

SPARK VENTURES
AUDITED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2011 AND 2010

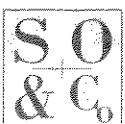


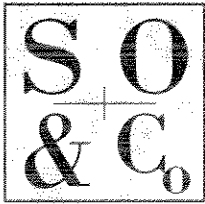
Certified Public Accountants

SPARK VENTURES
AUDITED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2011 AND 2010

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Shapiro
Olefsky
& Company

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Spark Ventures

We have audited the accompanying statements of financial position of Spark Ventures as of June 30, 2011 and 2010 and the related statements of activities and cash flows for the years then ended. The financial statements are the responsibility of the Spark Ventures' management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Spark Ventures as of June 30, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules of functional expenses on pages 9 and 10 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Shapiro Olefsky & Company
Shapiro, Olefsky & Company

Northbrook, Illinois
August 13, 2011

Certified Public Accountants

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Spark Ventures
Statements of Financial Position
June 30, 2011 and 2010

Assets

	<u>2011</u>	<u>2010</u>
Current Assets		
Cash and Cash Equivalents (Note 2B)	\$ 203,300	\$ 208,614
Assets Held for Sale	1,305	485
Prepaid Expenses - Partnership Trip (Note 6)	34,216	-
Loans Receivable	1,500	7,664
Grants Receivable (Note 4)	-	75,000
	<u>240,321</u>	<u>291,763</u>
Total Current Assets		
Property and Equipment		
Furniture and Equipment, Net of Accumulated Depreciation (Note 2G)	<u>6,942</u>	<u>6,247</u>
Total Property and Equipment	<u>6,942</u>	<u>6,247</u>
Other Assets		
Partner Loan Receivable (Note 3)	<u>100,000</u>	<u>35,000</u>
Total Other Assets	<u>100,000</u>	<u>35,000</u>
Total Assets	<u>\$ 347,263</u>	<u>\$ 333,010</u>

Liabilities and Net Assets

Current Liabilities		
Accounts Payable	\$ 8,555	\$ 1,860
Deferred Income - Partnership Trip (Note 7)	<u>31,328</u>	<u>-</u>
Total Current Liabilities/ Total Liabilities	<u>39,883</u>	<u>1,860</u>
Net Assets		
Unrestricted	307,380	225,475
Temporarily Restricted (Note 5)	-	105,675
Permanently Restricted	<u>-</u>	<u>-</u>
Total Net Assets	<u>307,380</u>	<u>331,150</u>
Total Liabilities and Net Assets	<u>\$ 347,263</u>	<u>\$ 333,010</u>



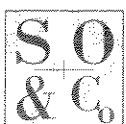


Spark Ventures
Statements of Activities
For the Years Ended June 30, 2011 and 2010

	2011		2010	
	Unrestricted	Temporarily Restricted	Unrestricted	Temporarily Restricted
Revenue and Other Support:				
Contributions	\$ 374,465	\$ -	\$ 271,996	\$ 148,174
Underwriting	26,580	-	4,825	-
In-kind Contributions	31,062	-	7,839	-
Other Income	12	-	21	-
Net Assets Released from restrictions in Satisfaction of Program Restrictions	105,675	(105,675)	174,792	(174,792)
	<u>537,794</u>	<u>(105,675)</u>	<u>459,473</u>	<u>(26,618)</u>
Total Revenue and Other Support		432,119		432,855
Expenses:				
Program Services:				
Partner Programs	243,461	-	215,447	3,250
Services to Sponsors	4,017	-	3,723	-
Education and Awareness	38,623	-	25,367	-
Partnership Trips	25,881	-	-	39,249
	<u>311,982</u>	<u>-</u>	<u>244,537</u>	<u>42,499</u>
Total Program Services		311,982		287,036
Support Services:				
Fundraising	116,286	-	75,606	-
General and Administrative	27,621	-	50,978	-
	<u>143,907</u>	<u>-</u>	<u>126,584</u>	<u>-</u>
Total Support Services		143,907		126,584
Total Expenses	455,889	-	371,121	42,499
Change in Net Assets	81,905	(105,675)	88,352	(69,117)
Net Assets - Beginning of Year	225,475	105,675	137,123	174,792
Net Assets - End of Year	<u>\$ 307,380</u>	<u>\$ -</u>	<u>\$ 225,475</u>	<u>\$ 105,675</u>

Spark Ventures
 Statements of Cash Flows
 For the Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ (23,770)	\$ 19,235
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation Expense	1,856	1,280
(Increase) Decrease in Unconditional Promises to Give	-	25,000
(Increase) Decrease in Loans Receivable	6,164	(7,664)
(Increase) Decrease in Assets Held for Sale	(820)	(485)
(Increase) Decrease in Prepaid Expenses	(34,216)	-
(Increase) Decrease in Grants Receivable	75,000	-
Increase (Decrease) in Accounts Payable	6,695	1,428
Increase (Decrease) in Deferred Income	31,328	-
	<u>62,237</u>	<u>38,794</u>
Net Cash Provided by Operating Activities		
Cash Flows from Investing Activities:		
Purchases of Furniture and Equipment	(2,551)	(3,210)
Loan made to Partner (Note 3)	(65,000)	(35,000)
	<u>(67,551)</u>	<u>(38,210)</u>
Net Cash Used in Investing Activities		
Net Increase (Decrease) in Cash and Cash Equivalents (Note 2B)	<u>(5,314)</u>	<u>584</u>
Cash and Cash Equivalents - Beginning of Year	<u>208,614</u>	<u>208,030</u>
Cash and Cash Equivalents - End of Year	<u>\$ 203,300</u>	<u>\$ 208,614</u>



SPARK VENTURES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 and 2010

1. ORGANIZATION

Spark Ventures (Spark), an Illinois not-for-profit corporation with headquarters in Chicago, Illinois, exists to form partnerships with high impact organizations around the world that help vulnerable children achieve their potential. In 2007, Spark formed a unique partnership with Hope Ministries in Zambia to stabilize, strengthen and sustain them by providing training, development and resources.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The accounting financial statements have been prepared using the accrual basis of accounting.

Net assets, revenue, gains, and other support and expenses in the accompanying financial statements are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of Spark and changes therein are classified and reported as follows:

Unrestricted Net Assets – Net assets that are not subject to donor-imposed restrictions. Unrestricted net assets may be designated by the board for specific purposes at any time.

Temporarily Restricted Net Assets – Net assets subject to donor-imposed restriction that may or will be met with either actions of Spark and/or the passage of time. When a restriction expires, temporarily restricted assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released restrictions.

Permanently Restricted Net Assets – *Permanently restricted net assets* represent resources subject to donor-imposed stipulations to be invested in perpetuity, and only the income may be available for program operations. As of June 30, 2011 and 2010, Spark did not have any permanently restricted assets.

B. Cash and Cash Equivalents

Cash and cash equivalents with maturities of three months or less from the date of acquisition are considered cash and cash equivalents.



SPARK VENTURES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 and 2010

C. Contributions

Contributions are recorded as received. Spark reports contributions of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified into unrestricted net assets and reported in the statement of activities as net assets released from restrictions. In-kind donations received are recorded at their fair value on the date received.

D. Income Taxes

Spark has been recognized as exempt from federal income taxes on income related to its exempt purposes under Section 501(a) of the Internal Revenue Code of 1986 (IRC) as an organization described in Section 501(c)(3) of the IRC. Spark did not generate any unrelated business income during the years ended June 30, 2011 and 2010.

E. Functional Expense Allocation

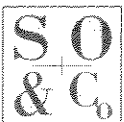
The cost of providing the various programs and supporting services has been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services.

Services to sponsors program represents costs used to enhance the sponsor-child relationship. Funds are used to gather and disseminate information to sponsors concerning their sponsored child, process correspondence between the sponsor and the child and educate sponsors on the environment and circumstances of the sponsored child.

Education and awareness program represents costs associated with communicating the needs and vision of partner organizations, as well as sharing information regarding the conditions and realities within the partner country.

Partnership trips program represents costs associated with service learning and volunteer travel to our partner organization. Additionally, a portion of the trip cost goes toward supporting the partner organization.

Partner programs represent costs to assist over 300 children through programs that provide these children with education, food, shelter, health care and emotional support. Spark also uses funds to enhance and expand effectiveness of partner programs, develop and train personnel and execute capital projects.



SPARK VENTURES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 and 2010

F. Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported accounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenue, gains, and other support and expenses during the reported period. Actual results could differ significantly from those estimates.

G. Property and Equipment

Furniture and equipment are capitalized at cost. The furniture and equipment are being depreciated over their estimated useful lives of five years using a straight-line method, with a half of a year's depreciation recognized in the years of acquisition and disposal. Depreciation expense for the years ended June 30, 2011 and 2010, was \$1,865 and \$1,280 respectively. Accumulated depreciation for the years ended June 30, 2011 and 2010, was \$3,616 and \$1,760.

3. PARTNER LOAN RECEIVABLE

During 2010, Spark entered into a loan agreement to advance \$100,000 to Hope Ministries to help fund the land purchase, construction and operations for a poultry farm. In total, \$100,000 has been disbursed to Hope Ministries in accordance with this agreement, \$65,000 as of June 30, 2011 and \$35,000 as of June 30, 2010. The loan repayment amounts will increase yearly based on the profitability of the farm and in accordance with the agreement, and will be realized through a reduction of the monthly program funding from Spark to Hope Ministries. Interest will be charged at a rate of 2% annually, except for the first two years when the interest rate is 0%. No interest has been charged as of June 30, 2011 and 2010.

4. FOUNDATION GRANT

Spark received a Challenge Grant from a foundation for the year ended June 30, 2010. The grant was structured to match the \$150,000 goal to be raised during a six-month period (September 2009 – February 2010), if and only if the goal was reached. The campaign was successful. Per the terms of the grant, payment from the foundation is made in two equal installments of \$75,000. The first installment of \$75,000 was received in June, 2010. The second payment, classified as a receivable for the year ending June 30, 2010, was received in November, 2010.



SPARK VENTURES
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011 and 2010

5. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes:

	<u>June 30,</u> <u>2011</u>	<u>2010</u>
Future Partner Development Transfers	\$ <u>-</u>	\$ <u>105,675</u>
Total Temporarily Restricted Net Assets	\$ <u>-</u>	\$ <u>105,675</u>

Net assets were released during the year ended June 30, 2011 from donor restrictions by incurring expenses satisfying the purpose specified by donors as follows:

	<u>June 30,</u> <u>2011</u>	<u>2010</u>
Purpose restriction accomplished:		
Partner development transfers paid	\$ <u>-</u>	\$ <u>105,675</u>
Total restrictions released	\$ <u>-</u>	\$ <u>105,675</u>

6. PREPAID EXPENSES

Expenses in the amount of \$34,216 paid as of June 30, 2011, for a Partnership Trip scheduled for July 2011, were classified as Prepaid Expenses.

7. DEFERRED INCOME

Contributions in the amount of \$31,328 received as of June 30, 2011, for a Partnership Trip scheduled for July 2011, were classified as Deferred Income.





Spark Ventures
Statement of Functional Expenses - Program Services
For the Year Ended June 30, 2011

	Program Services					Support Services			Total Expenses
	Partner Programs	Services to Sponsors	Education and Awareness	Partnership Trips	Total Program Expenses	Fundraising	General and Administrative	Total Support Services Expenses	
Partner Activity	\$ 98,650	\$ -	\$ -	\$ 7	\$ 98,657	\$ -	\$ -	\$ -	\$ 98,657
Professional Services	5,518	-	1,694	65	7,276	10,917	980	11,897	19,173
Occupancy	3,448	-	-	31	3,480	2,487	622	3,109	6,589
Outreach & Events	-	-	15,115	-	15,115	15,381	-	15,381	30,496
Travel	22,120	-	455	23,560	46,135	932	200	1,132	47,267
Supplies	526	838	528	423	2,317	646	962	1,608	3,925
Postage and Freight	285	737	2,042	515	3,578	1,031	248	1,279	4,857
Marketing	713	2,345	9,651	1,011	13,719	5,555	279	5,834	19,553
Meals & Entertainment	362	65	1,376	198	2,002	1,212	485	1,697	3,699
Salaries and Benefits	108,716	-	186	-	108,902	56,614	23,085	79,699	188,601
Donated Goods and Services	1,913	-	7,552	-	9,464	20,395	383	20,778	30,242
Equipment	1,210	32	25	71	1,337	1,116	377	1,493	2,830
Total	\$ 243,461	\$ 4,017	\$ 38,623	\$ 25,881	\$ 311,982	\$ 116,286	\$ 27,621	\$ 143,907	\$ 455,889



Spark Ventures
Statement of Functional Expenses - Program Services
For the Year Ended June 30, 2010

	Program Services					Support Services			Total Expenses
	Partner Programs	Services to Sponsors	Education and Awareness	Partnership Trips	Total Program Expenses	Fundraising	General and Administrative	Total Support Services Expenses	
Partner Activity	\$ 120,132	\$ -	\$ -	\$ -	\$ 120,132	\$ -	\$ -	\$ -	\$ 120,132
Professional Services	564	-	50	-	614	4,035	13,406	17,441	18,055
Occupancy	48	12	3,382	282	3,704	4,234	6,386	10,620	14,324
Outreach & Events	-	-	8,016	-	8,016	14,176	-	14,176	22,192
Travel	12,403	1,578	3,006	37,802	54,789	1,979	88	2,067	56,856
Supplies	2,798	812	1,497	730	5,837	3,242	1,720	4,962	10,799
Postage and Freight	87	586	204	-	877	1,855	261	2,116	2,993
Marketing	-	690	8,592	184	9,466	13,630	952	14,582	24,048
Meals & Entertainment	493	12	472	259	1,236	1,023	952	1,975	3,211
Salaries and Benefits	66,010	-	-	-	66,010	28,534	25,695	54,229	120,239
Donated Goods and Services	-	-	-	-	-	2,634	-	2,634	2,634
Equipment	16,162	33	148	12	16,355	264	1,518	1,782	18,137
Total	\$ 218,697	\$ 3,723	\$ 25,367	\$ 39,249	\$ 287,036	\$ 75,606	\$ 50,978	\$ 126,584	\$ 413,620