

SOCIAL VENTURE PARTNERS CONNECTICUT INC.

FINANCIAL STATEMENTS

Year Ended June 30, 2021

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Capossela, Cohen, LLC

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Independent Auditor's Report

To the Board of Directors of
Social Venture Partners Connecticut Inc.
50 Charles Street
Westport, CT 06880

Report on the Financial Statements

We have audited the accompanying financial statements of Social Venture Partners Connecticut Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, 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 the 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 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 the 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 Connecticut Inc. as of June 30, 2021 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.

Capossela, Cohen, LLC

September 15, 2021

SOCIAL VENTURE PARTNERS CONNECTICUT INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2021

Assets

Current assets		
Cash and cash equivalents	\$	389,431
Prepaid expenses		<u>2,192</u>
Total assets	\$	<u>391,623</u>

Net assets

Net assets		
Without donor restrictions	\$	220,623
With donor restrictions		<u>171,000</u>
Total net assets		<u>391,623</u>
Total liabilities and net assets	\$	<u>391,623</u>

See accompanying notes and independent auditor's report

SOCIAL VENTURE PARTNERS CONNECTICUT INC.
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Operating activities:			
Revenues and other support			
Total amounts raised	\$ 1,170,204	\$ 301,372	\$ 1,471,576
Less: amounts raised for others	(105,000)	-	(105,000)
Contributions	1,065,204	301,372	1,366,576
Net assets released from restrictions			
Satisfaction of purpose restrictions	130,372	(130,372)	-
Total revenues and other support	1,195,576	171,000	1,366,576
Expenses			
Program services	1,116,041	-	1,116,041
Management and general	76,408	-	76,408
Fundraising	83,715	-	83,715
Total expenses	1,276,164	-	1,276,164
Change in net assets from operating activities	(80,588)	171,000	90,412
Nonoperating activities:			
Return on investments	1,211	-	1,211
Transfer of initial funds from FCCF (<i>see Note H</i>)	300,000	-	300,000
Change in net assets	220,623	171,000	391,623
Net assets at beginning of year	-	-	-
Net assets at end of year	\$ 220,623	\$ 171,000	\$ 391,623

See accompanying notes and independent auditor's report

SOCIAL VENTURE PARTNERS CONNECTICUT INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2021

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 475,724	\$ 53,518	\$ 65,412	\$ 594,654
Payroll taxes and benefits	61,289	6,895	8,427	76,611
Bank and credit card charges	-	5,116	-	5,116
Grant expense	495,606	-	-	495,606
Insurance	7,178	807	987	8,972
Office supplies and expenses	19,764	2,384	2,723	24,871
Professional fees	26,180	4,279	2,000	32,459
Rent	30,300	3,409	4,166	37,875
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses	\$ 1,116,041	\$ 76,408	\$ 83,715	\$ 1,276,164
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See accompanying notes and independent auditor's report

SOCIAL VENTURE PARTNERS CONNECTICUT INC.
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2021

Indirect method

Increases (decreases) in cash

Cash flows from operating activities:

Change in net assets	\$ 391,623
Adjustments to reconcile change in net assets to net cash from operating activities	
Net changes in:	
Prepaid expenses	(<u>2,192</u>)
Net cash from operating activities	<u>389,431</u>
Net change in cash	389,431
Cash and cash equivalents, beginning of year	<u>-</u>
Cash and cash equivalents, end of year	\$ <u><u>389,431</u></u>

See accompanying notes and independent auditor's report

SOCIAL VENTURE PARTNERS CONNECTICUT INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note A - Nature of Activities and Summary of Significant Accounting Policies

Nature of activities

Social Venture Partners Connecticut Inc. (SVP or the Organization) is a tax-exempt public charity dedicated to harnessing the time, expertise, and resources of its donors and strategic partners to work with organizations in Connecticut whose mission is to support the needs of vulnerable and disadvantaged populations, apply innovative business principles and market dynamics to achieve sustainable solutions to social problems, and educate government leaders about practical initiatives that provide work and educational opportunities to disadvantaged families.

Basis of presentation

The financial statements of SVP have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the "Guide"). ASC 958-205 was effective January 1, 2018.

Under the provisions of the Guide, net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. SVP's board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Non-Profit Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Measure of operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to SVP's ongoing activities. Non-operating activities are limited to resources that generate return from investments, endowment contributions, financing costs, and other activities considered to be of a more unusual or nonrecurring nature.

SOCIAL VENTURE PARTNERS CONNECTICUT INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note A - Nature of Activities and Summary of Significant Accounting Policies (continued)

Contributions

Unconditional contributions are recognized when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets.

When a restriction expires, that is, when a stipulated time restriction ends or a 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 restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Contributions restricted for the acquisition of land, buildings, and equipment are reported as net assets without donor restriction upon acquisition of the assets and when the assets are placed in service.

Agency transactions

The Organization follows financial accounting standards related to transfers of assets to a not-for-profit organization or charitable trust that raises or holds contributions for others. These accounting standards establish principles for transactions in which a donor makes an irrevocable contribution to a beneficiary by transferring assets through another entity, the recipient. The standards require that when a recipient organization is acting like an agent for the ultimate beneficiary organization, the recipient organization is to recognize the fair value of the assets, as well as the liability to the specified beneficiary instead of recognizing a contribution. During the year ended June 30, 2021, SVP received donations and pledges totaling \$105,000, intended for SVP affiliate organizations. The total amount of \$105,000 was remitted to the SVP affiliate organizations during the year ended June 30, 2021.

Cash equivalents

SVP considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Revenue recognition

SVP recognizes revenue in accordance with Accounting Standard Codification (ASC) Topic 606, "Revenue from Contracts with Customers" (Topic 606). The standard provides for a comprehensive five-step model for recognizing revenue. The core principle of Topic 606 is that revenue shall be recognized when goods and services promised under a contract are transferred to the customer, as contemplated under the contract and for which the Organization is reasonably entitled to compensation.

SOCIAL VENTURE PARTNERS CONNECTICUT INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note A - Nature of Activities and Summary of Significant Accounting Policies (continued)

Income taxes

The Organization is a Connecticut non-stock corporation that is exempt from taxes under Section 501 (a) of the Internal Revenue Code as an organization described under Section 501(c) (3) of the code. A ruling from the Internal Revenue Service has determined that the Organization will be treated as a publicly supported organization, and not a private foundation. This qualifies the Organization for the 60% charitable contribution deduction for individual donors. Consequently, the accompanying financial statements do not include any provision for income taxes.

The Organization recognizes the effect of tax positions only when they are more likely than not of being sustained. Management has determined that the Organization had no uncertain tax positions that would require financial statement recognition. The initial tax year for June 30, 2021 will be open for audit by federal and state authorities.

Functional expenses

Costs of providing program and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries	Time and effort
Payroll taxes and benefits	Time and effort
Insurance	Time and effort
Office supplies and expenses	Time and effort
Rent	Square footage
Professional Fees	Time and effort

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentration of credit risk

The Organization maintains cash balances at a financial institution located in Connecticut. Accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of June 30, 2021, the balance in excess of FDIC limits was \$145,856.

SOCIAL VENTURE PARTNERS CONNECTICUT INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note B - Net Assets - With Donor Restrictions

Donor restricted net assets as of June 30, 2021 are comprised of the following:

Subject to expenditure for specified purpose:	
COVID-19 Mitigation and Recovery Advisors for State of Connecticut	\$ 125,000
Development Consultant Services for SVP Connecticut	<u>46,000</u>
Total net assets with donor restrictions	<u><u>\$ 171,000</u></u>

Releases from donor restricted net assets consisted of the following during the fiscal year ended:

Subject to expenditure for specified purpose:	
Development Consulting services for SVP Connecticut	\$ 4,000
COVID-19 Mitigation and Recovery Advisors for State of Connecticut	<u>126,372</u>
	<u><u>\$ 130,372</u></u>

Note C - Grants to Others

SVP supports and makes grants to other nonprofit organizations in Connecticut. Significant grants, net of related fees, made during the fiscal year ended June 30, 2021 totaled \$495,606.

Note D - Related Parties

During the fiscal year ended June 30, 2021, SVP awarded \$20,000 grants to Horizons Bridgeport and Career Resources, Inc. These organizations each have one board member that also serves on the SVP Board of Directors.

Note E - Operating Leases

The Organization leases its main facility located in Westport, CT and an additional facility located in New Haven, CT. Under these lease agreements SVP makes quarterly payments of \$11,250 for the Westport location and monthly payments of \$375 for the New Haven location.

SOCIAL VENTURE PARTNERS CONNECTICUT INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2021

Note F - Liquidity

Social Venture Partners Connecticut Inc.'s financial assets available within one year of the statement of financial position date for general expenditure are as follows:

Cash and cash equivalents	\$ 389,431
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Note G - Other Matters

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude the pandemic will have on the Organization's financial condition, liquidity, and future results of operations. Management is actively monitoring the situation and the impact on its financial condition, liquidity, operations, suppliers, industry, and workforce.

Note H - Transfer of Funds from FCCF

By agreement executed on February 8, 2013, the SVP Fund, a Field of Interest Fund, was established at Fairfield County's Community Foundation (FCCF). During the period of February 8, 2013 to June 30, 2020, FCCF served in the role of fiscal sponsor for Social Venture Partners Connecticut and donations to the SVP Fund were administered by FCCF including, but not limited to management of the investment of the fund, and preparation and submission of all reports as required by law. An SVP Advisory Committee made recommendations to the Board of Directors of FCCF as to the distribution of any assets or principal of the fund and such recommendations could be accepted or rejected, in whole, or in part, by the Board of Directors of FCCF.

On July 1, 2020, Social Venture Partners Connecticut Inc. was established as a corporation and subsequently, \$300,000 of the assets in the SVP Fund were transferred by FCCF to SVP Connecticut for the Organization's direct fiscal management.

Note I - Subsequent Events

Date of management evaluation

Management has evaluated subsequent events through September 15, 2021, the date on which the financial statements were available to be issued.