

SOCIAL VENTURE PARTNERS
dba SOCIAL VENTURE PARTNERS SEATTLE

FINANCIAL STATEMENTS WITH
INDEPENDENT AUDITORS' REPORT

SEPTEMBER 30, 2019



INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Social Venture Partners
Seattle, Washington

We have audited the accompanying financial statements of Social Venture Partners (a nonprofit organization), which comprise the statement of financial position as of September 30, 2019, and the related statements of activities, functional expenses, 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.

Auditors' 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 the entity'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 the entity'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 Social Venture Partners as of September 30, 2019, 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.

A handwritten signature in cursive script that reads "Jones & Associates PLLC, CPAs".

Jones & Associates PLLC, CPAs
March 25, 2020

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SOCIAL VENTURE PARTNERS SEATTLE
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2019

ASSETS

Cash and cash equivalents	\$ 691,454
Accounts receivable	2,364
Pledges receivable	95,692
Other assets	27,297
Total current assets	<u>816,807</u>
 Property and equipment, net	 <u>13,934</u>
	<u><u>\$ 830,741</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable and accrued expenses	\$ 93,235
Deferred revenue	36,600
Total current liabilities	<u>129,835</u>
 Other liabilities	 910
Total liabilities	<u>130,745</u>

NET ASSETS

Without donor restrictions	32,816
With donor restrictions	667,180
Total net assets	<u>699,996</u>
	<u><u>\$ 830,741</u></u>

SOCIAL VENTURE PARTNERS SEATTLE
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions	\$ 1,030,855	\$ 143,692	\$ 1,174,547
Foundation grants	75,000	366,000	441,000
Program fees	98,858	-	98,858
Other income	43,075	-	43,075
	<u>1,247,788</u>	<u>509,692</u>	<u>1,757,480</u>
Net asset releases:			
Purpose restrictions met	611,402	(611,402)	-
Time restrictions met	55,043	(55,043)	-
	<u>666,445</u>	<u>(666,445)</u>	<u>-</u>
 Total support and revenue	 <u>1,914,233</u>	 <u>(156,753)</u>	 <u>1,757,480</u>
EXPENSES			
Program services	1,598,762	-	1,598,762
Management and general	250,884	-	250,884
Fundraising	210,334	-	210,334
Total expenses	<u>2,059,980</u>	<u>-</u>	<u>2,059,980</u>
 CHANGE IN NET ASSETS	 (145,747)	 (156,753)	 (302,500)
NET ASSETS			
Beginning of the year	<u>178,563</u>	<u>823,933</u>	<u>1,002,496</u>
End of the year	<u>\$ 32,816</u>	<u>\$ 667,180</u>	<u>\$ 699,996</u>

SOCIAL VENTURE PARTNERS SEATTLE
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2019

	Program Services						Support Services			
	Philanthropy Development	Capacity Building	Field Building	Direct Grants & Consulting for Investees	Fast Pitch	Statewide Capacity Collaborative	Total	Management and General	Fundraising	Total
Grants	\$ -	\$ -	\$ -	\$ 338,000	\$ 64,500	\$ 254,000	\$ 656,500	\$ -	\$ -	\$ 656,500
Personnel	155,654	168,007	4,429	-	27,324	35,555	390,969	193,452	156,619	741,040
Professional services	123,944	650	-	-	-	48,514	173,108	30,142	23,573	226,823
Office	42,250	20,294	2,042	-	80	23,995	88,661	5,473	5,673	99,807
Rent	26,610	46,574	4,435	-	-	-	77,619	6,026	15,523	99,168
Partner education	73,981	-	-	-	-	-	73,981	10	-	73,991
Associations and dues	12,641	22,629	1,899	-	-	-	37,169	8,632	6,640	52,441
Supplies and equipment	1,533	2,680	258	-	42,462	-	46,933	1,046	895	48,874
Bad debt	27,375	-	-	-	-	-	27,375	-	-	27,375
Consultants for investees	-	-	-	9,270	-	-	9,270	-	-	9,270
Partner events	8,737	-	-	-	-	-	8,737	-	-	8,737
Insurance	1,308	2,289	218	-	-	-	3,815	873	763	5,451
Depreciation	1,116	1,956	180	-	-	-	3,252	745	648	4,645
Taxes	-	-	-	-	-	-	-	3,067	-	3,067
Travel and conferences	1,373	-	-	-	-	-	1,373	1,418	-	2,791
	<u>\$ 476,522</u>	<u>\$265,079</u>	<u>\$ 13,461</u>	<u>\$ 347,270</u>	<u>\$ 134,366</u>	<u>\$ 362,064</u>	<u>\$1,598,762</u>	<u>\$ 250,884</u>	<u>\$ 210,334</u>	<u>\$2,059,980</u>

See accompanying notes to financial statements.

SOCIAL VENTURE PARTNERS SEATTLE
STATEMENT OF CASH FLOWS
YEAR ENDED SEPTEMBER 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from contributions and foundation grants	\$ 1,623,377
Cash received from program fees	189,149
Cash received from rental and investment income	43,075
Cash paid to grantees, employees and suppliers	<u>(2,107,908)</u>
	(252,307)

NET CHANGE IN CASH AND CASH EQUIVALENTS (252,307)

CASH AND CASH EQUIVALENTS

Beginning of the year	<u>943,761</u>
End of the year	<u><u>\$ 691,454</u></u>

SOCIAL VENTURE PARTNERS SEATTLE
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note 1 – Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities – Social Venture Partners Seattle (SVP) envisions our region flourishing, with everyone thriving regardless of race or income. However, systemic barriers and inequitable allocation of resources are limiting our fellow community members ability to achieve their potential. SVP seeks to foster a philanthropic and nonprofit sector that has the strength and resources to address systemic issues related to racial equity in SVP’s core issue areas by (1) building a community of engaged and educated philanthropists who understand their role in creating an equitable community, helping them make the greatest impact with their philanthropic giving; (2) building the capacity of the leaders and organizations doing the hard work of addressing systemic issues; and (3) increasing collaboration - doing more together than we can do alone while leveraging best practices and sharing power.

Partners are at the core of SVP. They join by making a minimum annual contribution of \$6,000 (\$2,500 for individuals under 36 years of age). These and other contributed funds are pooled and used to make grants to local nonprofit organizations, and to support SVP’s capacity building, collective action, and philanthropy development programs. For the year ended September 30, 2019, grantmaking and capacity building partnerships were focused on achieving better outcomes in early learning, education, and environmental justice.

Basis of Accounting and Presentation – The financial statements of SVP have been prepared on the accrual basis of accounting and report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

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 other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. There are no perpetually restricted net assets at September 30, 2019.

Cash and Cash Equivalents – For purposes of the statement of cash flows, SVP considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents. At September 30, 2019, cash and cash equivalents consist of checking and money market accounts. SVP maintains amounts in bank accounts that may exceed federally insured limits at times during the year. SVP has not experienced any losses in these accounts, and management does not believe it is exposed to any significant credit risk.

Pledges Receivable – Pledges receivable are unconditional promises to give that are recognized as revenues and assets in the period received. No allowance for uncollectible pledges has been established by management based upon the SVP’s historical experience in the collection of balances due. All pledge receivables are due within one year as of September 30, 2019.

SOCIAL VENTURE PARTNERS SEATTLE
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note 1 – Nature of Activities and Summary of Significant Accounting Policies (Continued)

Property and Equipment – Property and equipment is carried at cost. Depreciation is computed using the straight-line method over a period of five years for leasehold improvements and ten years for furniture and equipment. SVP follows a policy whereby it capitalizes purchases of property and equipment with a value in excess of \$5,000 that provide future benefits over a period longer than one year.

Revenue Recognition – Revenue is recognized when earned. SVP receives program service fees in the form of registration fees for educational programs and program events. These fees are recognized as revenue when the services are performed. Program service fees received in advance are recognized over the periods which the fees relate.

Contributions, including grants and sponsorships, are recorded as increases in net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions. When a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restriction. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

In-kind Contributions – In-kind contributions include donated goods and facilities that are recorded as contributions at their estimated fair value at the date of donation. Donated services are recognized as revenue and corresponding expense when (a) the services received create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by SVP.

Expense Allocation – The financial statements report certain categories of expenses that are attributable to one or more program or supporting function of SVP. During the budgeting process, a guideline of time allocation for all staff is created to allocate salaries and benefits by month and class throughout the year. Expenses that can be specifically identified and solely support one program are allocated directly to the appropriate program, administrative or fundraising class. A certain subset of expenses benefits all programs and functions of the organization and are deemed overhead costs. These expenses include rent, associations, information technology, telephone, supplies, insurance and depreciation. During the annual budgeting process the staff time allocations are aggregated and a percentage weight is determined between programs, administrative and fundraising. This overall weighted percentage is used to allocate these overhead costs.

Estimates – Management uses estimates and assumptions in preparing the financial statements. 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.

Income Tax Status – SVP is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. SVP qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi) and has been classified as an organization other than a private foundation under Section 509(a)(1).

SOCIAL VENTURE PARTNERS SEATTLE
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note 1 – Nature of Activities and Summary of Significant Accounting Policies (Continued)

New Accounting Pronouncement – On August 18, 2016, the Financial Accounting Standards Board issued Accounting Standards update ASU 2016-14, Presentation of Financial Statements of Not-for-Profit Entities (Topic 958). The ASU amends the current reporting model for nonprofit organizations and enhances the required disclosures. Significant changes include presenting only two classes of net assets; adding disclosures around liquidity and the availability of resources; and providing additional information about expenses. SVP has adopted the ASU for the year ended September 30, 2019 and has adjusted the presentation of these statements accordingly.

Subsequent Events – Subsequent events were evaluated through March 25, 2020, which is the date the financial statements were available to be issued.

Note 2 – Liquidity and Availability

Financial assets available for general expenditures within one year of the statement of financial position date are as follows at September 30, 2019:

Financial Assets	
Cash and cash equivalents	\$ 691,454
Accounts receivable	2,364
Pledges receivable	95,692
	<u>789,510</u>
Less those unavailable for general expenditures within one year:	
Restricted by donor for purpose	(553,488)
Financial assets available within one year	<u>\$ 236,022</u>

SVP's financial assets have some variations attributed to the timing difference between the program year and year-round partner cultivation and retention activities. SVP has a threshold of \$120,000 per month of net assets without donor restrictions established by the Board to assess liquidity. In the event of an unanticipated liquidity need, SVP could draw upon \$120,000 of an available line of credit.

SOCIAL VENTURE PARTNERS SEATTLE
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note 3 – Property and Equipment

Property and equipment consist of the following at September 30, 2019:

Leasehold improvements	\$ 59,732
Furnitures and fixtures	46,446
	<u>106,178</u>
Less accumulated depreciation	(92,244)
	<u><u>\$ 13,934</u></u>

Note 4 – Net Assets with Donor Restrictions

Net assets with donor restrictions are composed of the following at September 30, 2019:

Statewide Capacity Collaborative	\$ 484,305
Time restricted	113,692
Conservation Leaders	49,429
Fast Pitch	19,754
	<u><u>\$ 667,180</u></u>

Note 5 – Related Party Transactions

SVP is a member of Social Venture Partners International (SVPI), the national network. SVP paid SVPI \$58,209 for membership dues, event registration and other expenses during the year ended September 30, 2019. SVP received \$21,388 for rent and other revenues during the year ended September 30, 2019.

Members of SVP's Board of Directors may serve on the board of directors or have other significant relationships with organizations to whom SVP grants awards. During the year ended September 30, 2019, grants awarded to such organizations totaled \$40,000.

Note 6 – Line of Credit

SVP has a line of credit with a bank with a maximum borrowing amount of \$120,000 and matures August 15, 2025. The line bears interest at a rate equal to an interest rate based on the Prime Rate, plus a margin of 2.00%. As of September 30, 2019 the interest rate was 7.00%. There were no borrowings on the line of credit during the year ended September 30, 2019, and no balance outstanding at September 30, 2019. The line of credit is secured by inventory, equipment, and investment and deposit accounts held at the bank.

SOCIAL VENTURE PARTNERS SEATTLE
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019

Note 7 – Lease Commitment

SVP has an operating lease for its office space, ending August 31, 2021. Rent expense under this lease was \$70,633 for the year ended September 30, 2019 . Future minimum lease payments are as follows for the years ending September 30:

2020	\$ 72,748
2021	68,533
	<u>\$ 141,281</u>

SVP subleases office space to various organizations, including SVPI. All sublease arrangements are set to expire during fiscal year ending September 30, 2020. For the year ending September 30, 2020, future minimum receipts for these subleases are \$5,900.

Note 8 – Retirement Plan

SVP has a 403(b) defined contribution retirement plan (the Plan). Employees becoming 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. SVP’s contribution to the Plan was \$15,516 for the year ended September 30, 2019.