

IMPACT AUSTIN FOUNDATION
FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT
YEARS ENDED JUNE 30, 2017 AND 2016

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Impact Austin Foundation
Austin, Texas

We have audited the accompanying financial statements of Impact Austin Foundation (a nonprofit organization), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities, functional expenses and cash flows for the years 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Impact Austin Foundation as of June 30, 2017 and 2016, 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.

Gindler, Chappell, Morrison & Co. P.C.

Austin, Texas
November 14, 2017

FINANCIAL STATEMENTS

IMPACT AUSTIN FOUNDATION

STATEMENTS OF FINANCIAL POSITION

June 30, 2017 and 2016

	2017	2016
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 987,560	\$ 497,903
Certificates of deposit	-	402,928
Investments	-	4,707
Receivables:		
Contributions and pledges, net	163,350	88,425
Accrued interest receivable	-	2,038
Other	705	429
Prepaid expenses	463	-
Total current assets	1,152,078	996,430
Long-term assets:		
Cash restricted for future years	1,000	2,500
Pledges receivable, net	118,150	137,500
	119,150	140,000
Other assets:		
Beneficial interest in endowment fund	5,701	5,175
Total assets	\$ 1,276,929	\$ 1,141,605
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 5,872	\$ 4,502
Accrued liabilities	-	1,684
Grants payable, net	432,950	350,543
Total current liabilities	438,822	356,729
Long-term grants payable, net current portion	139,104	170,008
Total liabilities	577,926	526,737
Net assets:		
Unrestricted net assets	287,186	277,776
Temporarily restricted net assets	406,817	332,092
Permanently restricted net assets	5,000	5,000
Total net assets	699,003	614,868
Total liabilities and net assets	\$ 1,276,929	\$ 1,141,605

See accompanying Notes to Financial Statements.

IMPACT AUSTIN FOUNDATION

STATEMENTS OF ACTIVITIES

Years Ended June 30, 2017 and 2016

	2017			
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUES AND OTHER SUPPORT				
Contributions	\$ 93,110	\$ 527,996	\$ -	\$ 621,106
Contributed goods and services	1,648	-	-	1,648
Investment Income	7,773	-	-	7,773
Change in beneficial interest	526	-	-	526
Net assets released from donor imposed restrictions	453,271	(453,271)	-	-
Total revenues and other support	<u>556,328</u>	<u>74,725</u>	<u>-</u>	<u>631,053</u>
EXPENSES				
Program services:				
High Impact Grants from Women	477,541	-	-	477,541
Girls Giving Grants	8,107	-	-	8,107
Total program services	<u>485,648</u>	<u>-</u>	<u>-</u>	<u>485,648</u>
Supporting services:				
Fundraising	4,724	-	-	4,724
Management and general	56,546	-	-	56,546
Total support services	<u>61,270</u>	<u>-</u>	<u>-</u>	<u>61,270</u>
Total expenses	<u>546,918</u>	<u>-</u>	<u>-</u>	<u>546,918</u>
INCREASE(decrease) IN NET ASSETS	9,410	74,725	-	84,135
Reclass of Net Assets	-	-	-	-
NET ASSETS - Beginning of year	<u>277,776</u>	<u>332,092</u>	<u>5,000</u>	<u>614,868</u>
NET ASSETS - End of year	<u>\$ 287,186</u>	<u>\$ 406,817</u>	<u>\$ 5,000</u>	<u>\$ 699,003</u>

See accompanying Notes to Financial Statements.

IMPACT AUSTIN FOUNDATION

STATEMENTS OF ACTIVITIES - continued

Years Ended June 30, 2017 and 2016

	2016			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
REVENUES AND OTHER SUPPORT				
Contributions	\$ 158,435	\$ 540,550	\$ -	\$ 698,985
Contributed goods and services	1,000	-	-	1,000
Investment income	7,340	-	-	7,340
Change in beneficial interest	175			175
Net assets released from donor imposed restrictions	434,769	(434,769)	-	-
Total revenues and other support	601,719	105,781	-	707,500
EXPENSES				
Program services				
High Impact Grants from Women	506,932	-	-	506,932
Girls Giving Grants	8,762	-	-	8,762
Total program services	515,694	-	-	515,694
Supporting services				
Fundraising	5,076	-	-	5,076
Management and general	68,300	-	-	68,300
Total support services	73,376	-	-	73,376
Total expenses	589,070	-	-	589,070
INCREASE(decrease) IN NET ASSETS	12,649	105,781	-	118,430
Reclass of net assets	(5,000)	-	5,000	-
NET ASSETS - Beginning of year	270,127	226,311	-	496,438
NET ASSETS - End of year	\$ 277,776	\$ 332,092	\$ 5,000	\$ 614,868

See accompanying Notes to Financial Statements.

IMPACT AUSTIN FOUNDATION

STATEMENTS OF FUNCTIONAL EXPENSES

Years Ended June 30, 2017 and 2016

	2017				
	Program Services		Supporting Services		Total
	High Impact Grants from Women	Girls Giving Grants	Fund Raising	Management & General	
EXPENSES					
Awards and grants	\$ 403,000	\$ 6,800	\$ -	\$ -	\$ 409,800
Change in discount on long-term grants payable	(954)	-	-	-	(954)
	402,046	6,800	-	-	408,846
Executive compensation	27,142	-	3,016	30,157	60,315
Events and meetings	16,659	766	-	-	17,425
Advertising and promotion	15,572	43	-	-	15,615
Accounting	-	-	-	15,500	15,500
Management fees	6,955	-	773	7,728	15,456
Information technology	6,122	-	-	-	6,122
Office expenses	1,373	-	-	958	2,331
Miscellaneous	50	-	935	790	1,775
Printing and publications	1,210	498	-	-	1,708
Insurance	-	-	-	1,049	1,049
Website development costs	412	-	-	-	412
Bank service charges	-	-	-	364	364
Bad debt expense	-	-	-	-	-
Total expenses	\$ 477,541	\$ 8,107	\$ 4,724	\$ 56,546	\$ 546,918

See accompanying Notes to Financial Statements.

IMPACT AUSTIN FOUNDATION

STATEMENTS OF FUNCTIONAL EXPENSES - continued

Years Ended June 30, 2017 and 2016

	2016				
	Program Services		Supporting Services		Total
	High Impact Grants from Women	Girls Giving Grants	Fund Raising	Management & General	
EXPENSES					
Awards and grants	\$ 426,000	\$ 7,000	\$ -	\$ -	\$ 433,000
Change in discount on long-term grants payable	(381)	-	-	-	(381)
	425,619	7,000	-	-	432,619
Executive compensation	38,772	-	4,308	43,080	86,160
Events and meetings	18,026	1,007	-	-	19,033
Advertising and promotion	14,777	43	-	-	14,820
Accounting	-	-	-	15,500	15,500
Management fees	-	-	-	3,725	3,725
Information technology	6,450	-	-	-	6,450
Office expenses	1,482	30	42	1,047	2,601
Miscellaneous	660	-	726	789	2,175
Printing and publications	971	682	-	-	1,653
Insurance	-	-	-	2,046	2,046
Website development costs	175	-	-	-	175
Bank service charges	-	-	-	863	863
Bad debt expense	-	-	-	1,250	1,250
	425,619	7,000	-	-	432,619
Total expenses	\$ 506,932	\$ 8,762	\$ 5,076	\$ 68,300	\$ 589,070

See accompanying Notes to Financial Statements.

IMPACT AUSTIN FOUNDATION

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2017 and 2016

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash from contributions	\$ 563,170	\$ 530,727
Cash paid for grants	(357,343)	(506,957)
Cash paid for operations	(137,201)	(156,239)
Interest and dividends received	9,788	8,711
Net cash provided by (used by) operating activities	78,414	(123,758)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from maturity of certificates of deposit	404,267	398,667
Purchase of certificates of deposits	(1,339)	(251,956)
Proceeds from sale of investments	8,315	4,277
Investment in beneficial interest	-	(5,000)
Net cash provided by investing activities	411,243	145,988
NET INCREASE IN CASH	489,657	22,230
CASH AND CASH EQUIVALENTS		
Beginning of year	497,903	475,673
End of year	\$ 987,560	\$ 497,903
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED BY (USED BY) OPERATING ACTIVITIES:		
Change in net assets	\$ 84,135	\$ 118,430
Adjustments to reconcile change in net assets to net cash provided by (used by) operating activities:		
Bad debt expense	-	1,250
Change in beneficial interest	(526)	(175)
Realized and unrealized (gains) losses	(23)	20
Contributions for long-term purposes	1,500	(2,500)
Contributions received as investments	(3,585)	(9,004)
Discounts on grants payable	(954)	(381)
Change in operating assets and liabilities:		
Contributions and pledges receivable	(55,575)	(156,325)
Accrued interest receivable	2,038	1,351
Other receivable	(276)	(429)
Prepaid expenses	(463)	753
Accounts payable	1,370	(1,742)
Accrued liabilities	(1,684)	(1,049)
Grants payable	52,457	(73,957)
Net cash provided by (used by) operating activities	\$ 78,414	\$ (123,758)

See accompanying Notes to Financial Statements.

**IMPACT AUSTIN FOUNDATION
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2017 and 2016**

NOTE 1: DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Impact Austin Foundation (the “Organization”) is a philanthropic organization that is a progressive leader bringing new resources to transform lives in the greater Austin, Texas community and making philanthropy accessible. Through high-impact grant making, the Organization engages, develops and inspires women to effect positive change and lifelong giving. The Organization was formed and began operations in 2003. In fiscal year 2017, the Organization had a membership of 403 women and has provided more than \$6 million in grants to the community since its inception.

Program Activities

High Impact Grants from Women

The Organization’s primary program involves combining annual donations from women to fund individual grants of equal amounts to four separate charitable organizations for their programs, as well as a single Catalyst Grant to strengthen or grow a nonprofit organization in order to improve its future performance, impact and sustainability. The donors, predominantly from the Austin, Texas area, become members of the Organization upon the contribution of \$1,250. Committees of members evaluate grant proposals from Austin area nonprofits and recommend a slate of finalists to the membership. At an annual meeting each June, the membership meets representatives of the finalists and votes for grantees. Through this collective grant-making process, Impact Austin is working to create a seasoned pool of educated, effective women donors in the Austin area.

Girls Giving Grants

Girls Giving Grants helps young women (ages 12 to 18) learn the power of collective giving and grant-making by combining individual donations of \$100 and working together to review proposals and select grantees.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entities*. Under ASC Topic 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Method of Accounting

The Organization uses the accrual basis method of accounting. Using this method of accounting, revenue and other support and the related accounts receivable are reported when funds are considered earned, regardless of when cash is received. Revenue received in advance is reported as deferred revenue. Expenses and the related accounts payable are reported when an obligation is incurred, regardless of when cash is disbursed. All expenses are reported as reductions in unrestricted net assets.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid instruments with a maturity of 90 day or less from the date of purchase to be cash equivalents.

Certificates of Deposits

Certificates of deposits are recorded at cost, which approximates fair value. The Organization had no certificates of deposit as of June 30, 2017.

**IMPACT AUSTIN FOUNDATION
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2017 and 2016**

**NOTE 1: DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES - continued**

Financial Instruments and Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. There are three general valuation techniques that may be used to measure fair value, as described below.

1. Market approach (Level 1) - uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. Prices may be indicated by pricing guides, sale transactions, market trades, or other sources.
2. Cost approach (Level 2) - based on the amount that currently would be required to replace the service capacity of an asset (replacement cost).
3. Income approach (Level 3) - uses valuation techniques to convert future amounts to a single present amount based on current market expectations about the future amounts (includes present value techniques and option-pricing models). Net present value is an income approach where a stream of expected cash flows is discounted at an appropriate market interest rate.

Changes in fair value of financial instruments and unrealized gains or losses on financial instruments are reported in the statement of activities. Investment income and gains and losses on investments are reported as an increase or decrease in unrestricted net assets unless a donor or law temporarily or permanently restricts their use.

Contributions

Contributions are recognized when the donor makes an unconditional promise to give to the Organization. These amounts are reflected as contributions receivable.

Under ASC Topic 958, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the absence of existence and nature of any donor restrictions. When a restriction expires or is fulfilled, temporarily restricted net assets are reclassified to unrestricted net assets. The time restrictions on contributions receivable expire when the payment is made, unless the donor has otherwise restricted the contribution.

Donated Services

Donated services are recognized as contributions in accordance with ASC 958, if the services received (1) create or enhance non-financial assets or (2) require specialized skills that are provided by individuals possessing those skills and would otherwise be purchased if not provided by donations. The donated services which meet criteria for recognition are recorded at their fair value in the period received.

Use of Estimates

The process of preparing 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 may differ from those estimates.

**IMPACT AUSTIN FOUNDATION
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2017 and 2016**

NOTE 1: DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Income Taxes

The Organization is a Texas nonprofit corporation exempt from federal income tax under Section 501(a) of the Internal Revenue Code and is a 501(c)3 organization. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization believes it is no longer subject to examination by the IRS for years prior to 2014.

Functional Expenses

The costs of providing the program services and supporting services have been summarized on a functional basis in the statement of activities. The expenses are directly identified with the program or supporting service to which they relate and are charged accordingly.

Organization Structure and Governance

The Organization is governed by a volunteer Board of Directors (the “Board”), which is made up of members who serve an initial three-year term, with possible subsequent two-year terms. Candidates for the Board are nominated and elected by the sitting Board.

Administrative Procedures

Under the supervision of the executive committee and Executive Director, volunteer member-led committees manage fundraising campaigns, provide program and administrative support, and help carry out the Organization’s mission.

Operational Fundraising Activities

The Organization has an ongoing campaign to raise funds to for various operating expenses.

Subsequent Events

Management has evaluated subsequent events through the date of the *Independent Auditor’s Report*, which is the date the financial statements were available to be issued. There are no significant subsequent events requiring disclosure as of that date.

NOTE 2: CONTRIBUTIONS RECEIVABLE

The Organization receives unconditional promises to give from various sources. Membership contributions receivable are made annually, and are due by December 31 of the ensuing fiscal year. During 2016, the Organization began allowing members to make membership pledges for one or three-year terms, with each year’s pledge due by December 31, of the respective year. Other contributions receivable include individual and corporate gifts, as well as grants. The pledges are recorded at the total pledge value, less an estimated allowance for doubtful accounts. Management believes the stated value approximates fair value, therefore no present value discount has been calculated.

IMPACT AUSTIN FOUNDATION
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2017 and 2016

NOTE 2: CONTRIBUTIONS RECEIVABLE - continued

Contributions receivable, net consisted of the following at June 30:

	2017		
	<u>Current</u>	<u>Long-Term</u>	<u>Total</u>
Membership contributions receivable	\$ 180,850	\$ 124,400	\$ 305,250
Other contributions receivable	705	-	705
	<u>181,555</u>	<u>124,400</u>	<u>305,955</u>
Less: Allowance for uncollectible amount	<u>(17,500)</u>	<u>(6,250)</u>	<u>(23,750)</u>
Contributions receivable, net	<u>\$ 164,055</u>	<u>\$ 118,150</u>	<u>\$ 282,205</u>

	2016		
	<u>Current</u>	<u>Long-Term</u>	<u>Total</u>
Membership contributions receivable	\$ 84,925	\$ 152,500	\$ 237,425
Other contributions receivable	11,000	-	11,000
	<u>95,925</u>	<u>152,500</u>	<u>248,425</u>
Less: Allowance for uncollectible amount	<u>(7,500)</u>	<u>(15,000)</u>	<u>(22,500)</u>
Contributions receivable, net	<u>\$ 88,425</u>	<u>\$ 137,500</u>	<u>\$ 225,925</u>

The Organization's financial management determines an allowance for uncollectable receivables based upon such factors as past collection experience, type of contribution, and nature of fund-raising activity.

Activity in the allowance for uncollectible contributions receivable for the years ended June 30, 2017 and 2016 was as follows:

	<u>2017</u>	<u>2016</u>
Allowance for uncollectible contributions receivable - beginning of year	\$ 22,500	\$ 6,250
(Decrease) increase in prior estimate	(13,450)	1,250
Contributions receivable written off	(9,050)	(7,500)
Provision for bad debt	<u>23,750</u>	<u>22,500</u>
Allowance for uncollectible contributions receivable - end of year	<u>\$ 23,750</u>	<u>\$ 22,500</u>

IMPACT AUSTIN FOUNDATION
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2017 and 2016

NOTE 3: FAIR MARKET VALUE MEASUREMENTS AND INVESTMENT INCOME

Detail of assets recorded at fair value using the designated level inputs are the following at year end:

	Total	Fair Value Measurement		
		Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>June 30, 2017</u>				
Beneficial interest in endowment fund	\$ 5,701	\$ -	\$ 5,701	\$ -
	<u>\$ 5,701</u>	<u>\$ -</u>	<u>\$ 5,701</u>	<u>\$ -</u>
<u>June 30, 2016</u>				
Common stock	\$ 4,707	\$ 4,707	\$ -	\$ -
Beneficial interest in endowment fund	5,175	\$ -	5,175	\$ -
	<u>\$ 9,882</u>	<u>\$ 4,707</u>	<u>\$ 5,175</u>	<u>\$ -</u>

Components of investment income consist of the following for the years ended June 30:

	<u>2017</u>	<u>2016</u>
Interest and dividends	\$ 7,750	\$ 7,360
Realized gain (loss) on investments	23	(59)
Unrealized gain on investments	-	39
Total	<u>\$ 7,773</u>	<u>\$ 7,340</u>

NOTE 4: ENDOWMENT FUND

During 2016, Impact Austin established The Rebecca Warren Powers Endowment for Impact Austin, an agency endowment fund, at Austin Community Foundation (ACF), a community foundation. The endowment is intended to provide general support to Impact Austin. The Organization granted variance power to ACF, therefore the endowment is considered an asset of ACF, and the assets are subject to the governing documents of ACF and the policies and procedures of its governing body. Consequently, ACF has the right to substitute another beneficiary in the place of Impact Austin without the approval of the Organization. The endowment consists of the following two funds:

Agency Endowment Fund

The agency endowment Fund is considered a donor advised fund and is considered an asset of Impact Austin. ACF recognizes the fund as an asset, and also records a liability for Impact Austin interest in the assets. Funding for the Agency Endowment Fund is made by contributions from Impact Austin. Contributions are made by a transfer of cash or other assets from Impact Austin to ACF. All contributions are considered

IMPACT AUSTIN FOUNDATION
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2017 and 2016

NOTE 4: ENDOWMENT FUND - continued

irrevocable and shall be used in furtherance of the purpose of the Agency Endowment Fund. Impact Austin is considered the beneficiary of the endowment, and recognizes the fair value of its beneficial interest in the fund. ACF determines annually the amount, if any, available for distribution to the Organization. Available funds are distributed upon request of the Board of Impact Austin. The funds are recorded as contributions when received by the Organization. At June 30, 2017 and 2016, there were no amounts available to be distributed.

Donor Endowment Fund

As part of the endowment fund, donors may also directly contribute to the fund. Donor contributions are made by a transfer of cash or other assets from donors to ACF. All donor contributions, and earnings, to the endowment fund are irrevocable and shall be used in furtherance of the purpose of the endowment fund. Additionally, the donor contributions are considered nonreciprocal contributions to ACF, therefore the value of Impact Austin's beneficial interest is not recorded by Impact Austin. Upon request of the board of directors of the Organization, ACF may, in its sole discretion, distribute the principal of the endowment fund to Impact Austin or another charitable organization strictly for the purpose of constituting an endowment for the benefit of the Organization. ACF determines annually the amount that is available for distribution. Available funds are distributed upon request of the Board of Impact Austin. The funds are recorded as contributions when received by the Organization.

The endowment fund held by ACF had the following activity for the year ended June 30, 2017:

	<u>Agency</u>	<u>Donor</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 5,175	\$ 33,379	\$ 38,554
Contributions:			
Transfers from Impact Austin	-	-	-
Donor direct contributions	-	10,262	10,262
Total contributions	-	10,262	10,262
Net appreciation:			
Interest and dividends	114	871	985
Realized gains	258	2,040	2,298
Unrealized gains	217	1,544	1,761
Proceeds from sales	-	17	17
Administrative and investment expenses	(63)	(481)	(544)
Total net appreciation	526	3,991	4,517
Total	<u>\$ 5,701</u>	<u>\$ 47,632</u>	<u>\$ 53,333</u>

IMPACT AUSTIN FOUNDATION
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2017 and 2016

NOTE 4: ENDOWMENT FUND - continued

The endowment fund held by ACF had the following activity for the year ended June 30, 2016:

	<u>Agency</u>	<u>Donor</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ -	\$ -
Contributions:			
Transfers from Impact Austin	5,000	-	5,000
Donor direct contributions	-	32,950	32,950
Total contributions	<u>5,000</u>	<u>32,950</u>	<u>37,950</u>
Net appreciation:			
Interest and dividends	27	84	111
Realized gains	4	10	14
Unrealized gains	159	386	545
Administrative and investment expenses	<u>(15)</u>	<u>(51)</u>	<u>(66)</u>
Total net appreciation	<u>175</u>	<u>429</u>	<u>604</u>
Total	<u>\$ 5,175</u>	<u>\$ 33,379</u>	<u>\$ 38,554</u>

NOTE 5: GRANTS PAYABLE

Grants authorized but unpaid at year end are reported as liabilities in accordance with ASC 958. Grants are multi-year commitments and are discounted at 1.38% and 0.58% for 2017 and 2016, respectively. The following is a summary of grants authorized and payable at June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
To be paid in less than one year	\$ 432,950	\$ 350,543
To be paid in one to two years	141,050	171,000
Gross grants authorized but unpaid	<u>574,000</u>	<u>521,543</u>
Less: Discount on long-term grants	<u>(1,946)</u>	<u>(992)</u>
Grants payable, net	<u>\$ 572,054</u>	<u>\$ 520,551</u>

NOTE 6: NET ASSETS

During 2016, the Organization transferred \$5,000 to an endowment fund held by Austin Community Foundation. The assets transferred are considered permanently restricted net assets. The net appreciation from the endowment is considered designated net assets, which is a component of unrestricted net assets.

IMPACT AUSTIN FOUNDATION
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2017 and 2016

NOTE 6: NET ASSETS - continued

The net assets of the endowment and the changes therein were as follows as of June 30, 2017:

	<u>Designated</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 175	\$ 5,000	\$ 5,175
Net appreciation	526	-	526
Endowment net assets, end of year	<u>\$ 701</u>	<u>\$ 5,000</u>	<u>\$ 5,701</u>

The net assets of the endowment and the changes therein were as follows as of June 30, 2016:

	<u>Designated</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ -	\$ -
Transfer of assets	-	5,000	5,000
Net appreciation	175	-	175
Endowment net assets, end of year	<u>\$ 175</u>	<u>\$ 5,000</u>	<u>\$ 5,175</u>

During 2017 and 2016, net assets of \$453,271 and \$434,769, respectively, were released from accompanying stipulations due to actions of the Organization or through the passage of time. As of June 30, 2017 and 2016, temporarily restricted net assets consisted of the following unexpended contributions restricted by donors:

	<u>2017</u>	<u>2016</u>
High Impact Grants from Women	\$ 400,717	\$ 317,592
Girls Giving Grants	3,600	4,500
Event sponsorship	500	-
Operations and capacity building in upcoming years	-	10,000
Total temporarily restricted net assets	<u>\$ 404,817</u>	<u>\$ 332,092</u>

At June 30, 2017, the following assets were temporarily restricted:

	<u>Cash</u>	<u>Receivable</u>	<u>Total</u>
Current:			
High impact grants - members	\$ 120,217	\$ 163,350	\$ 283,567
Girls Giving Grants	3,600	-	3,600
Event sponsorship	-	500	500
Total current	<u>123,817</u>	<u>163,850</u>	<u>287,667</u>
Long-Term:			
High impact grants - members	<u>1,000</u>	<u>118,150</u>	<u>119,150</u>
Total	<u>\$ 123,817</u>	<u>\$ 282,000</u>	<u>\$ 406,817</u>

**IMPACT AUSTIN FOUNDATION
NOTES TO FINANCIAL STATEMENTS
Years Ended June 30, 2017 and 2016**

NOTE 6: NET ASSETS - continued

At June 30, 2016, the following assets were temporarily restricted:

	<u>Cash</u>	<u>Receivable</u>	<u>Total</u>
Current:			
High impact grants - members	\$ 68,167	\$ 77,425	\$ 145,592
High impact grants - scholarships	32,000	-	32,000
Girls Giving Grants	4,500	-	4,500
Operations and capacity building	-	10,000	10,000
Total current	<u>104,667</u>	<u>87,425</u>	<u>192,092</u>
Long-Term:			
High impact grants - members	<u>2,500</u>	<u>137,500</u>	<u>140,000</u>
Total	<u>\$ 107,167</u>	<u>\$ 224,925</u>	<u>\$ 332,092</u>

NOTE 7: CONTRIBUTED GOODS AND SERVICES

Volunteers donate significant amounts of time to administer the Organization's program services and supporting activities throughout the year, donating more than 13,000 cumulative hours of service each of the years ended June 30, 2017 and 2016. These services were not recognized as contributions in the financial statements because the recognition criteria were not met.

For the years ended June 30, 2017 and 2016, goods and services in the amount of \$1,648 and \$1,000, respectively, were contributed for the Organization's annual meeting and member materials and are included as contributions in the statements of activities.

NOTE 8: CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Organization to significant concentrations of credit risk consist of cash, certificates of deposit, contributions receivable, and investments. The Organization maintains cash balances with high credit quality financial institutions, which, at times, may exceed federally insured limits. The Organization does not require collateral against any excess deposits. At June 30, 2017 and 2016, cash and certificates of deposit balances exceeded the insurance coverage by \$556,872 and \$358,294, respectively. The Organization continuously monitors its financial instruments, and has not experienced any losses in such accounts. The majority of contributions are received from donors located in the Austin, Texas area. As such, the Organization's ability to generate resources via contributions and collect receivables from donors is dependent upon the economic health of the area.

November 14, 2017

To the Audit Committee and Board of Directors of
Impact Austin Foundation
Austin, Texas

Communication with Those Charged with Governance

We have audited the financial statements of Impact Austin Foundation for the year ended June 30, 2017, and have issued our report thereon dated November 14, 2017. Professional standards require that we provide those charged with governance with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our audit engagement letter dated June 9, 2017. Professional standards also require that we communicate to those charged with governance the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

You are responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Impact Austin Foundation are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during 2017. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements and are based on your knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

- Management's estimates relating of the collectability of pledges is based on the historical collection rate of pledges and an analysis of pledges outstanding.
- Management's estimate of the allocation of costs reported in the financial statements is based on their estimate of the activity benefiting from the costs.

We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- The description of the Organization and summary of significant accounting policies in Note 1 to the financial statements.
- The disclosure of net assets in Note 6 to the financial statements.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Our audit identified an adjustment necessary to properly reflect balances in the financial statements. You have recorded the adjustment. The entry was not considered to be a significant correction.

We are not aware of any significant uncorrected misstatements in the financial statements.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 14, 2017.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the board of directors and management of Impact Austin Foundation and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Gindler, Chappell, Morrison & Co. P.C.

Gindler, Chappell, Morrison & Co. P.C.