

Impact Austin Foundation

Audited Financial Statements

Year ended June 30, 2006

Impact Austin Foundation

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PATRICIA SCHMIDT, CPA

CERTIFIED PUBLIC ACCOUNTANT

Independent Auditor's Report

Board of Directors
Impact Austin Foundation

I have audited the accompanying statement of financial position of Impact Austin Foundation (a not-for-profit corporation) as of June 30, 2006, and the related statements of activities 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 conducted my audit in accordance with auditing standards generally accepted in the United States of America. 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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 in the first paragraph present fairly, in all material respects, the financial position of Impact Austin Foundation as of June 30, 2006, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Patricia Schmidt, CPA

Patricia Schmidt, CPA
Certified Public Accountant

September 19, 2006

Impact Austin Foundation
Statement of Financial Position
June 30

	2006
Assets	
Current assets	
Cash and equivalents	\$ 515,981
Contributions receivable, net	150,417
Prepaid expense	751
Total current assets	667,149
Total Assets	\$ 667,149
Liabilities and Net Assets	
Liabilities	
Current liabilities	
Accounts payable	\$ 3,280
Deferred revenue	3,875
Grants payable - current portion	348,050
Total current liabilities	355,205
Grants payable - long term portion, net	48,488
Total liabilities	403,693
Net Assets	
Temporarily restricted	227,000
Unrestricted	36,456
Total net assets	263,456
Total Liabilities and Net Assets	\$ 667,149

See the accompanying notes to financial statements.

Impact Austin Foundation

Statement of Activities

Year ended June 30

	2006		
	Unrestricted	Temporarily Restricted	Total
Revenue and Other Support			
Contributions	\$ 38,922	\$ 399,500	\$ 438,422
Contributed professional services	10,025		10,025
Interest and dividends	10,926		10,926
Net assets released from restrictions:			
Satisfaction of program restrictions	334,800	(334,800)	-
Total revenue and other support	394,673	64,700	459,373
Expenses			
Program services			
High Impact Grants from Women	332,945		332,945
Girls Giving Grants	3,545		3,545
Total program services	336,490		336,490
Supporting services			
Fundraising	1,511		1,511
Management and general	33,596		33,596
Total supporting services	35,107		35,107
Total expenses	371,597		371,597
Change in Net Assets	23,076	64,700	87,776
Net Assets - Beginning of Year	13,380	162,300	175,680
Net Assets - End of Year	\$ 36,456	\$ 227,000	\$ 263,456

See the accompanying notes to financial statements.

Impact Austin Foundation

Statement of Cash Flows

Year ended June 30

	2006
Cash Flows from Operating Activities	
Cash from contributions	\$ 376,872
Cash paid for grants	(214,550)
Cash paid for operations	(22,278)
Interest and dividends received	10,926
Net cash provided by operating activities	150,970
Net Increase in Cash and Equivalents	150,970
Cash and Equivalents - Beginning of Year	365,011
Cash and Equivalents - End of Year	\$ 515,981
Reconciliation of Change in Net Assets to Net Cash Provided by Operating Activities	
Change in net assets	\$ 87,776
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Bad debt expense	8,133
Discounts on grants payable	(1,343)
Changes in operating assets and liabilities:	
Increase in contributions receivable	(61,550)
Increase in prepaid expenses	(751)
Increase in grants payable	111,550
Increase in accounts payable and deferred revenue	7,155
Net Cash Provided by Operating Activities	\$ 150,970

See the accompanying notes to financial statements.

Impact Austin Foundation

Notes to Financial Statements

NOTE A – Nature of Activities and Significant Accounting Policies

Nature of Activities

Impact Austin Foundation (the Organization) is a women’s philanthropic organization that seeks to transform lives in the Austin, Texas, area through high-impact and lifelong giving. The Organization was formed and began operations in 2003.

Program Activities

High Impact Grants from Women

The Organization’s primary program involves combining annual donations from women to fund grants of \$100,000 or more. The women donors, predominantly from the Austin, Texas, area, become members of the Organization each year by donating \$1,000. 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 in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, 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.

Contributions

Under SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the absence or existence and nature of any donor restrictions.

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. These are reflected as contributions receivable. Contributions that are restricted by the donor 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.

Impact Austin Foundation

Notes to Financial Statements

NOTE A – Nature of Activities and Significant Accounting Policies - Continued

Donated Services

Donated services are recognized as contributions in accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made*, 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 contributed services are recorded at their fair values 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.

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.

Cash and Equivalents

For purposes of the statement of cash flows, the Organization considers all certificates of deposit and highly liquid investments available for current use to be cash equivalents.

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.

NOTE B – Contributions Receivable

The Organization receives unconditional promises to give from its membership. Contributions receivable are due by December 31 of the ensuing fiscal year. The Organization uses the allowance method to reflect uncollectible contributions receivable. The allowance is based on past experience and management's analysis of collectibility of specific contributions receivable.

Impact Austin Foundation
Notes to Financial Statements

NOTE B – Contributions Receivable - Continued

Included in contributions receivable, net are the following:

	Amount
Unconditional promises to give, due from membership on December 31, 2006	\$ 166,550
Less: allowance for uncollectible contributions receivable	(16,133)
Contributions receivable, net	\$ 150,417

Activity in the allowance for uncollectible contributions receivable for the year ended June 30, 2006 follows:

	Amount
Allowance for uncollectible contributions receivable - Beginning of year	\$ 17,000
Provision for bad debt expense	8,133
Contributions receivable written off	(9,000)
Allowance for uncollectible contributions receivable - End of year	\$ 16,133

NOTE C – Temporarily Restricted Net Assets

As of June 30, 2006, temporarily restricted net assets consist of unexpended contributions restricted by the donors for the following purposes:

	Amount
High Impact Grants from Women – 2007 Program Year	\$ 226,000
High Impact Grants from Women – 2008 Program Year	1,000
Total temporarily restricted net assets	\$ 227,000

Impact Austin Foundation

Notes to Financial Statements

NOTE D – Grants Payable

Grants authorized but unpaid at year end are reported as liabilities in accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made*. Grant amounts to be paid in more than one year are discounted at rates averaging 5.1%.

The following is a summary of grants authorized and payable at June 30, 2006:

	Amount
To be paid in less than one year	\$ 348,050
To be paid in one to two years	54,000
Gross grants authorized but unpaid	402,050
Less: discount on long-term grants	(5,512)
Net grants authorized but unpaid	\$ 396,538

NOTE E – Donated Services

Donated website services valued at \$10,025, which were utilized for general and administrative purposes, are included as contributions in the financial statements.

Also, volunteers have donated significant amounts of time to administer the Organization's program services and supporting activities throughout the year. These services are not recognized as contributions in the financial statements since the recognition criteria under SFAS No. 116 were not met.

NOTE F – Concentrations of Credit Risk

Financial instruments that potentially expose the Organization to concentrations of credit risk consist of cash equivalents. Cash equivalents are maintained at high-quality financial institutions and investment firms. Credit exposure is limited to amounts in excess of FDIC insurance limits. At June 30, 2006, total cash equivalents exceeded FDIC coverage by approximately \$75,000.