

***SOCIAL VENTURE PARTNERS***

Financial Statements

For the Year Ended June 30, 2014

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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, 2014, 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, 2014, 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.

# CLARK NUBER

Certified Public  
Accountants  
and Consultants

## ***Report on Summarized Comparative Information***

We have previously audited SVP's 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 17, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013, 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, 2014. 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 10, 2014

**SOCIAL VENTURE PARTNERS**

**Statement of Financial Position**

**June 30, 2014**

**(With Comparative Totals for 2013)**

	<u>2014</u>	<u>2013</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 656,913	\$ 697,498
Accounts receivable	500	8,170
Pledges receivable	144,929	69,750
Other assets	74,602	66,839
Property, furniture and equipment, net	<u>111,269</u>	<u>138,360</u>
<b>Total Assets</b>	<b><u>\$ 988,213</u></b>	<b><u>\$ 980,617</u></b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities:</b>		
Accounts payable and accrued expenses	\$ 51,675	\$ 73,421
Deferred rent and tenant improvement allowance	53,933	63,029
Deferred revenue	30,000	
Grants payable	<u>65,000</u>	<u>20,000</u>
<b>Total Liabilities</b>	<b><u>200,608</u></b>	<b><u>156,450</u></b>
<b>Net Assets:</b>		
Unrestricted	552,690	416,350
Temporarily restricted	<u>234,915</u>	<u>407,817</u>
<b>Total Net Assets</b>	<b><u>787,605</u></b>	<b><u>824,167</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 988,213</u></b>	<b><u>\$ 980,617</u></b>

See accompanying notes.

**SOCIAL VENTURE PARTNERS**

**Statement of Activities and Changes in Net Assets  
For the Year Ended June 30, 2014  
(With Comparative Totals for 2013)**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>2014 Total</u>	<u>2013 Total</u>
<b>Revenue and Support:</b>				
Contributions	\$ 1,963,124	\$ 194,411	\$ 2,157,535	\$ 2,051,669
Grants		232,500	232,500	585,000
Other income	111,581		111,581	75,870
Net assets released from restrictions	599,813	(599,813)		
<b>Total Revenue and Support</b>	<b>2,674,518</b>	<b>(172,902)</b>	<b>2,501,616</b>	<b>2,712,539</b>
<b>Expenses:</b>				
Program services	2,066,653		2,066,653	1,846,670
Management and general	273,434		273,434	225,225
Fundraising	198,091		198,091	206,800
<b>Total Expenses</b>	<b>2,538,178</b>		<b>2,538,178</b>	<b>2,278,695</b>
<b>Change in Net Assets</b>	<b>136,340</b>	<b>(172,902)</b>	<b>(36,562)</b>	<b>433,844</b>
Net assets, beginning of year	416,350	407,817	824,167	390,323
<b>Net Assets, End of Year</b>	<b>\$ 552,690</b>	<b>\$ 234,915</b>	<b>\$ 787,605</b>	<b>\$ 824,167</b>

See accompanying notes.

**SOCIAL VENTURE PARTNERS**

**Statement of Cash Flows**  
**For the Year Ended June 30, 2014**  
**(With Comparative Totals for 2013)**

	<u>2014</u>	<u>2013</u>
<b>Cash Flows from Operating Activities:</b>		
Change in net assets	\$ (36,562)	\$ 433,844
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities-		
Depreciation	27,091	20,318
Changes in assets and liabilities:		
Accounts receivable	7,670	1,569
Pledges receivable	(75,179)	(48,250)
Other assets	(7,763)	(66,839)
Accounts payable and accrued expenses	(21,746)	27,078
Deferred rent and tenant improvement allowance	(9,096)	63,029
Deferred revenue	30,000	
Grants payable	45,000	
<b>Net Cash (Used) Provided by Operating Activities</b>	<b>(40,585)</b>	<b>430,749</b>
<b>Cash Flows from Investing Activities:</b>		
Purchase of investments		(164,429)
Proceeds from the sale of investments		222,666
Purchase of property and equipment		(158,678)
<b>Net Cash Used by Investing Activities</b>		<b>(100,441)</b>
Net change in cash and cash equivalents	(40,585)	330,308
Cash and cash equivalents, beginning of year	697,498	367,190
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 656,913</b>	<b>\$ 697,498</b>

See accompanying notes.

## ***SOCIAL VENTURE PARTNERS***

### ***Notes to Financial Statements For the Year Ended June 30, 2014***

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#### ***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, 2014***

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#### ***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, 2014 and 2013.

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.

**Investments** - During the year ended June 30, 2013, SVP liquidated its investments and transferred the balance to cash and cash equivalents.

**Pledges Receivable** - Pledges receivable are recognized as revenues in the period the pledge is received. At June 30, 2014 and 2013, 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, but such an allowance was not material at June 30, 2014 and 2013.

**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.

## ***SOCIAL VENTURE PARTNERS***

### ***Notes to Financial Statements For the Year Ended June 30, 2014***

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#### ***Note 1 - Continued***

**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	Lessor of the useful life or the life of the lease

**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, 2014 and 2013.

**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. SVP files income tax returns with the U.S. government. SVP is subject to income tax examinations for the current year and certain prior years based on the applicable laws and regulations.

**Change in Accounting Principle** - During the fiscal year ended June 30, 2014, SVP changed its methodology for recording Partner revenue. Partner revenue is recognized as revenue when the commitment to be a partner is renewed each year, 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. SVP determined that it is impracticable to determine the cumulative effect of applying this change retrospectively because it is not readily determinable. However, SVP has all of the information necessary to apply the change on a prospective basis beginning in 2014. As a result, there was no cumulative effect of the change in net assets, unrestricted net assets, or total assets as of July 1, 2013. The effect of the change in revenue recognition was to increase pledges receivable and contributions by \$62,270 as of and for the year ended June 30, 2014.

**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, 2013, 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.

**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.

## ***SOCIAL VENTURE PARTNERS***

### ***Notes to Financial Statements For the Year Ended June 30, 2014***

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#### ***Note 1 - Continued***

**Subsequent Events** - SVP has evaluated subsequent events through November 10, 2014, 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 \$28,416 and \$23,719, respectively, for the years ended June 30, 2014 and 2013.

#### ***Note 3 - Net Assets***

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

	<u>2014</u>	<u>2013</u>
Conservation leaders	\$ 121,386	\$ 64,930
Fast pitch	11,499	4,683
Statewide capacity collaborative	96,231	318,454
Time restrictions - other	5,799	19,750
	<u>\$ 234,915</u>	<u>\$ 407,817</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, 2014 and 2013, grants awarded to such organizations totaled \$145,000 and \$140,000, 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.

**SOCIAL VENTURE PARTNERS**

**Notes to Financial Statements  
For the Year Ended June 30, 2014**

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**Note 5 - Continued**

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

*For the Year Ending June 30,*

2015	\$ 116,355
2016	124,553
2017	127,908
2018	87,283
2019	67,417
Thereafter	<u>34,087</u>
	<u><b>\$ 557,603</b></u>

Lease expense for the years ended June 30, 2014 and 2013, was \$161,175 and \$121,368, 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,*

2015	\$ 81,053
2016	83,073
2017	85,093
2018	87,113
2019	89,133
Thereafter	<u>45,071</u>
	<u><b>\$ 470,536</b></u>

Lease income for the years ended June 30, 2014 and 2013, was \$78,138 and \$65,710, respectively.

**SOCIAL VENTURE PARTNERS**

**Notes to Financial Statements  
For the Year Ended June 30, 2014**

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**Note 6 - Property, Furniture and Equipment**

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

	<u>2014</u>	<u>2013</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>(47,409)</u>	<u>(20,318)</u>
<b>Property, Furniture and Equipment, Net</b>	<b><u><u>\$ 111,269</u></u></b>	<b><u><u>\$ 138,360</u></u></b>

***SUPPLEMENTARY INFORMATION***

**SOCIAL VENTURE PARTNERS**

**Statement of Functional Expenses  
For the Year Ended June 30, 2014  
(With Comparative Totals for 2013)**

	Program Services						Management and General	Fundraising	2014 Total	2013 Total	
	Philanthropy Development	Capacity Building	Field Building	Direct Grants and Consulting for Investees	Fast Pitch	Statewide Capacity Collaborative					Total Program Services
Grants	\$ -	\$ -	\$ -	\$ 713,000	\$ 70,500	\$ 243,320	\$ 1,026,820	\$ -	\$ -	\$ 1,026,820	\$ 916,000
Personnel	273,948	117,593	38,614			23,690	453,845	160,579	126,605	741,029	636,771
Consultants for investees				87,732			87,732			87,732	58,619
Professional services	135,999	10,287	8,991		71,262		226,539	45,623	16,065	288,227	236,083
Partner education	41,654	1,637	873			6	44,170	1,134	1,021	46,325	28,115
Partner events	9,151	1,795	16				10,962	1,935	377	13,274	66,348
Rent	58,891	26,138	13,876				98,905	34,195	28,074	161,174	121,368
Supplies and equipment	5,698	5,089	1,084		14,148	194	26,213	1,797	1,341	29,351	19,775
Office	14,251	6,624	4,207		1,337	27	26,446	10,567	13,701	50,714	123,183
Travel and conferences	7,950	8,102	14,716				30,768	1,926	1,435	34,129	22,505
Associations and dues	10,582	4,909	2,785				18,276	10,127	4,937	33,340	27,646
Depreciation and amortization	7,718	3,425	1,818				12,961	4,503	3,679	21,143	16,733
Insurance	1,796	797	423				3,016	1,048	856	4,920	5,549
<b>Total Expenses</b>	<b>\$ 567,638</b>	<b>\$ 186,396</b>	<b>\$ 87,403</b>	<b>\$ 800,732</b>	<b>\$ 157,247</b>	<b>\$ 267,237</b>	<b>\$ 2,066,653</b>	<b>\$ 273,434</b>	<b>\$ 198,091</b>	<b>\$ 2,538,178</b>	<b>\$ 2,278,695</b>

See independent auditor's report.