

SOCIAL VENTURE PARTNERS CONNECTICUT INC.

FINANCIAL STATEMENTS

Years Ended June 30, 2022 and 2021

TABLE OF CONTENTS

| | <u>Page Number</u> |
|-------------------------------------|--------------------|
| Independent Auditor's Report | 1 |
| Financial Statements | |
| Statements of Financial Position | 3 |
| Statements of Activities | 4 |
| Statements of Functional Expenses | 6 |
| Statements of Cash Flows | 8 |
| Notes to Financial Statements | 9 |



Capossela, Cohen, LLC

CERTIFIED PUBLIC ACCOUNTANTS • MEMBER AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

368 CENTER STREET • SOUTHPORT, CONNECTICUT 06890-1432
203-254-7000 • FAX 203-259-4032 • www.capossela.com

Independent Auditor's Report

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

Opinion

We have audited the accompanying financial statements of Social Venture Partners Connecticut Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Social Venture Partners Connecticut Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Social Venture Partners Connecticut Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Social Venture Partner Connecticut Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Social Venture Partners Connecticut Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Capossela, Cohen, LLC

January 11, 2023

SOCIAL VENTURE PARTNERS CONNECTICUT INC.
STATEMENTS OF FINANCIAL POSITION
For the Years Ended June 30, 2022 and 2021

| | Assets | |
|---|---------------|-------------|
| | 2022 | 2021 |
| Current assets | | |
| Cash and cash equivalents | \$ 1,041,945 | \$ 389,431 |
| Prepaid expenses | - | 2,192 |
| Total assets | \$ 1,041,945 | \$ 391,623 |
| Liabilities and net assets | | |
| Current liabilities | | |
| Accounts payable and accrued expenses | \$ 10,520 | \$ - |
| Grants payable | 32,500 | - |
| Total current liabilities | 43,020 | - |
| Net assets | | |
| Without donor restrictions | 232,650 | 220,623 |
| With donor restrictions | 766,275 | 171,000 |
| Total net assets | 998,925 | 391,623 |
| Total liabilities and net assets | \$ 1,041,945 | \$ 391,623 |

See accompanying notes and independent auditor's report

SOCIAL VENTURE PARTNERS CONNECTICUT INC.
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|---|--|---|--------------------------|
| Operating activities: | | | |
| Revenues and other support | | | |
| Total amounts raised | \$ 972,107 | \$ 892,200 | \$ 1,864,307 |
| Less: amounts raised for others | (18,095) | - | (18,095) |
| Contributions | 954,012 | 892,200 | 1,846,212 |
| Net assets released from restrictions | | | |
| Satisfaction of purpose restrictions | <u>296,925</u> | <u>(296,925)</u> | <u>-</u> |
| Total revenues and other support | 1,250,937 | 595,275 | 1,846,212 |
| Expenses | | | |
| Program services | 1,046,904 | - | 1,046,904 |
| Management and general | 107,360 | - | 107,360 |
| Fundraising | 86,925 | - | 86,925 |
| Total expenses | <u>1,241,189</u> | <u>-</u> | <u>1,241,189</u> |
| Change in net assets from operating activities | 9,748 | 595,275 | 605,023 |
| Nonoperating activities: | | | |
| Return on investments | <u>2,279</u> | <u>-</u> | <u>2,279</u> |
| Change in net assets | 12,027 | 595,275 | 607,302 |
| Net assets at beginning of year | <u>220,623</u> | <u>171,000</u> | <u>391,623</u> |
| Net assets at end of year | \$ <u><u>232,650</u></u> | \$ <u><u>766,275</u></u> | \$ <u><u>998,925</u></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 G</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 | \$ <u>220,623</u> | \$ <u>171,000</u> | \$ <u>391,623</u> |

See accompanying notes and independent auditor's report

SOCIAL VENTURE PARTNERS CONNECTICUT INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2022

| | <u>Program Services</u> | <u>Management and General</u> | <u>Fundraising</u> | <u>Total</u> |
|------------------------------|-----------------------------|-----------------------------------|--------------------|---------------------|
| Salaries | \$ 633,713 | \$ 77,282 | \$ 61,826 | \$ 772,821 |
| Payroll taxes and benefits | 78,021 | 9,515 | 7,612 | 95,148 |
| Bank and credit card charges | - | 12 | 2,750 | 2,762 |
| Grant expense | 232,500 | - | - | 232,500 |
| Insurance | 8,107 | 989 | 791 | 9,887 |
| Office supplies and expenses | 35,895 | 3,322 | 1,786 | 41,003 |
| Professional fees | 21,153 | 11,665 | 8,500 | 41,318 |
| Rent | 37,515 | 4,575 | 3,660 | 45,750 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total expenses | \$ 1,046,904 | \$ 107,360 | \$ 86,925 | \$ 1,241,189 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

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 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total expenses | \$ 1,116,041 | \$ 76,408 | \$ 83,715 | \$ 1,276,164 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

See accompanying notes and independent auditor's report

SOCIAL VENTURE PARTNERS CONNECTICUT INC.
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2022 and 2021

Indirect method

Increases (decreases) in cash and cash equivalents

| | <u>2022</u> | <u>2021</u> |
|--|----------------------------|--------------------------|
| Cash flows from operating activities: | | |
| Change in net assets | \$ 607,302 | \$ 391,623 |
| Adjustments to reconcile change in net assets to net cash from operating activities | | |
| Net changes in: | | |
| Prepaid expenses | 2,192 | (2,192) |
| Accounts payable and accrued expenses | <u>43,020</u> | <u>-</u> |
| Net cash from operating activities | <u>652,514</u> | <u>389,431</u> |
| Net change in cash | 652,514 | 389,431 |
| Cash and cash equivalents, beginning of year | <u>389,431</u> | <u>-</u> |
| Cash and cash equivalents, end of year | \$ <u><u>1,041,945</u></u> | \$ <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, 2022 and 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 staff, donors, and strategic partners to work with organizations in Connecticut whose mission is to support the needs of vulnerable and disadvantaged populations and advance equitable workforce development and early child care and education to close opportunity gaps in Connecticut.

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 and the provisions of the American Institute of Certified Public Accountants (AICPA) “Audit and Accounting Guide for Not-for-Profit Organizations” (the “Guide”).

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, 2022 and 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. 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. SVP received donations and pledges with the understanding that the donor's intention was for SVP to distribute the contribution to a specific not-for-profit organization designated by the donor. These pass-through donations totaled \$18,095 and \$105,000 during the years ending June 30, 2022 and 2021 respectively. The entire amounts received by SVP in both years were remitted to the donor-designated not-for-profit organizations during the year in which they were received.

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, 2022 and 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 and the years thereafter 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 |
| Bank and credit card charges | 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 financial institutions located in Connecticut. Accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Balances in excess of FDIC limits for the years ended June 30, 2022 and 2021 were \$786,913 and \$145,856, respectively.

SOCIAL VENTURE PARTNERS CONNECTICUT INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

Note B - Net Assets - With Donor Restrictions

Donor restricted net assets are comprised of the following at June 30:

| | <u>2022</u> | <u>2021</u> |
|--|-------------------|-------------------|
| Subject to expenditure for specified purpose: | | |
| COVID-19 mitigation and recovery advisors for State of Connecticut | \$ - | \$ 125,000 |
| Development consultant services for SVP Connecticut | 37,500 | 46,000 |
| Governor's fellows advisors for the state of Connecticut | 360,000 | - |
| To support SVP's IT workforce development strategy and initiatives | 241,176 | - |
| To support SVP's healthcare workforce development strategy and initiatives | 43,505 | - |
| To support SVP's early childhood strategy and initiatives | 77,234 | - |
| Summer 2022 intern stipend | 6,860 | - |
| | <u>\$ 766,275</u> | <u>\$ 171,000</u> |

Releases from donor restricted net assets consisted of the following during the years ended June 30:

| | <u>2022</u> | <u>2021</u> |
|--|-------------------|-------------------|
| Subject to expenditure for specified purpose: | | |
| COVID-19 mitigation and recovery advisors for State of Connecticut | \$ 125,000 | \$ 126,372 |
| Development consultant services for SVP Connecticut | 8,500 | 4,000 |
| To support SVP's IT workforce development strategy and initiatives | 58,824 | - |
| To support SVP's healthcare workforce development strategy and initiatives | 56,495 | - |
| To support SVP's early childhood strategy and initiatives | 47,766 | - |
| Summer 2022 intern stipend | 340 | - |
| | <u>\$ 296,925</u> | <u>\$ 130,372</u> |

SOCIAL VENTURE PARTNERS CONNECTICUT INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

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 years ended June 30, 2022 and 2021 totaled \$232,500 and \$495,606, respectively.

Note D - Related Parties

During the fiscal year ended June 30, 2022, SVP awarded \$25,000 grants to Norwalk ACTs and ReadyCT (through the Traveler's Foundation Birdies for Charity Program). A member of the Norwalk ACTs Board is a member of the SVP Board, and the Executive Director of ReadyCT is a member of the SVP Board.

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 on a quarter-to-quarter basis with quarterly payments of \$11,250 per the lease agreement. SVP leased an additional facility located in New Haven, CT with monthly payments of \$375 through August 2021.

Rent expense for the years ended June 30, 2022 and 2021 was \$45,750 and \$37,875, respectively.

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:

| | <u>2022</u> | | <u>2021</u> |
|---------------------------|-------------|----|-------------|
| Cash and cash equivalents | \$ 275,670 | \$ | 218,431 |

SVP's financial assets have been reduced by amounts not available for general use because of donor imposed restrictions with in one year of the balance sheet date.

SOCIAL VENTURE PARTNERS CONNECTICUT INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022 and 2021

Note G - 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 H - Subsequent Events

Date of management evaluation

Management has evaluated subsequent events through January 11, 2023, the date on which the financial statements were available to be issued.

The Organization adopted and implemented a 401(k) retirement plan for all eligible employees of SVP in September 2022.