

SOCIAL VENTURE PARTNERS

Financial Statements

For the Year Ended June 30, 2015

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Independent Auditor's Report

**Board of Directors
Social Venture Partners
Seattle, Washington**

We have audited the accompanying financial statements of Social Venture Partners (SVP) which comprise of the statement of financial position as of June 30, 2015, and the related statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to SVP's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SVP's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SVP as of June 30, 2015, and the results of its activities and changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



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Report on Summarized Comparative Information

We have previously audited SVP's 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 10, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Emphasis of Matter

As discussed in Note 1 to the financial statements, SVP had a change in accounting principle during the year ended June 30, 2015. Our opinion is not modified with respect to that matter.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on page 12 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.



Certified Public Accountants
November 18, 2015

SOCIAL VENTURE PARTNERS**Statement of Financial Position
June 30, 2015
(With Comparative Totals for 2014)**

	<u>2015</u>	<u>2014 As Restated</u>
Assets		
Cash and cash equivalents	\$ 783,079	\$ 656,913
Accounts receivable	5,679	500
Pledges receivable, net	253,391	240,342
Grants receivable	75,000	25,000
Other assets	76,108	74,602
Property, furniture and equipment, net	84,178	111,269
Total Assets	<u>\$ 1,277,435</u>	<u>\$ 1,108,626</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 124,765	\$ 51,675
Deferred rent and tenant improvement allowance	43,228	53,933
Deferred revenue	25,000	30,000
Grants payable		65,000
Total Liabilities	<u>192,993</u>	<u>200,608</u>
Net Assets:		
Unrestricted	642,120	673,103
Temporarily restricted	442,322	234,915
Total Net Assets	<u>1,084,442</u>	<u>908,018</u>
Total Liabilities and Net Assets	<u>\$ 1,277,435</u>	<u>\$ 1,108,626</u>

See accompanying notes.

SOCIAL VENTURE PARTNERS

**Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2015
(With Comparative Totals for 2014)**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2015 Total</u>	<u>2014 Total As Restated</u>
Revenue and Support:				
Contributions	\$ 1,929,455	\$ 263,364	\$ 2,192,819	\$ 2,277,948
Grants		281,000	281,000	232,500
Other income	123,646		123,646	111,581
Net assets released from restrictions	<u>336,957</u>	<u>(336,957)</u>		
Total Revenue and Support	2,390,058	207,407	2,597,465	2,622,029
Expenses:				
Program services	1,937,107		1,937,107	2,066,653
Management and general	315,933		315,933	273,434
Fundraising	<u>168,001</u>		<u>168,001</u>	<u>198,091</u>
Total Expenses	2,421,041		2,421,041	2,538,178
Change in Net Assets	(30,983)	207,407	176,424	83,851
Net assets, beginning of year	<u>673,103</u>	<u>234,915</u>	<u>908,018</u>	<u>824,167</u>
Net Assets, End of Year	<u>\$ 642,120</u>	<u>\$ 442,322</u>	<u>\$ 1,084,442</u>	<u>\$ 908,018</u>

See accompanying notes.

SOCIAL VENTURE PARTNERS

**Statement of Cash Flows
For the Year Ended June 30, 2015
(With Comparative Totals for 2014)**

	<u>2015</u>	<u>2014 As Restated</u>
Cash Flows From Operating Activities:		
Change in net assets	\$ 176,424	\$ 83,851
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities-		
Depreciation	27,091	27,091
Changes in assets and liabilities:		
Accounts receivable	(5,179)	7,670
Pledges receivable	(13,049)	(170,592)
Grants receivable	(50,000)	(25,000)
Other assets	(1,506)	(7,763)
Accounts payable and accrued expenses	73,090	(21,746)
Deferred rent and tenant improvement allowance	(10,705)	(9,096)
Deferred revenue	(5,000)	30,000
Grants payable	(65,000)	45,000
Net Cash Provided (Used) by Operating Activities	<u>126,166</u>	<u>(40,585)</u>
Net change in cash and cash equivalents	126,166	(40,585)
Cash and cash equivalents, beginning of year	<u>656,913</u>	<u>697,498</u>
Cash and Cash Equivalents, End of Year	<u>\$ 783,079</u>	<u>\$ 656,913</u>

See accompanying notes.

SOCIAL VENTURE PARTNERS

Notes to Financial Statements For the Year Ended June 30, 2015

Note 1 - Description of the Organization and Significant Accounting Policies

Organization - Social Venture Partners (SVP) cultivates effective philanthropists and strengthens organizations driving community change - building powerful relationships that advance shared community goals.

SVP educates individuals to be well informed, effective, and engaged philanthropists - helping them make the greatest impact with their philanthropic giving. In addition, SVP invests time, expertise, and money to strengthen the organizational capacity of local nonprofit organizations to more effectively achieve their missions.

Partners are at the core of SVP. They join by making a minimum contribution of \$6,000 (\$2,500 for individuals under 35 years of age). These funds are used to make grants to local nonprofit organizations, and to support capacity building, collective action, and philanthropy development programs. Currently, grantmaking and capacity building partnerships are focused on achieving better outcomes in early learning, education, and the environment.

Programs - The primary programs of SVP 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 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.

Field Building - SVP engages in efforts that have a positive effect on the broader philanthropic and nonprofit sectors.

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

Collective Action - In order to better align with shared community goals in King County, SVP engages partners in learning about and investing in collective action initiatives. SVP provides funding and support to organizations leading and engaging in these initiatives. Collective Action expenses are shown under Philanthropy Development, Field Building and Direct Grant and Consulting for Investees on the statement of functional expenses.

Fast Pitch - SVP provides a competitive fast-pitch investment forum highlighting "New Ideas for Social Impact" for various nonprofits and for-profit organizations.

Statewide Capacity Collaborative - SVP acts as the convener and facilitator of a group of grantmakers that work to align, collaborate, strategize, and pool funds to support and strengthen the capacity of nonprofits and the statewide system that supports nonprofits.

SOCIAL VENTURE PARTNERS

Notes to Financial Statements For the Year Ended June 30, 2015

Note 1 - Continued

Financial Statement Presentation - The accompanying financial statements are presented in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Net assets of SVP are classified into the following categories:

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

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

Permanently Restricted Net Assets - 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, 2015 and 2014.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Partner revenue is recognized as revenue when their commitment to be a partner is renewed each year. Any partner revenue over the required annual contribution is recognized in the annual fund unrestricted contributions unless otherwise restricted by the donor. 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" in the statement of activities and changes in net assets.

Cash and Cash Equivalents - SVP considers short-term investments with an original maturity of three months or less to be cash equivalents.

Pledges Receivable - Pledges receivable are recognized as revenues when the commitment is renewed or made. At June 30, 2015 and 2014, all pledges are due in the subsequent fiscal period. Pledges receivable are stated at the amount management expects to receive. Pledges that are deemed uncollectible are written off. Management assesses the need for an allowance for probable uncollectible pledges and recorded a \$127,002 and \$0 allowance at June 30, 2015 and 2014, respectively.

Estimates - Management uses estimates and assumptions in preparing financial statements in accordance with U.S. GAAP. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Property, Furniture and Equipment - Property, furniture and equipment are stated at cost. SVP capitalizes expenditures with a cost in excess of \$5,000 with useful lives greater than one year. Depreciation is computed on a straight-line basis, over the following useful lives:

Furniture, fixtures and equipment	10 years
Leasehold improvements	Lesser of the useful life or the life of the lease

SOCIAL VENTURE PARTNERS

Notes to Financial Statements For the Year Ended June 30, 2015

Note 1 - Continued

Deferred Revenue - Deferred revenue includes registration fees for the Conservation Leader Fellowship pilot program. This deferred revenue is recognized as earned.

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. As applicable, 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. Donated services and materials were immaterial for the years ended June 30, 2015 and 2014.

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

Change in Accounting Principle - During the fiscal year ended June 30, 2015, SVP changed its methodology for recording Partner revenue. Partner revenue is reconciled monthly and recognized as revenue when the commitment to be a partner is renewed or when a new commitment is made, including additional commitments made by the Partner. Prior to this, Partner revenue was recorded when received. This change is preferable in that it is in conformity with revenue recognition principles in accordance with U.S. GAAP. Comparative financial statements of the prior year have been adjusted to apply the new method retrospectively. As a result, the 2014 statement of financial position, statement of activities and changes in net assets, and statement of cash flows have been restated. The effects of the change on pledges receivable, unrestricted net assets, total net assets, contributions, and change in net assets for 2014 resulting from this change are as follows:

	<u>Previously Reported</u>	<u>Adjustment</u>	<u>As Restated</u>
Statement of Financial Position -			
Pledges receivable, net	\$ 119,929	\$ 120,413	\$ 240,342
Unrestricted net assets	552,690	120,413	673,103
Total net assets	787,605	120,413	908,018
Statement of Activities and Changes in Net Assets -			
Contributions	\$ 2,157,535	\$ 120,413	\$ 2,277,948
Change in net assets	(36,562)	120,413	83,851

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 U.S. GAAP. Accordingly, such information should be read in conjunction with the financial statements for SVP for the year ended June 30, 2014, from which the summarized information was derived.

Concentrations of Credit Risk - SVP's cash balance was in excess of federally insured amounts at times during the fiscal year.

SOCIAL VENTURE PARTNERS

Notes to Financial Statements For the Year Ended June 30, 2015

Note 1 - Continued

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

Subsequent Events - SVP has evaluated subsequent events through November 18, 2015, the date on which the financial statements were available to be issued.

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 the IRS. SVP makes matching contributions up to 5% of an employee's annual compensation. Participants are immediately vested in both the employee and employer contributions to the Plan. SVP's contribution to the Plan was \$26,432 and \$28,416, respectively, for the years ended June 30, 2015 and 2014.

Note 3 - Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following at June 30:

	<u>2015</u>	<u>2014</u>
Conservation leaders	\$ 33,614	\$ 121,386
Fast pitch	29,711	11,499
Statewide capacity collaborative	322,072	96,231
Shoe service award	10,000	
Jeffersonian dinners	3,925	
Professional development	10,000	
Time restrictions - other	33,000	5,799
	<u>\$ 442,322</u>	<u>\$ 234,915</u>

Note 4 - 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 years ended June 30, 2015 and 2014, grants awarded to such organizations totaled \$156,833 and \$145,000, respectively.

Note 5 - Leases

Beginning January 1, 2010, SVP began leasing office space for a lease term expiring December 31, 2019. During the year ended June 30, 2013, SVP began leasing another office space for a lease term expiring August 31, 2017. SVP also leases certain office equipment.

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Notes to Financial Statements For the Year Ended June 30, 2015

Note 5 - Continued

Future minimum payments under the terms of the leases are as follows:

For the Year Ending June 30,

2016	\$	124,553
2017		127,908
2018		87,283
2019		67,417
2020		<u>34,087</u>
	\$	<u>441,248</u>

Lease expense for the years ended June 30, 2015 and 2014, was \$159,849 and \$161,175, respectively.

SVP sublets a portion of its leased space to Social Venture Partners International. The sublease began on January 1, 2010, and expires on December 31, 2019. During the year ended June 30, 2013, SVP entered into an agreement with a tenant to sublease SVP's prior office. This agreement expires December 31, 2019.

Future minimum receipts under the terms of the subleases are as follows:

For the Year Ending June 30,

2016	\$	82,946
2017		84,966
2018		86,986
2019		89,006
2020		<u>45,071</u>
	\$	<u>388,975</u>

Lease income for the years ended June 30, 2015 and 2014, was \$80,543 and \$78,138, respectively.

SOCIAL VENTURE PARTNERS

**Notes to Financial Statements
For the Year Ended June 30, 2015**

Note 6 - Property, Furniture and Equipment

Property, furniture and equipment as of June 30 were as follows:

	<u>2015</u>	<u>2014</u>
Furniture, fixtures, and equipment	\$ 46,446	\$ 46,446
Leasehold improvements	<u>112,232</u>	<u>112,232</u>
	158,678	158,678
Less accumulated depreciation	<u>(74,500)</u>	<u>(47,409)</u>
Property, Furniture and Equipment, Net	<u><u>\$ 84,178</u></u>	<u><u>\$ 111,269</u></u>

SUPPLEMENTARY INFORMATION

SOCIAL VENTURE PARTNERS

**Statement of Functional Expenses
For the Year Ended June 30, 2015
(With Comparative Totals for 2014)**

	Program Services						Total Program Services	Management and General	Fundraising	2015 Total	2014 Total
	Philanthropy Development	Capacity Building	Field Building	Direct Grants and Consulting for Investees	Fast Pitch	Statewide Capacity Collaborative					
Grants	\$ -	\$ -	\$ -	\$ 704,433	\$ 93,500	\$ 10,600	\$ 808,533	\$ -	\$ -	\$ 808,533	\$ 1,026,820
Personnel	264,734	109,836	28,099			30,190	432,859	151,291	92,911	677,061	741,029
Consultants for investees				128,879			128,879			128,879	87,732
Professional services	133,305	17,468	7,930		69,008	29,844	257,555	107,582	21,856	386,993	288,227
Partner education	21,031	299	415				21,745			21,745	46,325
Partner events	46,495	100	3,351				49,946	44		49,990	13,274
Rent	58,030	25,756	13,673				97,459	34,727	27,663	159,849	161,174
Supplies and equipment	2,135	677	736		1,307		4,855	2,115	1,025	7,995	29,351
Office	37,711	8,816	3,952		5,787	667	56,933	3,101	10,874	70,908	50,714
Travel and conferences	10,697	6,048	10,523			10	27,278	446	360	28,084	34,129
Associations and dues	17,668	8,676	4,976				31,320	9,768	7,707	48,795	27,392
Depreciation	9,889	4,389	2,330				16,608	5,769	4,714	27,091	27,091
Insurance	1,868	829	440				3,137	1,090	891	5,118	4,920
Total Expenses	\$ 603,563	\$ 182,894	\$ 76,425	\$ 833,312	\$ 169,602	\$ 71,311	\$ 1,937,107	\$ 315,933	\$ 168,001	\$ 2,421,041	\$ 2,538,178

See independent auditor's report.