Financial Statements and Independent Auditors' Report

June 30, 2009

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Independent Auditors' Report

Audit Committee Social Venture Partners Seattle, Washington

Certified Public

Accountants

and Consultants

We have audited the accompanying statement of financial position - modified cash basis of Social Venture Partners (SVP) as of June 30, 2009, and the related statement of activities and changes in net assets - modified cash basis for the year then ended. These financial statements are the responsibility of SVP's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from SVP's 2008 audited financial statements and, in our report dated October 22, 2008, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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.

As described in Note 1, these financial statements were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Social Venture Partners as of June 30, 2009, and the changes in its net assets for the year then ended, in conformity with the modified cash basis of accounting described in Note 1.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule on page 9 is presented for additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Certified Public Accountants

Clark Mules PS

September 22, 2009

Statement of Financial Position - Modified Cash Basis June 30, 2009

(With Comparative Totals for 2008)

Assets	2009	 2008
Cash and equivalents Investments	\$ 169,085 341,911	\$ 490,087 342,552
Total Assets	\$ 510,996	\$ 832,639
Liabilities and Net Assets		
Liabilities Funds held for others	\$ 1,430	\$ -
Net Assets Unrestricted net assets Temporarily restricted net assets	 484,566 25,000	 832,639
Total Net Assets	 509,566	 832,639
Total Liabilities and Net Assets	\$ 510,996	\$ 832,639

Statement of Activities and Changes in Net Assets - Modified Cash Basis For the Year Ended June 30, 2009 (With Comparative Totals for 2008)

	Unrestricted	Temporarily Restricted	Total	2008		
Revenue and Support:						
Contributions	\$ 1,407,666	\$ 70,519	\$ 1,478,185	\$ 1,863,599		
Grants	65,000		65,000	4= ===		
Investment income	13,399		13,399	45,753		
Other income	9,935	(45.540)	9,935	306		
Net assets released from restrictions	45,519	(45,519)				
Total Revenue and Support	1,541,519	25,000	1,566,519	1,909,658		
Expenses:						
Program services	1,692,278		1,692,278	1,532,202		
Management and general	116,379		116,379	114,081		
Fundraising	80,935		80,935	84,989		
Total Expenses	1,889,592		1,889,592	1,731,272		
Change in Net Assets	(348,073)	25,000	(323,073)	178,386		
Beginning of year net assets	832,639		832,639	654,253		
End of Year Net Assets	\$ 484,566	\$ 25,000	\$ 509,566	\$ 832,639		

Notes to Financial Statements

Note 1 - Description of the Organization and Significant Accounting Policies

Organization - Social Venture Partners (SVP) is a dual-mission organization that builds the capacity of both philanthropists and nonprofit organizations. SVP educates individuals to be well informed, effective, and engaged philanthropists. In addition, SVP invests time, expertise, and money to strengthen the organizational capacity of local nonprofit organizations to more effectively achieve their missions. The SVP model brings together elements that typically do not overlap in a single organization: grantmaking, nonprofit capacity building, philanthropic education, and volunteer matching.

Partners are at the core of SVP. They join by making a minimum annual contribution of \$5,700. These funds are used to make grants to local nonprofit organizations, and to support capacity building and philanthropy development programs. Currently, grantmaking and capacity building partnerships are focused on achieving better outcomes for children, education, and the environment.

SVP offers many different "pathways" for Partners to learn in-depth about philanthropy and the nonprofit world. Partners can join grantmaking committees, serve as volunteer consultants to support our investees, attend educational events, and serve on internal working groups. SVP is a convening space for Partners to connect to each other, collaborate, and explore new avenues of philanthropic engagement.

Programs - The primary programs of Social Venture Partners are:

Philanthropy Development - SVP provides workshops, seminars and experiential learning opportunities for individuals in order to (1) increase their use of strategic giving strategies; (2) increase engagement in their communities; and (3) increase their amount of giving. Learning areas include grantmaking, volunteering, cultural competency, issues, values and integration, nonprofit sector, and financial planning and giving vehicles.

Capacity Building - SVP helps nonprofits to be as effective as possible in delivering their programs and services by helping to build their organizational capacity. SVP defines Organizational Capacity Building as the development of core skills, management practices, strategies, and systems to enhance an organization's effectiveness, sustainability and ability to fulfill its mission. SVP supports capacity building for its Investees by providing cash grants, skilled volunteers, professional consultants, leadership development and management training opportunities.

Direct Grants and Paid Consulting - SVP provides grants to investees (grantees) and consulting fees for professionals working directly with investees in one of our core capacity building areas.

Advocacy - SVP engages its Partners in developing strategies to influence public policy in order to drive systemic change in SVP's core funding areas. SVP does this by advancing philanthropy development in advocacy and policy and by supporting and advancing nonprofits that influence public policy and affect systemic change.

Field Building - Work done to have a positive effect on the broader philanthropic and non-profit sectors.

Notes to Financial Statements

Note 1 - Continued

Basis of Presentation - These financial statements have been prepared on the modified cash basis of accounting. As such, investments are recorded in the financial statements at fair value. All other income and expenses are recognized only as cash is received or paid. Receivables, prepaid expenses, payables, accrued expenses, and grants pledged are not reflected.

In July 2007, Social Venture Partners initiated a fundraising campaign to support the implementation of its newly adopted 2007 - 2012 strategic plan. SVP has received written intentions to give toward the campaign totaling \$971,400 and \$998,400 at June 30, 2009 and 2008, respectively. Cumulative cash receipts against these pledges totaled \$523,921 and \$358,299 at June 30, 2009 and 2008, respectively, and have been recognized as revenue on the statement of activities - modified cash basis. Total commitments outstanding totaled \$447,479 and \$640,101 at June 30, 2009 and 2008, respectively (unaudited).

As of June 30, 2009 and 2008, there were no grants that were approved by SVP but not yet paid. Payables and accrued expenses totaled \$11,890 and \$21,202 as of June 30, 2009 and 2008, respectively.

Net assets of SVP are classified into the following categories:

<u>Unrestricted Net Assets</u> - Net assets that are not subject to donor-imposed restrictions, are general in nature, or are for operating purposes.

<u>Temporarily Restricted Net Assets</u> - Net assets that are subject to donor-imposed time or use restrictions that have not been met.

<u>Permanently Restricted Net Assets</u> - Net assets subject to donor-imposed stipulations that they be maintained permanently by SVP. SVP did not have any permanently restricted net assets at June 30, 2009 and 2008.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expiration of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) is reported as reclassifications between the applicable classes of net assets under the caption "net assets released from restrictions."

Revenue Recognition - Contributions and grants are recognized as revenue when they are paid.

Cash and Cash Equivalents - SVP considers temporary investments with an original maturity of three months or less, except those held in its investment portfolio, to be cash equivalents.

Investments - SVP carries all investments in debt and equity securities with readily determinable fair values at fair value on the statement of financial position - modified cash basis. Realized and unrealized gains and losses are reflected on the statement of activities and changes in net assets - modified cash basis. Investment fees totaled \$2,561 and \$3,802 years ended June 30, 2009 and 2008, respectively.

Notes to Financial Statements

Note 1 - Continued

Depreciation - SVP capitalizes office equipment and furniture with a value greater than \$5,000, at cost. There was no capitalized equipment or furniture at June 30, 2009 and 2008.

Donated Services and Materials - A number of people have donated time to the activities of SVP. These financial statements do not reflect the value of these donated services because the time does not meet the criteria for recording under current accounting standards. Certain professional services formally documented and charged to the relevant project are recorded in the accompanying financial statements. Contributions of materials, based on market values at the time of contribution, have also been recorded.

Income Taxes - The Internal Revenue Service has determined SVP to be exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been recorded.

Use of Estimates - The preparation of financial statements requires management to make estimates and assumptions that affect reported amounts and related disclosure. Actual results could differ from these estimates.

Concentrations of Credit Risk - SVP's bank and investment balances were in excess of the FDIC and SIPC insurance amounts during the fiscal year.

Functional Expense Allocation - Expenses shared between SVP's program, management and general, and fundraising activities are allocated based on the number of hours worked on each function by employees.

Prior Year Summarized Information - The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the financial statements for SVP for the year ended June 30, 2008, from which the summarized information was derived.

Approval of Financial Statements - The financial statements were approved and authorized for issuance by the audit committee on September 22, 2009.

Note 2 - Retirement Plan

SVP has a 403(b) defined contribution retirement plan (the Plan). Employees become eligible to participate in the plan the first day of the month following the date of hire and are eligible for matching contributions when they begin making employee deferrals into the plan. Employees may contribute compensation up to the maximum amount allowed by law. SVP makes matching contributions up to 5% of an employee's annual compensation. Participants are immediately vested in both the employee and the employer contributions to the Plan. Employer contributions to the Plan were \$20,670 and \$12,762 for the years ended June 30, 2009 and 2008, respectively.

Notes to Financial Statements

Note 3 - Net Assets

Temporarily restricted net assets consisted of the following at June 30, 2009:

Capacity building enhancement fund Capacity building and programs salaries	\$ 10,000 10,000
Portfolio grant committee - other	 5,000
	\$ 25 000

There were no temporarily restricted net assets as of June 30, 2008.

Note 4 - Investments and Fair Value Measurements

Fair Value Measurements - In September 2006, the Financial Accounting Standards Board ("FASB") issued FASB Statement ("SFAS") No. 157, *Fair Value Measurements*. SFAS 157 establishes a new framework for measuring fair value and expands related disclosures. To increase consistency and comparability in fair value measurements, the SFAS 157 framework requires fair value to be determined based on the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants.

SFAS 157 uses a three-level valuation hierarchy based on observable and non-observable inputs. Observable inputs consist of data obtained from independent sources. Non-observable inputs reflect market assumptions. These two types of inputs are used to create the fair value hierarchy, giving preference to observable inputs.

Financial assets and liabilities classified as Level 1 have fair values based on unadjusted quoted market prices for identical instruments in active markets. Financial assets and liabilities classified as Level 2 have fair values based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in inactive markets, and model-derived valuations whose inputs are observable. Financial assets and liabilities classified as Level 3 have fair values based on value drivers that are unobservable.

Fair Values Measured on a Recurring Basis - Fair values of financial instruments measured on a recurring basis at June 30, 2009 and 2008 consisted entirely of mutual and money market funds and were measured using level 1 inputs. The fair value of these investments totaled \$341,911 and \$342,522 at June 30, 2009 and 2008, respectively.

Investment securities consisted of the following at June 30, 2009:

		2009		2008
Money market Equity securities	\$	138,132	\$	67,072 377
Corporate bond mutual fund		203,779		275,103
	<u>\$</u>	<u>341,911</u>	<u>\$</u>	342,552

Notes to Financial Statements

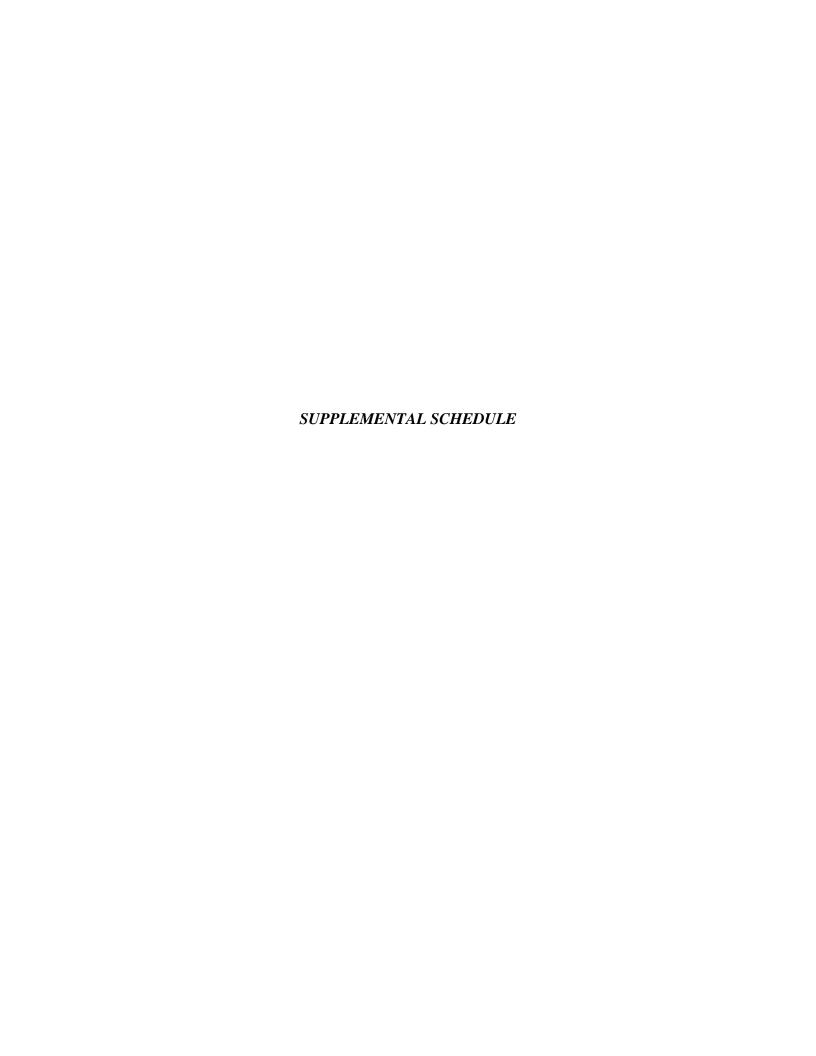
Note 4 - Continued

Investment return was as follows for the year ended June 30, 2009:

		2009	 2008
Dividends and interest Unrealized and realized loss	\$	17,786 (4,387)	\$ 47,788 (2,035)
	<u>\$</u>	13,399	\$ 45,753

Note 5 - Related Party Transactions

From time to time, SVP awards grants to local organizations whose board of directors include a member of SVP's board of directors. During the year ended June 30, 2009, grants awarded to such organizations totaled \$40,000.



Statement of Functional Expenses - Modified Cash Basis For the Year Ended June 30, 2009 (With Comparative Totals for 2008)

	Program Services																			
									Dir	ect Grants										
	Phil	lanthropy	C	Capacity				Field	and	Consulting		Total	Ma	nagement						
	Dev	relopment	E	Building	Ac	lvocacy		Building		ilding for Investees		Program Services		and General		ndraising	Total		2008	
Grants	\$	_	\$	_	\$	_	\$	_	\$	953,000	\$	953,000	\$	_	\$	_	\$ 953,000	\$	883,000	
Personnel	,	195,036	•	112,109	•	48,499	•	30,772	•	,	Ť	386,416	,	74,809	•	59,113	520,338	•	446,854	
Consultants for investees										122,745		122,745					122,745		125,495	
Professional services		39,839		12,314		19,293		200				71,646		22,403		8,548	102,597		63,698	
Rent		17,672		10,065		4,388		2,753				34,878		8,552		5,322	48,752		35,122	
Partner events		36,703										36,703					36,703		42,159	
Travel		12,091		7,861		2,647		6,690				29,289		2,196		2,845	34,330		19,716	
Office expenses		12,873		3,849		2,555		818				20,095		5,403		3,184	28,682		46,916	
Partner education		12,168		3,079		994		185				16,426		511		448	17,385		8,344	
Associations and dues		3,388		2,285		738		5,289				11,700		98		94	11,892		35,309	
Supplies and equipment		2,733		1,875		708		180				5,496		1,477		725	7,698		18,318	
Insurance		1,805		1,204		492		383				3,884		930		656	5,470	_	6,341	
Total Expenses	\$	334,308	\$	154,641	\$	80,314	\$	47,270	\$	1,075,745	\$	1,692,278	\$	116,379	\$	80,935	\$ 1,889,592	\$	1,731,272	