforce)	None	10 seat licenses for free as non-profit.
Volunteer services	-	Volunteer board of directors	None	Criteria for recording revenue are not met; all of the organizations board of directors and related committees are composed of volunteers that do not receive compensation for their time
	$ 145,700			

Contributed nonfinancial assets for the year ended December 31, 2022 were:

Category	Revenue Recognized	Utilization in Programs/Activities	Donor Restrictions	Valuation Techniques and Inputs
Household goods	$ 3,384	Table on first floor	None	Valued by third party invoice
Services	10,000	Legal services	None	Contributed services from attorneys are valued at the estimated fair value based on current rates for similar legal services.
Services	8,908	Russel Video services at Annual Meeting	None	Vendor invoices at 50% of portions of invoice reflecting expenses they are willing to offer SPARK as contributed nonfinancial assets.
Services	55,193	Marketing by Google AdWords	None	Technically $10k per month but the restrictions would never allow us to reach that maximum.
Software	3,600	Power of 10 software (Salesforce)	None	10 seat licenses for free as non-profit.
Volunteer services	-	Volunteer board of directors	None	Criteria for recording revenue are not met; all of the organizations board of directors and related committees are composed of volunteers that do not receive compensation for their time
Volunteer services	-	Volunteers who assisted with delivery of A2Tech360	None	Criteria for recording revenue are not met; approximately 22 man hours were donated
	$ 81,085			

Supplementary Information

Ann Arbor SPARK and Affiliate
Consolidating Statement of Financial Position
December 31, 2023

	Ann Arbor SPARK - Operations	Ann Arbor SPARK - PreSeed Investment and Microloan Program	Ann Arbor SPARK Total	Ann Arbor Spark Foundation	Eliminations	Total
Assets						
Current assets						
Cash	$ 1,038,061	$ -	$ 1,038,061	$ 85,905	$ -	$ 1,123,966
Accounts receivable, net of allowance for credit losses of $29,182	127,358	-	127,358	-	(35,870)	91,488
Contributions receivable, net	426,416	-	426,416	-	-	426,416
Prepaid expenses	219,655	-	219,655	-	-	219,655
Total current assets	1,811,490	-	1,811,490	85,905	(35,870)	1,861,525
Property and equipment, net	132,285	-	132,285	-	-	132,285
Right of use asset - operating lease, net	967,640	-	967,640	-	-	967,640
Other assets						
Cash restricted for capital funding	-	2,748,638	2,748,638	-	-	2,748,638
Investments restricted for capital funding	-	2,902,933	2,902,933	-	-	2,902,933
Michigan Pre-Seed Capital Fund Portfolio Investments, net	-	4,722,353	4,722,353	-	-	4,722,353
Microloans, net	-	297,728	297,728	-	-	297,728
Deposits	16,500	-	16,500	-	-	16,500
Total other assets	16,500	10,671,652	10,688,152	-	-	10,688,152
Total assets	$ 2,927,915	$ 10,671,652	$ 13,599,567	$ 85,905	$ (35,870)	$ 13,649,602

Ann Arbor SPARK and Affiliate
Consolidating Statement of Financial Position
December 31, 2023

	Ann Arbor SPARK - Operations	Ann Arbor SPARK - PreSeed Investment and Microloan Program	Ann Arbor SPARK Total	Ann Arbor Spark Foundation	Eliminations	Total
Liabilities and Net Assets						
Current liabilities						
Accounts payable	$ 291,079	$ -	$ 291,079	$ 35,870	$ (35,870)	$ 291,079
Accrued liabilities	318,773	-	318,773	-	-	318,773
Deferred revenue	11,531	-	11,531	-	-	11,531
Refundable advance	81,160	-	81,160	-	-	81,160
Operating lease obligation, current portion	257,077	-	257,077	-	-	257,077
Total current liabilities	959,620	-	959,620	35,870	(35,870)	959,620
Long-term liabilities						
Operating lease obligation, net of current portion	719,799	-	719,799	-	-	719,799
Total liabilities	1,679,419	-	1,679,419	35,870	(35,870)	1,679,419
Net assets						
Without donor restrictions						
Undesignated	520,205	10,671,652	11,191,857	50,035	-	11,241,892
Board designated	156,101	-	156,101	-	-	156,101
Total without donor restrictions	676,306	10,671,652	11,347,958	50,035	-	11,397,993
With donor restrictions						
Purpose restrictions	532,190	-	532,190	-	-	532,190
Time-restricted for future periods	40,000	-	40,000	-	-	40,000
Total with donor restrictions	572,190	-	572,190	-	-	572,190
Total net assets	1,248,496	10,671,652	11,920,148	50,035	-	11,970,183
Total liabilities and net assets	$ 2,927,915	$ 10,671,652	$ 13,599,567	$ 85,905	$ (35,870)	$ 13,649,602

Ann Arbor SPARK and Affiliate
Consolidating Statement of Activities
For the Year Ended December 31, 2023

	Ann Arbor SPARK - Operations	Ann Arbor SPARK - PreSeed Investment and Microloan Program	Ann Arbor SPARK Total	Ann Arbor Spark Foundation	Eliminations	Total
Revenue, support and gains (losses)						
Local Development Finance Authority revenue	$ 4,342,490	$ -	$ 4,342,490	$ -	$ -	$ 4,342,490
Contributions	1,137,224	-	1,137,224	127,000	-	1,264,224
Accelerator grants	1,667,344	-	1,667,344	75,000	(136,000)	1,606,344
Municipal service contracts	841,534	-	841,534	-	-	841,534
Contributions of nonfinancial assets	145,700	-	145,700	-	-	145,700
Net investment income (loss)	-	(1,347,321)	(1,347,321)	2,858	-	(1,344,463)
Facility revenue	620,544	-	620,544	-	-	620,544
Total revenue, support and gains (losses)	8,754,836	(1,347,321)	7,407,515	204,858	(136,000)	7,476,373
Expenses						
Program services	7,679,054	295,987	7,975,041	219,916	(136,000)	8,058,957
Management and general	1,229,880	-	1,229,880	-	-	1,229,880
Fundraising	244,389	-	244,389	-	-	244,389
Total expenses	9,153,323	295,987	9,449,310	219,916	(136,000)	9,533,226
Change in net assets	(398,487)	(1,643,308)	(2,041,795)	(15,058)	-	(2,056,853)
Net assets - beginning of year	1,646,983	12,314,960	13,961,943	65,093	-	14,027,036
Net assets - end of year	$ 1,248,496	$ 10,671,652	$ 11,920,148	$ 50,035	$ -	$ 11,970,183

Ann Arbor SPARK and Affiliate
Consolidating Statement of Cash Flows
For the Year Ended December 31, 2023

	Ann Arbor SPARK - Operations	Ann Arbor SPARK - PreSeed Investment and Microloan Program	Ann Arbor SPARK Total	Ann Arbor Spark Foundation	Eliminations	Total
Cash flows from operating activities						
Change in net assets	$ (398,487)	$ (1,643,308)	$ (2,041,795)	$ (15,058)	$ -	$ (2,056,853)
Items not requiring cash						
Depreciation	106,062	-	106,062	-	-	106,062
Bad debt	158,142	-	158,142	-	-	158,142
Unrealized (gain) loss on investments	-	948,534	948,534	-	-	948,534
Realized (gain) loss on investments	-	572,675	572,675	-	-	572,675
Valuation allowance	-	(29,617)	(29,617)	-	-	(29,617)
Changes in operating assets and liabilities						
Accounts receivable	335,638	-	335,638	-	(65,273)	270,365
Contributions receivable	38,742	-	38,742	1,000	-	39,742
Prepaid expenses	(27,924)	-	(27,924)	-	-	(27,924)
Operating lease assets and liabilities	(786)	-	(786)	-	-	(786)
Deposits	92,017	-	92,017	-	-	92,017
Accounts payable	8,178	(24,931)	(16,753)	(65,273)	65,273	(16,753)
Accrued liabilities	(38,982)	-	(38,982)	-	-	(38,982)
Deferred revenue	(79)	-	(79)	-	-	(79)
Refundable advance	(432,700)	-	(432,700)	-	-	(432,700)
Net cash used by operating activities	(160,179)	(176,647)	(336,826)	(79,331)	-	(416,157)
Cash flows from investing activities						
Redemption of preferred stock, common stock, and convertible promissory notes	-	830,936	830,936	-	-	830,936
Redemption of microloans	-	20,030	20,030	-	-	20,030
Purchase of preferred stock	-	(300,000)	(300,000)	-	-	(300,000)
Purchase of convertible promissory notes	-	(1,149,098)	(1,149,098)	-	-	(1,149,098)
Purchase of treasury debt obligation	-	(2,902,933)	(2,902,933)	-	-	(2,902,933)
Proceeds from sale of treasury debt obligation	-	732,558	732,558	-	-	732,558
Purchases of property and equipment	(68,975)	-	(68,975)	-	-	(68,975)
Net cash used by investing activities	(68,975)	(2,768,507)	(2,837,482)	-	-	(2,837,482)
Net change in cash and restricted cash	(229,154)	(2,945,154)	(3,174,308)	(79,331)	-	(3,253,639)
Cash and restricted cash - beginning of year	1,267,215	5,693,792	6,961,007	165,236	-	7,126,243
Cash and restricted cash - end of year	$ 1,038,061	$ 2,748,638	$ 3,786,699	$ 85,905	$ -	$ 3,872,604
Cash and restricted cash						
Cash	$ 1,038,061	$ -	$ 1,038,061	$ 85,905	$ -	$ 1,123,966
Cash restricted for capital funding	-	2,748,638	2,748,638	-	-	2,748,638
Total cash and restricted cash	$ 1,038,061	$ 2,748,638	$ 3,786,699	$ 85,905	$ -	$ 3,872,604