

Ann Arbor SPARK and Affiliate

Financial Statements

**December 31, 2024
(With Summarized Comparative
Information for 2023)**



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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, 2024, 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, 2024, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 subsidiaries and to meet our 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 consolidated 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 and subsidiaries 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 and *Government 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 and *Government 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 and subsidiaries 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 and subsidiaries 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 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 29, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023, is consistent on, in all material respects, with the audited 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 consolidated financial statements as a whole. The December 31, 2024 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 20, 2025 on our consideration of Ann Arbor SPARK and Affiliate's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Ann Arbor SPARK and Affiliate's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Ann Arbor SPARK and Affiliate's internal control over financial reporting and compliance.

Yeo & Yeo, P.C.

Ann Arbor, Michigan
May 20, 2025

Ann Arbor SPARK and Affiliate
Consolidated Statement of Financial Position
December 31, 2024
(With Summarized Comparative Information for 2023)

	2024	2023
Assets		
Current assets		
Cash	\$ 3,375,089	\$ 1,123,966
Accounts receivable, net of allowance for credit losses of \$0 and \$29,182	100,399	91,488
Contributions receivable, net	667,552	426,416
Prepaid expenses	313,628	219,655
Total current assets	4,456,668	1,861,525
Property and equipment, net	63,337	132,285
Right of use asset - operating lease, net	1,580,816	967,640
Other assets		
Cash restricted for capital funding	2,494,572	2,748,638
Investments restricted for capital funding	2,997,569	2,902,933
Michigan Pre-Seed Capital Fund Portfolio Investments, net	7,170,221	4,722,353
Microloans, net	320,030	297,728
Deposits	16,500	16,500
Total other assets	12,998,892	10,688,152
Total assets	\$ 19,099,713	\$ 13,649,602

See Accompanying Notes to the Consolidated Financial Statements

Ann Arbor SPARK and Affiliate
Consolidated Statement of Financial Position
December 31, 2024
(With Summarized Comparative Information for 2023)

	<u>2024</u>	<u>2023</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 575,029	\$ 291,079
Accrued liabilities	362,295	318,773
Deferred revenue	11,518	11,531
Refundable advance	3,078,427	81,160
Operating lease obligation, current portion	<u>357,909</u>	<u>257,077</u>
Total current liabilities	4,385,178	959,620
Long-term liabilities		
Operating lease obligation, net of current portion	<u>1,242,770</u>	<u>719,799</u>
Total liabilities	<u>5,627,948</u>	<u>1,679,419</u>
Net assets		
Without donor restrictions		
Undesignated	12,885,474	11,241,892
Board designated	<u>156,101</u>	<u>156,101</u>
Total without donor restrictions	<u>13,041,575</u>	<u>11,397,993</u>
With donor restrictions		
Purpose restrictions	390,190	532,190
Time-restricted for future periods	<u>40,000</u>	<u>40,000</u>
Total with donor restrictions	<u>430,190</u>	<u>572,190</u>
Total net assets	<u>13,471,765</u>	<u>11,970,183</u>
Total liabilities and net assets	<u>\$ 19,099,713</u>	<u>\$ 13,649,602</u>

See Accompanying Notes to the Consolidated Financial Statements

Ann Arbor SPARK and Affiliate
Consolidated Statement of Activities
For the Year Ended December 31, 2024
(With Summarized Comparative Information for 2023)

	Without Donor	With Donor	Total	
	Restrictions	Restrictions	2024	2023
Revenue, support and gains (losses)				
Local Development Finance Authority revenue	\$ 5,952,767	\$ -	\$ 5,952,767	\$ 4,342,490
Contributions	1,257,850	40,000	1,297,850	1,264,224
Accelerator grants	3,698,530	-	3,698,530	1,606,344
Municipal service contracts	758,700	-	758,700	841,534
Contributions of nonfinancial assets	121,345	-	121,345	145,700
Net investment income (loss)	559,860	-	559,860	(1,344,463)
Facility revenue	522,039	-	522,039	620,544
Net assets released from restrictions	182,000	(182,000)	-	-
Total revenue, support and gains (losses)	<u>13,053,091</u>	<u>(142,000)</u>	<u>12,911,091</u>	<u>7,476,373</u>
Expenses				
Program services	9,980,156	-	9,980,156	8,058,957
Management and general	1,182,719	-	1,182,719	1,229,880
Fundraising	246,634	-	246,634	244,389
Total expenses	<u>11,409,509</u>	<u>-</u>	<u>11,409,509</u>	<u>9,533,226</u>
Change in net assets	1,643,582	(142,000)	1,501,582	(2,056,853)
Net assets - beginning of year	<u>11,397,993</u>	<u>572,190</u>	<u>11,970,183</u>	<u>14,027,036</u>
Net assets - end of year	<u>\$ 13,041,575</u>	<u>\$ 430,190</u>	<u>\$ 13,471,765</u>	<u>\$ 11,970,183</u>

See Accompanying Notes to the Consolidated Financial Statements

Ann Arbor SPARK and Affiliate
Consolidated Statement of Functional Expenses
For the Year Ended December 31, 2024
(With Summarized Comparative Information for 2023)

	Supporting Services				Total	
	Program Services	Management and General	Fundraising	Total Supporting Services	2024	2023
Salaries and benefits	\$ 2,818,500	\$ 587,552	\$ 199,661	\$ 787,213	\$ 3,605,713	\$ 3,541,964
Professional	4,571,880	315,213	-	315,213	4,887,093	3,146,314
Marketing	1,293,351	143,269	14,106	157,375	1,450,726	1,333,370
Bad debt	154,940	-	-	-	154,940	158,142
Depreciation	27,589	41,359	-	41,359	68,948	106,062
Information technology	125,091	10,445	571	11,016	136,107	66,497
Occupancy	609,626	50,671	-	50,671	660,297	715,506
Office and supplies	248,343	23,078	29,203	52,281	300,624	323,247
Travel	130,836	11,132	3,093	14,225	145,061	142,124
Total expenses by function	<u>\$ 9,980,156</u>	<u>\$ 1,182,719</u>	<u>\$ 246,634</u>	<u>\$ 1,429,353</u>	<u>\$ 11,409,509</u>	<u>\$ 9,533,226</u>

Ann Arbor SPARK and Affiliate
Consolidated Statement of Cash Flows
For the Year Ended December 31, 2024
(With Summarized Comparative Information for 2023)

	2024	2023
Cash flows from operating activities		
Change in net assets	\$ 1,501,582	\$ (2,056,853)
Items not requiring cash		
Depreciation	68,948	106,062
Bad debt expense	154,940	158,142
Unrealized (gain) loss on investments	(260,709)	948,534
Realized (gain) loss on investments	(109,184)	572,675
Valuation allowance	15,385	(29,617)
Changes in operating assets and liabilities		
Accounts receivable	(138,851)	270,365
Contributions receivable	(266,136)	39,742
Prepaid expenses	(93,973)	(27,924)
Operating lease assets and liabilities	10,627	(786)
Deposits	-	92,017
Accounts payable	283,950	(16,753)
Accrued liabilities	43,522	(38,982)
Deferred revenue	(13)	(79)
Refundable advance	2,997,267	(432,700)
Net cash provided (used) by operating activities	4,207,355	(416,157)
Cash flows from investing activities		
Redemption of preferred stock, common stock, and convertible promissory notes	147,406	830,936
Redemption of microloans	-	20,030
Purchase of preferred stock	(1,786,000)	(300,000)
Purchase of convertible promissory notes	(575,000)	(1,149,098)
Purchase of treasury debt obligation	(1,996,704)	(2,902,933)
Proceeds from sale of treasury debt obligation	2,000,000	732,558
Purchases of property and equipment	-	(68,975)
Net cash used by investing activities	(2,210,298)	(2,837,482)
Net change in cash and restricted cash	1,997,057	(3,253,639)
Cash and restricted cash - beginning of year	3,872,604	7,126,243
Cash and restricted cash - end of year	\$ 5,869,661	\$ 3,872,604
Cash and restricted cash		
Cash	\$ 3,375,089	\$ 1,123,966
Cash restricted for capital funding	2,494,572	2,748,638
Total cash and restricted cash	\$ 5,869,661	\$ 3,872,604

Ann Arbor SPARK and Affiliate
Notes to the Consolidated Financial Statements
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(With Summarized Comparative Information for 2023)

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

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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.

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

Accounts receivable 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.

Prepays

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, 2024, 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, 2024, 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, 2024, 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 \$366,636 and \$328,033 at December 31, 2024 and 2023, respectively.

The valuation allowance on the microloans was \$398,763 and \$382,461 at December 31, 2024 and 2023, 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.

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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 \$678,027 and \$752,266 at December 31, 2024 and 2023, respectively.

The valuation allowance on the investments was \$6,954,455 and \$6,955,372 at December 31, 2024 and 2023, 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.

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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 \$5,000. 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.

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Notes to the Consolidated Financial Statements
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(With Summarized Comparative Information for 2023)

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, 2024 and 2023 was \$1,450,726 and \$1,333,370 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, 2023 in the accompanying consolidated financial statements are included to provide a basis for comparison with 2024 and present summarized totals only. Accordingly, the 2023 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, 2023, from which the summarized information was derived.

Date of Management's Review

Management has evaluated subsequent events through May 20, 2025, which is the date the consolidated financial statements were available to be issued.

Ann Arbor SPARK and Affiliate
Notes to the Consolidated Financial Statements
December 31, 2024
(With Summarized Comparative Information for 2023)

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:

	2024	2023
Cash and cash equivalents	\$ 3,375,089	\$ 1,123,966
Accounts receivable, net of allowance for credit losses of \$0 and \$29,182	100,399	91,488
Contributions receivable, net	667,552	426,416
 Total financial assets - end of year	 4,143,040	 1,641,870
 Less: Financial assets unavailable for general expenditures within one year, due to:		
Restricted by donor with time or purpose restrictions	(430,190)	(572,190)
Board designated for programs	(156,101)	(156,101)
 Financial assets available to meet cash needs for general expenditures within one year	 <u>\$ 3,556,749</u>	 <u>\$ 913,579</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 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, 2024, cash account balances that were in excess of the FDIC coverage limit were \$3,304,324.

Ann Arbor SPARK and Affiliate
Notes to the Consolidated Financial Statements
December 31, 2024
(With Summarized Comparative Information for 2023)

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, 2024:

Condition/ Grant Purpose	Total Contract/ Grant Amount	Spent to Date	Conditional Contribution
COVID-19 small business support grants	\$ 3,426,316	\$ 755,583	\$ 2,670,733
Provide economic development services	580,835	449,896	130,939
Support emerging minority and woman angel investors	39,000	11,507	27,493
Innovative Capital Fund	5,000,000	1,409,009	3,590,991
Support talent acquisition to create a Global Epicenter of Mobility (GEM)	1,000,000	430,420	569,580
Assist FAME chapter via meetings support, marketing, & outreach to establish a pre-apprenticeship program	71,450	41,500	29,950
Sustain and enhance regional incubator programs	200,000	151,101	48,899
Strategic Site Readiness Program	9,639,147	407,365	9,231,782
Build inter-city broadband connection	2,400,000	-	2,400,000
	<u>\$ 22,356,748</u>	<u>\$ 3,656,381</u>	<u>\$ 18,700,367</u>

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, 2024 and 2023, respectively.

	2024	2023
Preferred stock	\$ 8,701,938	\$ 6,425,490
Common stock	1,244,382	1,361,589
Convertible promissory notes and accrued interest	4,178,356	3,890,646
Valuation allowance on investments based on projected performance	<u>(6,954,455)</u>	<u>(6,955,372)</u>
Total Michigan Pre-Seed Capital Fund Portfolio	<u>\$ 7,170,221</u>	<u>\$ 4,722,353</u>

Ann Arbor SPARK and Affiliate
Notes to the Consolidated Financial Statements
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(With Summarized Comparative Information for 2023)

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

	2024	2023
Interest income	\$ 301,509	\$ 141,228
Dividend income	<u>1,775</u>	<u>5,901</u>
Total interest and dividend income	<u>303,284</u>	<u>147,129</u>
Realized loss, microloans	-	(254,981)
Realized loss, convertible promissory notes	-	(172,500)
Realized gain, preferred stock	11,252	-
Realized loss, preferred stock	-	(145,000)
Realized loss, common stock	<u>-</u>	<u>(194)</u>
Total realized gain (loss)	<u>11,252</u>	<u>(572,675)</u>
Interest earned, convertible promissory notes	217,028	217,585
Interest earned, microloans	38,604	45,959
Unrealized loss, convertible promissory notes	(175,000)	(50,000)
Unrealized gain, preferred stock	801,223	-
Unrealized loss, preferred stock	(403,939)	(1,037,080)
Unrealized loss, common stock	<u>(217,207)</u>	<u>(124,998)</u>
Total unrealized gain (loss)	<u>260,709</u>	<u>(948,534)</u>
Change in valuation allowance on investments based on projected performance	<u>(15,385)</u>	<u>29,617</u>
Total portfolio investment income (loss)	<u>\$ 559,860</u>	<u>\$ (1,344,463)</u>

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.

Ann Arbor SPARK and Affiliate
Notes to the Consolidated Financial Statements
December 31, 2024
(With Summarized Comparative Information for 2023)

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, 2024 and 2023:

	Balance	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
December 31, 2024				
Michigan Pre-Seed Capital				
Fund Portfolio Investments, net	\$ 7,170,221	\$ -	\$ -	\$ 7,170,221
Microloans, net	320,030	-	-	320,030
Total assets at fair value	\$ 7,490,251	\$ -	\$ -	\$ 7,490,251
	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

Total assets at fair value classified within level 3 were \$7,490,251 and \$5,020,081, as of December 31, 2024 and 2023, which consists of Michigan Pre-Seed Capital Fund Portfolio Investments and Microloans. Such amounts were approximately 39% and 37% of total assets on the Organization's consolidated statement of financial position available as of December 31, 2024 and 2023, 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.

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Notes to the Consolidated Financial Statements
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Quantitative Information about Level 3 Fair Value Measurements

	Fair Value at	Valuation Technique	Unobservable Input	Range (weighted
	December 31, 2024			Average)
Michigan Pre-Seed Capital Fund Portfolio Investments, net and Micro loans, net	\$ 7,490,251	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	Valuation Technique	Unobservable Input	Range (weighted
	December 31, 2023			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 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:

Fair Value Measurements Using Significant
Unobservable Inputs (Level 3)

	2024	2023
Balance at January 1,	\$ 5,020,081	\$ 5,913,541
Invested in promissory notes	575,000	1,149,098
Invested in preferred stock	1,786,000	300,000
Net investment gain (loss)	271,961	(1,521,209)
Cash received	(147,406)	(850,966)
Valuation allowance	(15,385)	29,617
Balance at December 31,	<u>\$ 7,490,251</u>	<u>\$ 5,020,081</u>

Ann Arbor SPARK and Affiliate
Notes to the Consolidated Financial Statements
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(With Summarized Comparative Information for 2023)

Note 8 - Accounts Receivable

Accounts receivable at December 31 consist of:

	2024	2023
Accounts receivable	\$ 100,399	\$ 91,346
Other receivables	-	29,324
	100,399	120,670
Less: allowance for credit losses	-	29,182
	\$ 100,399	\$ 91,488

Changes in the allowance for credit losses during the year December 31, 2024 consist of:

Beginning allowance	\$ 29,182
Current provision	100,758
Write-offs	(129,940)
Recoveries collected	-
	-
Ending allowance	\$ -

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:

	2024	2023
Contributions receivable	\$ 667,552	\$ 440,166
Less allowance for doubtful accounts	-	13,750
	667,552	426,416
Total contributions receivable	\$ 667,552	\$ 426,416

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, 2024 and 2023 was \$65,100 and \$20,000 for sponsorships and \$1,102,588 and \$1,721,531 for donations, respectively.

Ann Arbor SPARK and Affiliate
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A current officer of the Organization's Board of Directors is also a partner of the firm with which the Organization incurred approximately \$7,746 and \$5,234 of legal fees for the years ended December 31, 2024 and 2023, 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 \$44,350 and \$25,347 for the years ended December 31, 2024 and 2023, respectively. Revenues related for these services were \$0 and \$43,000 for the years ended December 31, 2024 and 2023, 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, 2024 and 2023 approximately \$150,000 and \$150,000, respectively was generated in revenues for these services and \$154,561 and \$153,478 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:

	2024	2023
Furniture and fixtures	\$ 190,657	\$ 190,657
Leasehold improvements	403,653	403,653
Office equipment	222,607	222,607
	816,917	816,917
Accumulated depreciation	(753,580)	(684,632)
Property and equipment, net	\$ 63,337	\$ 132,285

Depreciation expense was \$68,948 and \$106,062 for the years ended December 31, 2024 and 2023, 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, 2024 and 2023. Interest accrued and was due monthly. The note is collateralized by substantially all assets of SPARK. This line of credit matures in June 2025. At December 31, 2024 and 2023, the line of credit outstanding was \$0.

SPARK has various credit cards with a bank for employee use with a total credit limit of \$163,000 and \$104,000 for the years ended December 31, 2024 and 2023, respectively. As of December 31, 2024 and 2023 the credit amount used was \$36,276 and \$28,917, respectively.

Ann Arbor SPARK and Affiliate
Notes to the Consolidated Financial Statements
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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's contributions for the years ended December 31, 2024 and 2023, were \$103,670 and \$114,983, respectively.

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:

	2024	2023
Operating lease cost	\$ 904,892	\$ 618,620
Finance lease cost:		
Amortization of right-of-use assets	1,002	-
Total lease costs	\$ 905,894	\$ 618,620

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

	2024	2023
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	\$ 880,351	\$ 627,244
Financing cash flows from finance leases	17,114	-

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

	2024	2023
Weighted-average remaining lease term in years:		
Operating leases	4.50	4.50
Weighted-average discount rate:		
Operating leases	5.54%	2.81%

Ann Arbor SPARK and Affiliate
Notes to the Consolidated Financial Statements
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The future minimum lease payments under noncancelable operating and finance leases with terms greater than one year are listed below as of December 31, 2024:

	Operating
2025	\$ 435,266
2026	444,056
2027	311,740
2028	318,184
2029	305,827
Total lease payments	1,815,073
Less interest	(214,394)
Present value of lease liabilities	\$ 1,600,679

The Organization subleases space in SPARK Central and SPARK East to various organizations. The subleases are month-to-month. 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:

	2024	2023
Office space	\$ 287,072	\$ 282,572

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

	2024	2023
Right of use asset, office space, net	\$ 1,580,816	\$ 967,640

Note 15 - Board Designated Net Assets

The Board of Directors of the Organization has voluntarily designated \$156,101 and \$156,101 as of December 31, 2024 and 2023, respectively, whose purpose is to be held as the Organization's match contribution for an upcoming program.

Ann Arbor SPARK and Affiliate
Notes to the Consolidated Financial Statements
December 31, 2024
(With Summarized Comparative Information for 2023)

Note 16 - Net Assets With Donor Restrictions

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

	2024	2023
Subject to the passage of time:	\$ 40,000	\$ 40,000
Subject to expenditure for specified purpose:		
Ypsilanti business development	74,644	180,644
EDA grant partner payments	315,469	315,469
CEED Microloan	77	36,077
	\$ 430,190	\$ 572,190

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:

	2024	2023
Expiration of time restrictions	\$ 40,000	\$ 75,000
Satisfaction of purpose restrictions		
Ypsilanti business development	106,000	-
EDA grant partner payments	-	80,069
CEED Microloan	36,000	-
Total net assets released from donor restrictions	\$ 182,000	\$ 155,069

Ann Arbor SPARK and Affiliate
Notes to the Consolidated Financial Statements
December 31, 2024
(With Summarized Comparative Information for 2023)

Note 18 - Revenue from Contracts with Customers

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

	<u>2024</u>	<u>2023</u>
Revenue from contracts with customers	\$ 908,700	\$ 1,039,784
Local Development Finance Authority revenue	5,952,767	4,342,490
Contributions	1,297,850	1,264,224
Accelerator grants	3,698,530	1,606,344
Contributions of nonfinancial assets	121,345	145,700
Net investment income (loss)	559,860	(1,344,463)
Facility revenue	<u>372,039</u>	<u>422,294</u>
Total revenue, support and gains (losses)	<u>\$ 12,911,091</u>	<u>\$ 7,476,373</u>

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

	<u>2024</u>	<u>2023</u>
Impairment loss on receivables and contract assets on contracts with customers and rent receivables	\$ 129,940	\$ 50,277
Impairment loss on promises to give	<u>25,000</u>	<u>107,865</u>
Total bad debt expense	<u>\$ 154,940</u>	<u>\$ 158,142</u>

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

	<u>2024</u>	<u>2023</u>
Revenue earned over time	<u>\$ 908,700</u>	<u>\$ 1,039,784</u>

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 and liabilities related to contracts with customers for the years ended:

	<u>December 31, 2024</u>	<u>December 31, 2023</u>	<u>January 1, 2023</u>
Accounts receivable	<u>\$ 100,399</u>	<u>\$ 91,488</u>	<u>\$ 30,856</u>
Deferred revenue	<u>\$ 11,518</u>	<u>\$ 11,531</u>	<u>\$ 11,610</u>

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.

Ann Arbor SPARK and Affiliate
Notes to the Consolidated Financial Statements
December 31, 2024
(With Summarized Comparative Information for 2023)

Note 19 - Contributed Nonfinancial Assets

Contributed nonfinancial assets for the year ended December 31, 2024 were:

Category	Revenue Recognized	Utilization in Programs/Activities	Donor Restrictions	Valuation Techniques and Inputs
Marketing	\$ 97,316	Marketing by Google AdWords	None	\$10k per month but restrictions would never allow us to reach that maximum. Vendor invoices at 50% of portions of invoice reflecting expenses they are willing to offer SPARK as contributed nonfinancial assets.
			None	
Furniture	3,102	Furniture rental for SPARK Central	None	Valued by third party invoice.
Software	3,600	Salesforce Power of 10 software	None	Valued by third party invoice.
Equipment	9,052	Rental gear discount	None	Valued by third party invoice.
Legal services	7,500	Various administrative legal matters	None	Estimated by staff for Bodman donation
Sponsorship	775	UMS event	None	Valued by third party invoice.
			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	-	Volunteer board of directors		
	<u>\$ 121,345</u>			

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
			None	Contributed services from attorneys are valued at the estimated fair value based on current rates for similar legal services.
Services	750	Legal services	None	Vendor invoices at 50% of portions of invoice reflecting expenses they are willing to offer SPARK as contributed nonfinancial assets.
		Russel Video services at Annual Meeting	None	\$10k per month but the restrictions would never allow us to reach that maximum.
Services	27,456		None	1 Year membership
Services	109,010	Marketing by Google AdWords	None	10 seat licenses for free as non-profit.
Services	1,500	Membership from Merit Network, Inc.	None	
Software	3,600	Power of 10 software (Salesforce)	None	
			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	-	Volunteer board of directors		
	<u>\$ 145,700</u>			

Supplementary Information

Ann Arbor SPARK and Affiliate
Consolidating Statement of Financial Position
December 31, 2024

	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	\$ 3,283,649	\$ -	\$ 3,283,649	\$ 91,440	\$ -	\$ 3,375,089
Accounts receivable, net of allowance for credit losses of \$0	136,269	-	136,269	-	(35,870)	100,399
Contributions receivable, net	667,552	-	667,552	-	-	667,552
Prepaid expenses	313,628	-	313,628	-	-	313,628
	<u>4,401,098</u>	<u>-</u>	<u>4,401,098</u>	<u>91,440</u>	<u>(35,870)</u>	<u>4,456,668</u>
Total current assets						
Property and equipment, net	63,337	-	63,337	-	-	63,337
Right of use asset - operating lease, net	1,580,816	-	1,580,816	-	-	1,580,816
	<u>1,770,067</u>	<u>-</u>	<u>1,770,067</u>	<u>-</u>	<u>-</u>	<u>1,770,067</u>
Other assets						
Cash restricted for capital funding	1,753,567	741,005	2,494,572	-	-	2,494,572
Investments restricted for capital funding	-	2,997,569	2,997,569	-	-	2,997,569
Michigan Pre-Seed Capital Fund Portfolio Investments, net	-	7,170,221	7,170,221	-	-	7,170,221
Microloans, net	-	320,030	320,030	-	-	320,030
Deposits	16,500	-	16,500	-	-	16,500
	<u>1,770,067</u>	<u>11,228,825</u>	<u>12,998,892</u>	<u>-</u>	<u>-</u>	<u>12,998,892</u>
Total other assets						
Total assets	<u>\$ 7,815,318</u>	<u>\$ 11,228,825</u>	<u>\$ 19,044,143</u>	<u>\$ 91,440</u>	<u>\$ (35,870)</u>	<u>\$ 19,099,713</u>

Ann Arbor SPARK and Affiliate
Consolidating Statement of Financial Position
December 31, 2024

	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	\$ 575,029	\$ -	\$ 575,029	\$ 35,870	\$ (35,870)	\$ 575,029
Accrued liabilities	362,295	-	362,295	-	-	362,295
Deferred revenue	11,518	-	11,518	-	-	11,518
Refundable advance	3,078,427	-	3,078,427	-	-	3,078,427
Operating lease obligation, current portion	357,909	-	357,909	-	-	357,909
	<u>4,385,178</u>	<u>-</u>	<u>4,385,178</u>	<u>35,870</u>	<u>(35,870)</u>	<u>4,385,178</u>
Total current liabilities						
Long-term liabilities						
Operating lease obligation, net of current portion	1,242,770	-	1,242,770	-	-	1,242,770
	<u>5,627,948</u>	<u>-</u>	<u>5,627,948</u>	<u>35,870</u>	<u>(35,870)</u>	<u>5,627,948</u>
Total liabilities						
Net assets						
Without donor restrictions						
Undesignated	1,601,079	11,228,825	12,829,904	55,570	-	12,885,474
Board designated	156,101	-	156,101	-	-	156,101
	<u>1,757,180</u>	<u>11,228,825</u>	<u>12,986,005</u>	<u>55,570</u>	<u>-</u>	<u>13,041,575</u>
Total without donor restrictions						
With donor restrictions						
Purpose restrictions	390,190	-	390,190	-	-	390,190
Time-restricted for future periods	40,000	-	40,000	-	-	40,000
	<u>430,190</u>	<u>-</u>	<u>430,190</u>	<u>-</u>	<u>-</u>	<u>430,190</u>
Total with donor restrictions						
Total net assets	<u>2,187,370</u>	<u>11,228,825</u>	<u>13,416,195</u>	<u>55,570</u>	<u>-</u>	<u>13,471,765</u>
Total liabilities and net assets	<u>\$ 7,815,318</u>	<u>\$ 11,228,825</u>	<u>\$ 19,044,143</u>	<u>\$ 91,440</u>	<u>\$ (35,870)</u>	<u>\$ 19,099,713</u>

**Ann Arbor SPARK and Affiliate
Consolidating Statement of Activities
For the Year Ended December 31, 2024**

	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	\$ 5,952,767	\$ -	\$ 5,952,767	\$ -	\$ -	\$ 5,952,767
Contributions	1,117,650	-	1,117,650	180,200	-	1,297,850
Accelerator grants	3,873,530	-	3,873,530	-	(175,000)	3,698,530
Municipal service contracts	758,700	-	758,700	-	-	758,700
Contributions of nonfinancial assets	121,345	-	121,345	-	-	121,345
Net investment income (loss)	-	557,173	557,173	2,687	-	559,860
Facility revenue	522,039	-	522,039	-	-	522,039
Total revenue, support and gains (losses)	12,346,031	557,173	12,903,204	182,887	(175,000)	12,911,091
Expenses						
Program services	9,977,804	-	9,977,804	177,352	(175,000)	9,980,156
Management and general	1,182,719	-	1,182,719	-	-	1,182,719
Fundraising	246,634	-	246,634	-	-	246,634
Total expenses	11,407,157	-	11,407,157	177,352	(175,000)	11,409,509
Change in net assets	938,874	557,173	1,496,047	5,535	-	1,501,582
Net assets - beginning of year	1,248,496	10,671,652	11,920,148	50,035	-	11,970,183
Net assets - end of year	<u>\$ 2,187,370</u>	<u>\$ 11,228,825</u>	<u>\$ 13,416,195</u>	<u>\$ 55,570</u>	<u>\$ -</u>	<u>\$ 13,471,765</u>

Ann Arbor SPARK and Affiliate
Consolidating Statement of Cash Flows
For the Year Ended December 31, 2024

	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	\$ 938,874	\$ 557,173	\$ 1,496,047	\$ 5,535	\$ -	\$ 1,501,582
Items not requiring cash						
Depreciation	68,948	-	68,948	-	-	68,948
Bad debt	154,940	-	154,940	-	-	154,940
Unrealized gain on investments	-	(260,709)	(260,709)	-	-	(260,709)
Realized gain on investments	-	(109,184)	(109,184)	-	-	(109,184)
Valuation allowance	-	15,385	15,385	-	-	15,385
Changes in operating assets and liabilities						
Accounts receivable	(138,851)	-	(138,851)	-	-	(138,851)
Contributions receivable	(266,136)	-	(266,136)	-	-	(266,136)
Prepaid expenses	(93,973)	-	(93,973)	-	-	(93,973)
Operating lease assets and liabilities	10,627	-	10,627	-	-	10,627
Accounts payable	283,950	-	283,950	-	-	283,950
Accrued liabilities	43,522	-	43,522	-	-	43,522
Deferred revenue	(13)	-	(13)	-	-	(13)
Refundable advance	2,997,267	-	2,997,267	-	-	2,997,267
	<u>3,999,155</u>	<u>202,665</u>	<u>4,201,820</u>	<u>5,535</u>	<u>-</u>	<u>4,207,355</u>
Net cash provided by operating activities						
Cash flows from investing activities						
Redemption of preferred stock, common stock, and convertible promissory notes	-	147,406	147,406	-	-	147,406
Purchase of preferred stock	-	(1,786,000)	(1,786,000)	-	-	(1,786,000)
Purchase of convertible promissory notes	-	(575,000)	(575,000)	-	-	(575,000)
Purchase of treasury debt obligation	-	(1,996,704)	(1,996,704)	-	-	(1,996,704)
Proceeds from sale of treasury debt obligation	-	2,000,000	2,000,000	-	-	2,000,000
	<u>-</u>	<u>(2,210,298)</u>	<u>(2,210,298)</u>	<u>-</u>	<u>-</u>	<u>(2,210,298)</u>
Net cash used by investing activities						
Net change in cash and restricted cash	3,999,155	(2,007,633)	1,991,522	5,535	-	1,997,057
Cash and restricted cash - beginning of year	<u>1,038,061</u>	<u>2,748,638</u>	<u>3,786,699</u>	<u>85,905</u>	<u>-</u>	<u>3,872,604</u>
Cash and restricted cash - end of year	<u>\$ 5,037,216</u>	<u>\$ 741,005</u>	<u>\$ 5,778,221</u>	<u>\$ 91,440</u>	<u>\$ -</u>	<u>\$ 5,869,661</u>
Cash and restricted cash						
Cash	\$ 3,283,649	\$ -	\$ 3,283,649	\$ 91,440	\$ -	\$ 3,375,089
Cash restricted for capital funding	<u>1,753,567</u>	<u>741,005</u>	<u>2,494,572</u>	<u>-</u>	<u>-</u>	<u>2,494,572</u>
Total cash and restricted cash	<u>\$ 5,037,216</u>	<u>\$ 741,005</u>	<u>\$ 5,778,221</u>	<u>\$ 91,440</u>	<u>\$ -</u>	<u>\$ 5,869,661</u>

Ann Arbor SPARK and Affiliate

Single Audit

December 31, 2024



YEO & YEO

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PARTNERS**

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Ann Arbor SPARK and Affiliate, which comprise the consolidated statement of financial position as of December 31, 2024, 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, and have issued our report thereon dated May 20, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Ann Arbor SPARK and Affiliate's internal control over financial reporting (internal control) as a basis designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Ann Arbor SPARK and Affiliate's internal control. Accordingly, we do not express an opinion on the effectiveness of Ann Arbor SPARK and Affiliate's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's consolidated financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Ann Arbor SPARK and Affiliate's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Yeo & Yeo, P.C.

Ann Arbor, MI
May 20, 2025

Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Independent Auditors' Report

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Ann Arbor SPARK and Affiliate's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Ann Arbor SPARK and Affiliate's major federal programs for the year ended December 31, 2024. Ann Arbor SPARK and Affiliate's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Ann Arbor SPARK and Affiliate complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance 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 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Ann Arbor SPARK and Affiliate's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or agreements applicable to Ann Arbor SPARK and Affiliate's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Ann Arbor SPARK and Affiliate's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Ann Arbor SPARK and Affiliate's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Ann Arbor SPARK and Affiliate's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Ann Arbor SPARK and Affiliate's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Ann Arbor SPARK and Affiliate's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the consolidated financial statements of Ann Arbor SPARK and Affiliate as of and for the year ended December 31, 2024, and have issued our report thereon dated May 20, 2025, which contained an unmodified opinion on those consolidated financial statements. Our audit was performed for the purpose of forming an opinion awards is presented for purposes of additional analysis as required by the Uniform Guidance and is 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Yeo & Yeo, P.C.

Ann Arbor, MI
May 20, 2025

Ann Arbor SPARK and Affiliate
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2024

Federal Grantor Pass-Through Grantor Program or Cluster Title	Grant/ Project Number	Federal Assistance Listing Number	Approved Grant Amount	Current Year Expenditures	Current Year Cash Transferred to Subrecipient
U.S. Department of Commerce					
Research and Development Cluster					
Direct Award					
Build to Scale	ED21HDQ0240110	11.024	\$ 39,000	\$ 5,059	\$ -
Passed Through Southeast Michigan Community Alliance					
Economic Development Cluster					
Economic Adjustment Assistance Program	06-79-06449	11.307	1,000,000	<u>319,374</u>	<u>-</u>
Total U.S. Department of Commerce				<u>324,433</u>	<u>-</u>
U.S. Department of Labor					
Passed Through Michigan Works Southeast					
Unemployment Insurance	WIOA 23-01 Spec. Business GAAR	17.225	580,835	304,239	-
Passed Through Southeast Michigan Community Alliance					
Registered Apprenticeship	FOA-ETA-22-06	17.285	71,450	<u>15,060</u>	<u>-</u>
Total U.S. Department of Labor				<u>319,299</u>	<u>-</u>
U.S. Department of Treasury					
Passed Through the Michigan Strategic Fund					
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	399920	21.027	3,426,316	755,583	548,904
Passed Through the Early Childhood Investment Corporation					
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	-	21.027	150,000	<u>68,602</u>	<u>-</u>
Total U.S. Department of Treasury				<u>824,185</u>	<u>548,904</u>
Total Federal Awards				<u>\$ 1,467,917</u>	<u>\$ 548,904</u>

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

**Ann Arbor SPARK and Affiliate
Notes to the Schedule of Expenditures of Federal Awards
December 31, 2024**

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Ann Arbor SPARK and Affiliate under programs of the federal government for the year ended December 31, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Ann Arbor SPARK and Affiliate, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Ann Arbor SPARK and Affiliate.

Note 2 - Summary of Significant Accounting Policies

Expenditures

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the *Uniform Guidance* where certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect Cost Rate

Ann Arbor SPARK and Affiliate has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3 - Reconciliation to the Financial Statements

Accelerator grants on the Statement of Activities	\$ 3,698,530
Nonfederal grant revenue (state and other grants)	<u>(2,230,613)</u>
 Expenditures per Schedule of Expenditures of Federal Awards	 <u><u>\$ 1,467,917</u></u>

Note 4 - Subrecipients

Amounts provided to subrecipients for the year ended December 31, 2024 were as follows:

Subrecipients	Federal Assistance Listing Number	Total
Jewish Family Services	21.027	\$ 106,700
Monroe County Business Alliance	21.027	32,737
Grand Valley State University	21.027	130,568
Monroe County Business Alliance	21.027	63,798
Howell Area Chamber of Commerce	21.027	172,777
Washtenaw Community College	21.027	42,324
		<u><u>\$ 548,904</u></u>

**Ann Arbor SPARK and Affiliate
Schedule of Findings and Questioned Costs
December 31, 2024**

Section I – Summary of Auditors’ Results

Financial Statements

Type of report the auditor issued on whether the financial statements were prepared in accordance with Generally Accepted Accounting Principles: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified? _____ yes X none reported

Type of auditors’ report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes X no

Identification of major federal programs:

<i>Assistance Listing Number</i>	<i>Name of Federal Program or Cluster</i>
21.027	Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? _____ yes X no

**Ann Arbor SPARK and Affiliate
Schedule of Findings and Questioned Costs
December 31, 2024**

Section II – *Government Auditing Standards* Findings

There were no findings for *Government Auditing Standards* for the year ended December 31, 2024.

Section III – Federal Award Findings

There were no findings or questioned costs for Federal Awards for the year ended December 31, 2024.

**Ann Arbor SPARK and Affiliate
Summary Schedule of Prior Audit Findings
December 31, 2024**

Section IV – Prior Audit Findings

Government Auditing Standards Findings

An audit in accordance with *Government Auditing Standards* was not required to be performed for the year ended December 31, 2023 and, therefore, there are no results to report.

Federal Award Findings

A federal compliance audit was not required to be performed for the year ended December 31, 2023 and, therefore, there are no results to report.