

CIVIC VENTURES

FINANCIAL STATEMENTS

For The Year Ended December 31, 2011

with

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

*CIVIC VENTURES
FINANCIAL STATEMENTS
DECEMBER 31, 2011*

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Independent Auditor's Report on Financial Statements

To the Board of Directors
Civic Ventures
San Francisco, California

I have audited the accompanying statement of financial position of Civic Ventures as of December 31, 2011 and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the organization's management. My responsibility is to express an opinion on these financial statements based on my audit.

I have conducted my audit in accordance with U. S. generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control over financial reporting. Accordingly, I express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Civic Ventures as of December 31, 2011, and changes in its net assets and its cash flows for the year then ended in conformity with U. S. generally accepted accounting principles.

Carl M. Arntzen, CPA

Carl M. Arntzen, CPA
April 11, 2012

CIVIC VENTURES
Statement of Financial Position
As of December 31, 2011

ASSETS

Current Assets	
Cash and cash equivalents	\$6,409,571
Grants receivable in 2012	1,960,000
Pledges receivable	17,500
Other receivables	30,225
Prepaid expenses	43,924
Total current assets	8,461,220
Fixed assets, net of accumulated depreciation	38,563
Grants receivable, 2013, net of \$54,140 discounts at 0.79 to 2%	3,110,404
Deposits	43,400
TOTAL ASSETS	\$11,653,587

LIABILITIES

Current Liabilities	
Accounts payable	\$267,810
Payroll payable	70,942
Grants payable	117,500
Accrued compensation	128,787
Deferred rent	16,110
Total current liabilities	601,149
TOTAL LIABILITIES	601,149

NET ASSETS

Unrestricted	2,053,391
Temporarily restricted	8,999,047
TOTAL NET ASSETS	11,052,438
TOTAL LIABILITIES AND NET ASSETS	\$11,653,587

The accompanying notes are an integral part of these financial statements.

CIVIC VENTURES
Statement of Activities
For the Year Ended December 31, 2011

	Unrestricted	Temporarily Restricted	Total
SUPPORT AND REVENUE			
Foundation grants		\$1,424,046	\$1,424,046
Corporate contributions	\$25,000	160,000	185,000
Individual contributions	17,500		17,500
Program fees	133,500		133,500
Conference fees	45,175		45,175
Royalties	41,435		41,435
Honoraria	8,272		8,272
Interest income	1,877		1,877
Publication sales	777		777
Net assets released from restriction	4,984,471	(4,984,471)	
Total Support and Revenue	5,258,007	(3,400,425)	1,857,582
EXPENSES			
Programs:			
Encore Career Campaign	4,685,494		4,685,494
Public awareness	51,283		51,283
Total program expenses	4,736,777		4,736,777
Management and general	268,825		268,825
Fund raising	69,206		69,206
Total Expenses	5,074,808		5,074,808
Change in Net Assets	183,199	(3,400,425)	(3,217,226)
Net Assets - Beginning	1,870,192	12,399,472	14,269,664
Net Assets - Ending	\$2,053,391	\$8,999,047	\$11,052,438

The accompanying notes are an integral part of these financial statements.

CIVIC VENTURES
Statement of Functional Expenses
For the Year Ended December 31, 2011

	Encore Career Campaign	Public Awareness	Management and General	Fund Raising	Shared Operating Costs	Total Expenses
Other grants to organizations	\$492,257					\$492,257
Other grants and awards to individuals	75,000					75,000
Salaries	1,575,201	\$33,525	\$147,913	\$53,973		1,810,612
Retirement plan	132,407	3,015	11,014	4,345		150,781
Health insurance	104,367	1,977	8,830	1,930		117,104
Life & disability insurance	10,258	240	983	237		11,718
HSA contribution and fees	250				\$53,483	53,733
Other benefits and payroll costs	889	8			505	1,402
Payroll taxes	109,384	2,275	10,224	3,739		125,622
Workers compensation insurance	9,053	170	968	358		10,549
Professional fees: subcontractors	1,033,055	3,848	3,080			1,039,983
Professional fees: accounting			14,625			14,625
Professional fees: temporary services	33,223				161	33,384
Professional fees: legal costs			1,034			1,034
Professional fees: information technology	125				8,550	8,675
Payroll processing fees					11,918	11,918
Occupancy					240,313	240,313
Conferences & events	286,681		3,492		601	290,774
Advertising	264,766					264,766
Staff travel	116,346	1,051	6,985	155	375	124,912
Consultant travel	21,885					21,885
Participant travel	561					561
Telephone and internet	12,208				23,382	35,590
Depreciation	6,837				24,862	31,699
Publications & subscriptions	20,211	9	160		5,016	25,396
Board meeting expenses			17,248			17,248
Insurance			4,019		6,140	10,159
Printing & duplication	4,416		435		363	5,214
Office supplies	953		592		8,325	9,870
Postage & delivery services	5,783		1,714		2,287	9,784
Training	1,217		1,206			2,423
Hospitality & individual meetings	2,768		319	148	1,020	4,255
Equipment rental & maintenance	468		251		3,845	4,564
Program supplies	1,786					1,786
Memberships	8,016				523	8,539
Conference registration	5,209				443	5,652
Miscellaneous expenses	611	82	268		60	1,021
Shared costs allocated	349,303	5,083	33,465	4,321	(392,172)	0
	<u>\$4,685,494</u>	<u>\$51,283</u>	<u>\$268,825</u>	<u>\$69,206</u>	<u>\$0</u>	<u>\$5,074,808</u>

The accompanying notes are an integral part of these financial statements.

CIVIC VENTURES
Statement of Cash Flows
For the Year Ended December 31, 2011

Cash flows from operating activities:	
Change in net assets (decrease)	(\$3,217,226)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	31,699
Amortization of present value discounts on grants	(32,240)
Decrease in grants receivable	2,560,887
Increase in pledges receivable	(17,500)
Increase in other receivables	(20,245)
Decrease in prepaid expenses and deposits	12,629
Increase in accounts payable	161,028
Increase in grants payable	117,500
Decrease in payroll payable and accrued compensation	(30,592)
Net cash provided by operating activities	(434,060)
Cash flows from investing activities:	
Acquisition of fixed assets	(1,537)
Net cash provided (used) by investing activities	(1,537)
Cash flows from financing activities:	
Deferred rent	(13,800)
Net cash provided (used) by financing activities	(13,800)
Net increase (decrease) in cash and cash equivalents	(449,397)
Cash and cash equivalents - beginning of year	6,858,968
Cash and cash equivalents - end of year	\$6,409,571

The accompanying notes are an integral part of these financial statements.

Civic Ventures Notes to Financial Statements

Note 1 - Organization

Civic Ventures® was organized in 1997 as a California Nonprofit Public Benefit Corporation to engage in charitable and educational activities that reframe the debate about aging in America and redefine the second half of life as a source of social and individual renewal. Civic Ventures is a think tank and an incubator, generating ideas and inventing programs to help society achieve the greatest return on experience. Through research, publishing, conferences, and media outreach, Civic Ventures reports on the growth of the experience movement. Through programs and consulting, Civic Ventures brings together older adults with a passion for service and helps stimulate opportunities for using their talents to advance the greater good. In these ways, Civic Ventures is helping America realize an experience dividend.

The Civic Ventures program portfolio includes:

- **The Encore Career Campaign** is a multi-year initiative that aims to define the decades between the end of midlife careers and true retirement as a time to do paid work for the greater good. The campaign involves research, analysis, partnerships, publications and communications. By accelerating the development of a new stage of paid work in fields with looming labor shortages – such as education, health care, the nonprofit sector and government work – Civic Ventures hopes to deliver the experience and energy of tens of millions of people now entering their 50s and 60s to help tackle society’s greatest challenges. www.encore.org
- **The Purpose Prize®** is a multi-year initiative to invest in older social innovators by recognizing outstanding achievements, creating a network of people wanting to use their retirement years for the greater good, and channeling funds and assistance to these new pioneers. www.purposeprize.org
- **Encore Fellowships Network** is a national initiative to work with corporations, organizations and individuals who are interested in creating Encore Fellowships in communities across the U.S. Encore Fellowships are an innovative new way for experienced, highly skilled employees to transition from midlife careers to encore careers that combine personal meaning, continued income and social impact. www.encore.org/fellowships
- **Encore Colleges Initiative** supports a network of community colleges that are reaching out to boomers in new ways with innovative messages, strategies and schedules to prepare boomers and older adults for paid encore careers in education, health care, environment and social services. www.encore.org/colleges

Note 2 – Significant Accounting Policies

- (a) **Promises to Give** - Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal period in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. In addition, an allowance for uncollectible pledges is recorded as determined by management.
- (b) **Contributions** - Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions. Civic Ventures had no permanently restricted net assets as of December 31, 2011.
- (c) **Contributed Services** - While Civic Ventures does receive benefit from services donated, the estimated cost of these services is not included in the financial statements because the services provided did not 1) create or enhance a non-financial asset or 2) require special skills, or were provided by individuals with those skills, that would otherwise be purchased by Civic Ventures and are material to the financial statements.

Civic Ventures Notes to Financial Statements

Note 2 – Significant Accounting Policies (Continued)

- (d) **Estimates** - Preparation of financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.
- (e) **Property and Equipment** - Civic Ventures capitalizes property and equipment over \$1,000. Purchased property and equipment is capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations, if restricted to a specific purpose by the donor, are reported as unrestricted contributions if the restrictions expire and the donated or acquired assets are placed in service in the fiscal period in which the contributions are recognized. All other assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, Civic Ventures reports expirations of donor restrictions on restricted contributions when the donated or acquired assets are placed in service. Civic Ventures reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated using the straight-line method over estimated useful lives ranging from three to five years.
- (f) **Income Tax Status** - Civic Ventures is exempt from Federal and State income tax under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the State Revenue and Taxation Code, whereby only unrelated business income is subject to Federal and State income tax. Management believes that all revenues received by Civic Ventures are in keeping with the organization's exempt purposes and that Civic Ventures continues to qualify and to operate as a tax-exempt organization. Accordingly, no provision of income taxes is included in these financial statements.
- (g) **Advertising** - Advertising is expensed as it occurs.
- (h) **Investments** - Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized. As of December 31, 2011 Civic Ventures held no investments in marketable securities.
- (i) **Cash and Cash Equivalents** - Cash and cash equivalents include funds in demand deposit accounts and short term, highly liquid investments that are readily convertible to known amounts of cash. As of December 31, 2011 cash was held in demand deposit accounts, and, primarily in money market accounts that are not FDIC insured.
- (j) **Allocation of Expenses** – Salaries and prorata share of payroll taxes and employee benefits are allocated to program and supporting services based on management's estimate of the time worked in various programs and supporting services.

Civic Ventures
Notes to Financial Statements

Note 3 - Temporarily Restricted Net Assets

Temporarily restricted net assets (net of discounts for non-current portions) were available for the following purposes at December 31, 2011:

Encore Career Campaign	\$5,553,398
Purpose Prize Program	3,017,122
Encore Fellowships Network	225,046
Sponsored Projects	95,961
Encore Colleges/Education	82,520
Research	<u>25,000</u>
	<u>\$8,999,047</u>

Note 4 - Designation of Unrestricted Net Assets

In January 2012, the Board of Directors designated the balance of \$1,365,000 of unrestricted net assets for economic uncertainties.

Note 5 - Fixed Assets and Depreciation

Fixed assets consist of:

Leasehold improvements	\$32,927
Computers	112,032
Furniture and office equipment	<u>132,188</u>
	277,147
Less accumulated depreciation	<u>(238,584)</u>
	<u>\$38,563</u>

Note 6 – Promises to Give

Unconditional promises to give consist of:

<u>Grantor</u>	<u>Gross Promise to Give</u>	<u>Restriction</u>	<u>Less: Unamortized Discount</u>	<u>Net Promise to Give</u>
Atlantic Philanthropies, Inc.	\$3,000,000	Encore Career Campaign	\$(22,000)	\$2,978,000
Atlantic Philanthropies, Inc.	1,350,000	Purpose Prize Program	(19,000)	1,331,000
John Templeton Foundation	729,544	Purpose Prize Program	(13,000)	716,544
Morgan Family Foundation	25,000	Encore Fellowships Network	(0)	25,000
Margaret A. Cargill Foundation	<u>20,000</u>	Encore Career Campaign	<u>(140)</u>	<u>19,860</u>
	5,124,544		(54,140)	5,070,404
Pledges Receivable/Individuals	<u>17,500</u>	Unrestricted	<u>(0)</u>	<u>17,500</u>
	<u>\$5,142,044</u>		<u>\$(54,140)</u>	<u>\$5,087,904</u>
Amounts Due in -				
Less than one year:	\$1,977,500			
One to five Years:	\$3,164,544			

Unconditional promises to give due in more than one year are recognized at fair value, using present value techniques and discount rates ranging from 0.79% to 2%. As of December 31, 2011, all pledges receivable are expected to be collected during the next year; therefore, no allowance for uncollectible accounts has been recorded. Civic Ventures had no conditional promises to give.

Civic Ventures Notes to Financial Statements

Note 7 – Employee Benefit Plan

Civic Ventures employees with six months or more of service per employment year are covered by a tax-sheltered annuity retirement plan. Eligible employees must contribute 3% of their compensation to the plan as a condition of employment. Civic Ventures contributes 9% of the employee's compensation, which is fully vested after two years of service. Employees may also participate in a supplemental plan funded by the employee.

Note 8 – Contingencies and Commitments

A lease for office space in San Francisco runs through October 2012 with annual payment for the next year of \$173,430. An additional office in Washington, DC is leased on a short term basis.

The Organization receives a substantial portion of its grants through a few core contributors, a reduction in which could have a significant effect on its operations and programs.

Note 9 – Evaluation of Subsequent Events

Civic Ventures has evaluated subsequent events through April 11, 2012, the date which the financial statements were available to be issued.