

**SOCIAL IMPACT COMMONS**

FINANCIAL STATEMENTS

FOR THE YEARS ENDED

JUNE 30, 2021 AND 2020

TOGETHER WITH

INDEPENDENT ACCOUNTANT'S

REVIEW REPORT

SOCIAL IMPACT COMMONS

JUNE 30, 2021 AND 2020

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## Independent Accountant's Review Report

To: The Board of Directors  
Social Impact Commons  
Philadelphia, PA

### ***Report on the Financial Statements***

We have reviewed the accompanying financial statements of **Social Impact Commons** (a non-profit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

### ***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.

### ***Accountant's Responsibility***

Our responsibility is to conduct the review engagements in accordance with **Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA**. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United State of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

***We are required to be independent of Social Impact Commons and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our reviews.***

***Accountant's Conclusion***

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Cherry Hill, NJ  
May 6, 2022

SOCIAL IMPACT COMMONS  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30,

<u>ASSETS</u>	<u>2021</u>	<u>2020</u>
Cash	\$ 672,856	\$ 378,286
Accounts receivable	<u>188,355</u>	<u>14,320</u>
Total assets	<u>\$ 861,211</u>	<u>\$ 392,606</u>
<u>LIABILITIES AND NET ASSETS</u>		
Accounts payable and accrued expenses	\$ 49,188	\$ 1,125
Paycheck protection program loan advance	<u>41,812</u>	<u>41,812</u>
Total liabilities	<u>91,000</u>	<u>42,937</u>
Net assets		
Without donor restrictions	420,211	116,375
With donor restrictions	<u>350,000</u>	<u>233,294</u>
Total net assets	<u>770,211</u>	<u>349,669</u>
Total liabilities and net assets	<u>\$ 861,211</u>	<u>\$ 392,606</u>

See independent accountant's review report and accompanying notes.

SOCIAL IMPACT COMMONS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021

<u>REVENUE AND SUPPORT</u>	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Grant income	\$ -	\$ 650,000	\$ 650,000
Contributions	7,390	-	7,390
Membership revenues	60,220	-	60,220
Consulting revenues	205,462	-	205,462
Licensing revenue	50,097	-	50,097
Net assets released from restrictions:			
Satisfaction of program restrictions	<u>533,294</u>	<u>(533,294)</u>	<u>-</u>
Total revenue and support	<u>856,463</u>	<u>116,706</u>	<u>973,169</u>
 <u>EXPENSES</u>			
Program services	<u>497,939</u>	<u>-</u>	<u>497,939</u>
Supporting services			
Management	54,688	-	54,688
Fundraising	<u>-</u>	<u>-</u>	<u>-</u>
Total supporting services	<u>54,688</u>	<u>-</u>	<u>54,688</u>
Total expenses	<u>552,627</u>	<u>-</u>	<u>552,627</u>
Changes in net assets	303,836	116,706	420,542
Net assets, beginning of fiscal year	<u>116,375</u>	<u>233,294</u>	<u>349,669</u>
Net assets, end of fiscal year	<u>\$ 420,211</u>	<u>\$ 350,000</u>	<u>\$ 770,211</u>

See independent accountant's review report and accompanying notes.

SOCIAL IMPACT COMMONS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2020

<u>REVENUE AND SUPPORT</u>	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
Grant income	\$ -	\$ 400,000	\$ 400,000
Member income - related party			
Consulting revenues	50,324	-	50,324
Licensing revenue	33,312	-	33,312
Other	167	-	167
Net assets released from restrictions:			
Satisfaction of program restrictions	<u>382,428</u>	<u>(382,428)</u>	<u>-</u>
Total revenue and support	<u>466,231</u>	<u>17,572</u>	<u>483,803</u>
 <u>EXPENSES</u>			
Program services	<u>390,770</u>	<u>-</u>	<u>390,770</u>
Supporting services			
Management	45,427	-	45,427
Fundraising	<u>15,515</u>	<u>-</u>	<u>15,515</u>
Total supporting services	<u>60,942</u>	<u>-</u>	<u>60,942</u>
Total expenses	<u>451,712</u>	<u>-</u>	<u>451,712</u>
Changes in net assets	14,519	17,572	32,091
Net assets, beginning of fiscal year	<u>101,856</u>	<u>215,722</u>	<u>317,578</u>
Net assets, end of fiscal year	<u>\$ 116,375</u>	<u>\$ 233,294</u>	<u>\$ 349,669</u>

See independent accountant's review report and accompanying notes.

SOCIAL IMPACT COMMONS  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2021

	Program Services	Supporting Services		Total
		Management	Fundraising	
Salaries	\$ 289,629	\$ 18,229	\$ -	\$ 307,858
Payroll taxes	16,783	5,355	-	22,138
Employee benefits	22,500	1,500	-	24,000
Total personnel costs	<u>328,912</u>	<u>25,084</u>	<u>-</u>	<u>353,996</u>
Contributions made	7,539	-	-	7,539
Dues and subscriptions	5,186	1,135	-	6,321
Event fees and other	89	-	-	89
Finance/legal supports	27,310	14,795	-	42,105
General consulting	7,638	1,750	-	9,388
Grants awarded	82,500	-	-	82,500
Insurance	-	4,587	-	4,587
Marketing	10,425	-	-	10,425
Office expenses	2,378	2,326	-	4,704
Software/licensing	25,962	5,011	-	30,973
Total other expenses	<u>169,027</u>	<u>29,604</u>	<u>-</u>	<u>198,631</u>
Total expenses	<u>\$ 497,939</u>	<u>\$ 54,688</u>	<u>\$ -</u>	<u>\$ 552,627</u>

See independent accountant's review report and accompanying notes.



SOCIAL IMPACT COMMONS  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2020

	Program Services	Supporting Services		Total
		Management	Fundraising	
Salaries	\$ 184,306	\$ 21,941	\$ 13,164	\$ 219,411
Payroll taxes	14,464	1,722	1,033	17,219
Employee benefits	11,911	1,418	851	14,180
<b>Total personnel costs</b>	<b>210,681</b>	<b>25,081</b>	<b>15,048</b>	<b>250,810</b>
Program costs:				
Finance/legal supports	41,530	7,688	-	49,218
General consulting	6,525	-	-	6,525
Grants awarded	60,000	-	-	60,000
Software/licensing	53,911	-	-	53,911
Event fees and other	4,896	-	-	4,896
Dues and subscriptions	-	4,658	-	4,658
Insurance	-	3,358	-	3,358
Office expenses	-	2,445	-	2,445
Professional fees	8,720	-	-	8,720
Travel	4,507	2,197	467	7,171
<b>Total other expenses</b>	<b>180,089</b>	<b>20,346</b>	<b>467</b>	<b>200,902</b>
<b>Total expenses</b>	<b>\$ 390,770</b>	<b>\$ 45,427</b>	<b>\$ 15,515</b>	<b>\$ 451,712</b>

See independent accountant's review report and accompanying notes.

SOCIAL IMPACT COMMONS  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30,

<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	<u>2021</u>	<u>2020</u>
Changes in net assets	\$ 420,542	\$ 32,091
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities:		
(Increase) in:		
Accounts receivable	(174,035)	(6,636)
Increase (decrease) in:		
Accounts payable	<u>48,063</u>	<u>(48,708)</u>
Net cash provided by (used in) operating activities	<u>294,570</u>	<u>(23,253)</u>
 <u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Proceeds from PPP advance	<u>-</u>	<u>41,812</u>
Net cash provided by financing activities	<u>-</u>	<u>41,812</u>
Net increase in cash	294,570	18,559
Cash, beginning of fiscal year	<u>378,286</u>	<u>359,727</u>
Cash, end of fiscal year	<u><u>\$ 672,856</u></u>	<u><u>\$ 378,286</u></u>

See independent accountant's review report and accompanying notes.

SOCIAL IMPACT COMMONS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

1. PROGRAMS AND ACTIVITIES

***Social Impact Commons*** (“Impact Commons”) is a non-profit charitable organization dedicated to providing communities with structures and systems for equitable access to the resources needed to build a just and flourishing society. Impact Commons is an incubator and shared service provider to fiscal sponsor organizations that practice “Model A” comprehensive fiscal sponsorship, along with other integrated supports, a model of non-profit support they have termed “management commons”. Impact Commons currently maintains two classes of Members, Founding and Network Members. CultureWorks Greater Philadelphia (“CultureWorks”) is the sole Founding Member, while there are several potential Network Members. Impact Commons is governed by a Board of Directors appointed by its Founding and Network Members.

In keeping with the purpose of a supporting organization, Impact Commons provides to its members essential shared resources that would otherwise be challenging for them to procure individually. These supports include core management tools, practices, policies and systems, such as cloud-based technology, human resources training and support, impact metrics, performance assessment support, access to shared capital resources, and common legal instruments.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed are described below.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor restrictions.

Net assets without donor restrictions

Net assets that are not subject to donor restrictions may be expended for any purpose in performing the primary objectives of Impact Commons. These net assets may be used at the discretion of Impact Commons’ management and the Board of Directors.

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 Impact Commons or by the passage of time.

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

SOCIAL IMPACT COMMONS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Recently Issued Accounting Standard Updates Not Presently Effective

In February 2016, the FASB issued ASU 2016-02, Leases. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the statement of financial position at the date of the lease commencement. Leases will be classified as either financing or operating. This distinction will be relevant for the pattern of expense recognition in the statement of activities. This standard will be effective for the fiscal years beginning after December 15, 2021. Impact Commons is currently in the process of evaluating the impact of adoption of this ASU on their financial statements.

Contributions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as donor-restricted support that increases that net asset class.

All of Impact Commons' expenses, including expenses relating to assets previously included among net assets with donor restrictions, are decreases in net assets without donor restrictions.

Cash and Cash Equivalents

Impact Commons considers all highly liquid debt instruments with a maturity of three months or less to be cash equivalents. There were no cash equivalents as of June 30, 2021 and 2020.

Use of Estimates

The preparation of financial statements in conformity with U.S. 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.

Income Taxes

Impact Commons is a tax-exempt entity under Section 501(c)(3) of the Internal Revenue Code and therefore has made no provision for federal income taxes in the accompanying financial statements. In addition, Impact Commons is considered a Type 1 supporting organization by the Internal Revenue Service. A Type 1 supporting organization is limited to operating exclusively for the benefit of, performing the functions of, or carrying out the purposes of, one or more public charities.

Management has adopted the accounting standard, "Accounting for Uncertainty in Income Taxes." This standard clarifies the accounting and reporting for uncertainties in income tax positions taken or expected to be taken in filings with taxing jurisdictions, using minimum recognition and measurement thresholds.

SOCIAL IMPACT COMMONS  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2021 AND 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Management has reviewed tax positions taken in filings with federal and state jurisdictions and believes those positions would be sustained should the filings be examined by the relevant taxing authority. Tax filings are subject to examination, generally for three years after they are filed.

Should settlement of an examination or other event result in a change in management's evaluation of a tax position taken or expected to be taken in filings that have not been closed by statute or examination, any interest and penalties related to the unrecognized tax benefit as a result of the uncertain tax position would be included in interest expense and administrative expense, respectively.

Allocation of Functional Expenses

Directly identifiable expenses are charged to program services, management, and fundraising. Management expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of Impact Commons.

3. LIQUIDITY AND AVAILABILITY

	<u>2021</u>	<u>2020</u>
Total financial assets	\$ 861,211	\$ 392,606
Donor-imposed restrictions:		
Restricted funds	<u>(350,000)</u>	<u>(233,294)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 511,211</u>	<u>\$ 159,312</u>

Impact Commons manages its liquidity by operating within a prudent range of financial soundness and stability by maintaining adequate liquid assets to fund near-term operating needs. In addition to these available financial assets, a significant portion of Impact Commons' annual expenditures will be funded by current-year operating revenues including contributions, grants, and program income.

4. CONCENTRATION RISKS

Over 82% of Impact Commons' revenue for the year ended June 30, 2020 consisted of grants from a single donor, while over 67% of Impact Commons' revenue for the year ended June 30, 2021 consisted of grants from two different donors. As with any start-up organization, revenue streams seem to diversify a bit every year, with institutional members continuing to play a large role until Network Member-supported organizations can provide more robust direct contributions for the services they receive.

SOCIAL IMPACT COMMONS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021 AND 2020

5. RELATED PARTY TRANSACTIONS

During the years ended June 30, 2021 and 2020, Impact Commons recognized revenue of \$66,028 and \$56,575, respectively, for services provided to CultureWorks, which is both the Founding Member, and affiliated through common management.

6. PAYCHECK PROTECTION PROGRAM LOAN ADVANCE

Impact Commons received a Paycheck Protection Program loan advance in the amount of \$41,812. Pursuant to the terms of the CARES Act, Impact Commons intends to apply for the loan to be forgiven by the Small Business Administration in whole or in part. In the event the loan is not forgiven in whole, payments of principal and interest will be required.

7. DONOR-RESTRICTED NET ASSETS

Impact Commons had \$350,000 and \$233,294 of purpose-restricted net assets at June 30, 2021 and 2020, respectively.

8. SUBSEQUENT EVENTS

In preparing these financial statements, management of Impact Commons has evaluated events and transactions for potential recognition or disclosure through May 6, 2022, the date the financial statements were available to be issued.

In July 2021, Impact Commons had its Paycheck Protection Program loan forgiven in full.

Impact Commons had no other significant or material subsequent events through May 6, 2022.