



AUSTIN COMMUNITY FOUNDATION

Report of Independent Auditor and
Consolidated Financial Statements with
Supplemental Schedules

December 31, 2017 and 2016

PMB Helin Donovan

AUSTIN COMMUNITY FOUNDATION

Index to Financial Statements

December 31, 2017 and 2016

Report of Independent Auditor	1
Consolidated Statements of Financial Position	3
Consolidated Statements of Activities	4
Consolidated Statements of Cash Flows	6
Notes to the Consolidated Financial Statements	7
Supplemental Consolidating Schedules	22

Report of Independent Auditor

Board of Governors
Austin Community Foundation

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Austin Community Foundation, which comprise the consolidated statements of financial position as of December 31, 2017 and 2016, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Austin Community Foundation as of December 31, 2017 and 2016, and the change in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

PMB Helin Donovan

Emphasis of Matter – Significant Level 3 Fair Value Estimates

As discussed in Note 5 to the consolidated financial statements, the consolidated financial statements include Level 3 assets and additional assets valued using the net asset value as a practical expedient which totaled \$34,281,035 (14.4% of total assets) and \$27,853,875 (15.5% of total assets) as of December 31, 2017 and 2016, respectively, whose fair values have been estimated by management using assumptions or inputs that are supported by limited market activity in the absence of readily determinable fair values. Our opinion is not modified with respect to this matter.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental consolidating information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

PMB Helin Donovan, LLP

PMB Helin Donovan, LLP

Austin, Texas

August 9, 2018

AUSTIN COMMUNITY FOUNDATION
Consolidated Statements of Financial Position
As of December 31, 2017 and 2016

	2017	2016
Assets		
Cash and cash equivalents (Note 2)	\$ 22,545,043	\$ 19,976,022
Certificates of deposit	1,500,000	1,500,000
Investments, at fair value		
Marketable securities (Note 3)	178,563,323	129,055,435
Real estate and other investments (Note 4)	6,395,312	6,470,826
Hedge funds and private equity (Note 5)	27,772,685	21,203,824
Split interest agreements	113,038	179,225
Accounts receivable	406,771	503,952
Property and equipment, net (Note 6)	8,616	30,583
Other assets	183,808	158,928
Total assets	\$ 237,488,596	\$ 179,078,795
 Liabilities and Net Assets		
Accounts and grants payable	\$ 1,737,166	\$ 1,583,100
Charitable remainder trusts and gift annuities	899,546	399,142
Funds held for others - agency	12,649,556	9,412,669
Total liabilities	15,286,268	11,394,911
 Net assets		
Unrestricted	191,197,945	139,605,250
Temporarily restricted	6,660,039	3,843,490
Permanently restricted (Note 7 and Note 8)	24,344,344	24,235,144
Total net assets	222,202,328	167,683,884
 Total liabilities and net assets	\$ 237,488,596	\$ 179,078,795

See accompanying notes and report of independent auditor.

AUSTIN COMMUNITY FOUNDATION

Consolidated Statement of Activities

Year Ended December 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues and Support				
Contributions	\$ 70,612,584	\$ 502,565	\$ 100,000	\$ 71,215,149
Less: contributions to agency funds	(2,595,414)	-	-	(2,595,414)
Net contributions	<u>68,017,170</u>	<u>502,565</u>	<u>100,000</u>	<u>68,619,735</u>
Investment income	2,357,602	753,809	-	3,111,411
Appreciation on investments, net	15,486,048	3,330,055	-	18,816,103
Other income, net	260,599	(9,200)	9,200	260,599
Net assets released from restrictions	<u>1,760,680</u>	<u>(1,760,680)</u>	<u>-</u>	<u>-</u>
Total revenues and support	<u>87,882,099</u>	<u>2,816,549</u>	<u>109,200</u>	<u>90,807,848</u>
Expenses				
Program services:				
Community grant funding	27,758,173	-	-	27,758,173
Less: grants from agency funds	(797,715)	-	-	(797,715)
Net community grant funding	<u>26,960,458</u>	<u>-</u>	<u>-</u>	<u>26,960,458</u>
Special projects funding and program costs	<u>8,575,821</u>	<u>-</u>	<u>-</u>	<u>8,575,821</u>
Total program services	<u>35,536,279</u>	<u>-</u>	<u>-</u>	<u>35,536,279</u>
Supporting services:				
Management and general	569,751	-	-	569,751
Fundraising	<u>183,374</u>	<u>-</u>	<u>-</u>	<u>183,374</u>
Total supporting services	<u>753,125</u>	<u>-</u>	<u>-</u>	<u>753,125</u>
Total expenses	<u>36,289,404</u>	<u>-</u>	<u>-</u>	<u>36,289,404</u>
Increase in net assets	51,592,695	2,816,549	109,200	54,518,444
Net assets at beginning of year	<u>139,605,250</u>	<u>3,843,490</u>	<u>24,235,144</u>	<u>167,683,884</u>
Net assets at end of year	<u>\$ 191,197,945</u>	<u>\$ 6,660,039</u>	<u>\$ 24,344,344</u>	<u>\$ 222,202,328</u>

See accompanying notes and report of independent auditor.

AUSTIN COMMUNITY FOUNDATION

Consolidated Statement of Activities

Year Ended December 31, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Revenues and Support				
Contributions	\$ 41,397,191	\$ -	\$ 318,732	\$ 41,715,923
Less: contributions to agency funds	(1,325,624)	-	-	(1,325,624)
Net contributions	<u>40,071,567</u>	<u>-</u>	<u>318,732</u>	<u>40,390,299</u>
Investment income	2,212,417	751,983	-	2,964,400
Appreciation on investments, net	6,495,986	1,483,051	-	7,979,037
Other income, net	350,996	(1,431)	1,431	350,996
Net assets released from restrictions	1,740,346	(1,740,346)	-	-
Total revenues and support	<u>50,871,312</u>	<u>493,257</u>	<u>320,163</u>	<u>51,684,732</u>
Expenses				
Program services:				
Community grant funding	20,365,374	-	-	20,365,374
Less: grants from agency funds	(372,670)	-	-	(372,670)
Net community grant funding	<u>19,992,704</u>	<u>-</u>	<u>-</u>	<u>19,992,704</u>
Special projects funding and program costs	8,089,923	-	-	8,089,923
Total program services	<u>28,082,627</u>	<u>-</u>	<u>-</u>	<u>28,082,627</u>
Supporting services:				
Management and general	564,170	-	-	564,170
Fundraising	203,437	-	-	203,437
Total supporting services	<u>767,607</u>	<u>-</u>	<u>-</u>	<u>767,607</u>
Total expenses	<u>28,850,234</u>	<u>-</u>	<u>-</u>	<u>28,850,234</u>
Increase in net assets	22,021,078	493,257	320,163	22,834,498
Net assets at beginning of year	117,584,172	3,350,233	23,914,981	144,849,386
Net assets at end of year	<u>\$ 139,605,250</u>	<u>\$ 3,843,490</u>	<u>\$ 24,235,144</u>	<u>\$ 167,683,884</u>

See accompanying notes and report of independent auditor.

AUSTIN COMMUNITY FOUNDATION

Consolidated Statements of Cash Flows
Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Change in net assets	\$ 54,518,444	\$ 22,834,498
Adjustments to reconcile change in net assets to net cash provided by operations		
Depreciation	26,982	54,829
Depletion of oil and gas leaseholds	153,799	133,786
Non-cash contributions received, net	(36,855,356)	(6,545,517)
Appreciation on investments	(16,885,962)	(7,979,037)
(Increase) decrease in operating assets		
Accounts receivable	97,181	(316,820)
Other assets	(24,880)	163,899
Increase (decrease) in operating liabilities	-	
Accounts payable and grants payable	154,066	(810,922)
Charitable remainder trusts and gift annuities	500,404	(8,233)
Funds held for others - agency	3,236,887	1,587,433
Net cash provided by operating activities	<u>4,921,565</u>	<u>9,113,916</u>
Cash flows from investing activities:		
Purchase of fixed assets	(5,015)	(5,056)
Purchase of investments	(92,783,785)	(61,732,914)
Proceeds from sale (or maturity) of investments	90,436,256	56,388,112
Net cash used in investing activities	<u>(2,352,544)</u>	<u>(5,349,858)</u>
Cash flows from financing activities	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents	2,569,021	3,764,058
Cash and cash equivalents at beginning of year	19,976,022	16,211,964
Cash and cash equivalents at end of year	\$ <u>22,545,043</u>	\$ <u>19,976,022</u>
Supplemental disclosure		
Non-cash contributions received	\$ <u>36,855,356</u>	\$ <u>6,545,517</u>

See accompanying notes and report of independent auditor.

AUSTIN COMMUNITY FOUNDATION
Notes to the Consolidated Financial Statements
December 31, 2017 and 2016

(1) ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Austin Community Foundation is a Texas not-for-profit corporation chartered in 1977 whose primary mission is to receive gifts, bequests, and donations to be administered in charitable, scientific, literary, educational, social, and public welfare activities for the benefit of Central Texas. The Austin Community Foundation is exempt from federal income tax under the Internal Revenue Code Section 501(c)(3) for income related to its exempt purpose and is classified by the Internal Revenue Service as an organization other than a private foundation.

Austin Community Foundation manages approximately 1,200 charitable funds, established by individual donors, corporations and not-for-profit agencies, and invests some funds for growth so that they can flow back into the community to support a wide range of charitable efforts, including grants and scholarships. Austin Community Foundation's grants, whether from specific charitable funds or from its discretionary funds, support health, human services, arts and culture, the environment, community development and community service, education and training, recreation, and animal-related services. Austin Community Foundation has a spectrum of fund types to help donors meet their philanthropic goals and provides leadership around community issues.

ACF Associates, LLC was formed in July 2008 as a limited liability company subsidiary with Austin Community Foundation being the sole member, to facilitate the acceptance of donations of or investments in certain complex assets such as business interests or closely held stock.

ACF Bright Leaf Preserve (a not-for-profit corporation) was formed in October 1991 under the original name "Charitable Holdings", as a support organization to hold title to the 216 acre Bright Leaf Preserve.

Charitable Holdings II (a not-for-profit corporation) was formed in December 2010 as a support organization to receive real property donations.

CH II Charitable Properties, LLC was formed in December 2013 as a limited liability company subsidiary with Charitable Holdings II being the sole member, to receive real property donations.

Schweitzer Family Foundation was formed in April 2001 as a support organization to further the charitable mission of the Austin Community Foundation.

Notley Fund (a not-for-profit corporation) was formed in September 2015 as a support organization to further the charitable mission of the Austin Community Foundation. Notley Fund gained control of three initiatives in 2016, each 501(c)(3) organizations: Philanthropitch, Start Up Games and A Legacy of Giving.

All activity within the subsidiaries, support organizations and initiatives have been consolidated in the accounts of the Austin Community Foundation.

Summary of Significant Accounting Policies

(a) Basis of Presentation - The consolidated financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles in the United States of America (GAAP).

(b) Consolidation - The consolidated financial statements include the accounts of Austin Community Foundation and its subsidiary, ACF Associates, LLC and its support organizations, Charitable Holdings

AUSTIN COMMUNITY FOUNDATION
Notes to the Consolidated Financial Statements
December 31, 2017 and 2016
(Continued)

II and its subsidiary CH II Charitable Properties, LLC, Schweitzer Family Foundation, ACF Bright Leaf Preserve and Notley Fund and its initiatives (collectively, the “Foundation”). All intercompany transactions have been eliminated in combination.

(c) Net Asset Classifications - The Foundation classifies its contributions and net assets into three categories as follows:

Permanently Restricted - Net assets subject to donor-imposed restrictions that they be maintained permanently by the Foundation.

Temporarily Restricted - Net assets the use of which is subject to donor-imposed restrictions that can be fulfilled by actions of the Foundation pursuant to those restrictions or that expire by the passage of time. Temporarily restricted net assets include the portion of donor-restricted endowment funds that have not been appropriated for expenditure by the Foundation.

Unrestricted - Net assets that are not subject to donor-imposed restrictions. Unrestricted net assets may be used for any purpose or designated for specific purposes by action of the Board of Governors.

The Board of Governors, with the advice of legal counsel, determines whether the Foundation’s net assets meet the definition of endowments under the Uniform Prudent Management of Institutional Funds Act of 2006 (“UPMIFA”). For those not meeting the requirements of a UPMIFA-defined endowment, the Foundation intends many of its funds to be permanent and manages them accordingly. Further references to “endowment”, “endowment fund”, or “endowed assets” in these notes relate to those intentions of the Foundation.

The Board of Governors of the Foundation has interpreted UPMIFA as preserving the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor restrictions to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

The Foundation is governed by its Articles of Incorporation and Bylaws and further by its adopted investment policy as well as individual gift instruments and agreements. Although the Foundation’s mission is to build endowed assets, the Foundation has “variance power” as stated in its Articles of Incorporation. Variance power is the ability to modify any restriction or condition on the distribution of assets, if circumstances warrant. As a result of the ability to distribute corpus, all contributions not classified as temporarily restricted or permanently restricted are classified as unrestricted net assets for financial statement purposes.

(d) Cash and Cash Equivalents - For purposes of the statement of cash flows, cash and cash equivalents consist of cash held in bank deposit accounts and short-term, highly liquid investments with original maturities of 90 days or less.

AUSTIN COMMUNITY FOUNDATION
Notes to the Consolidated Financial Statements
December 31, 2017 and 2016
(Continued)

(e) Contributions - Contributions received (including unconditional promises to give) are recorded as unrestricted, temporarily restricted, or permanently restricted support in the period received depending on the existence and/or nature of any donor restrictions. Contributions received which are part of the Foundation's ongoing major or central activities are recognized as revenue. Conditional promises to give to the Foundation are recognized as the conditions upon which they depend are substantially met. Promises to give are recognized as revenue only if sufficient evidence exists in the form of verifiable documentation that a promise was made and received. Support that is not restricted by the donor is reported as an increase in unrestricted net assets in the reporting period in which the support is recognized. Donated assets are recorded at their estimated fair values at the date of receipt.

The Foundation reports contributions as restricted support if the support is received with donor restrictions that limit the use of the donated assets. When and if a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. However, if a restriction is fulfilled in the same period in which the contribution is received, the Foundation reports the support as unrestricted.

The Foundation reports contributions of land, buildings, and equipment as unrestricted, unless explicit donor restrictions specify how the donated assets must be used. Gifts of assets with explicit restrictions that specify how the assets are to be used are accounted for as restricted support. The Foundation reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

(f) Contributed Services - The Foundation recognizes contributed services at their fair value if the services have value to the Foundation and require specialized skills, are provided by the individuals possessing those skills, and would have been purchased if not provided by contributors. During the years ended December 31, 2017 and 2016, the value of contributed services meeting the requirements for recognition in the consolidated financial statements was not material and no amounts have been recorded. Although individuals volunteer their time and perform a variety of tasks that assist the organization, these services do not meet the criteria for recognition as contributed services.

(g) Property and Equipment - Furniture, equipment, software, and vehicles are capitalized at cost. Property and equipment are depreciated over estimated useful lives of three to five years using the straight-line method. Software licenses are amortized over the life of the contract or its useful life of the asset. Leasehold improvements are amortized over the lesser of the life of the lease or the useful life of the asset.

(h) Investments - Investments, including U.S. government securities, fixed income securities, equity securities (including stock funds), land, oil and gas leaseholds, interests in private equity and hedge funds, partnership interests and other investments are carried at fair value. All non-cash contributions are recorded at fair value at the date of receipt. Stock is recorded at the average of the high and low selling price on the date received. Investments sold are recorded at amount received. The fair value of long term investments is determined based on quoted market values for U.S. government securities, fixed income securities, and equity securities. The fair values for land are based on appraised values or tax-assessed values discounted for estimated selling costs. Oil and gas leaseholds are valued by management based on current and projected future cash flow from the properties multiplied by a market multiple to estimate fair value. The fair values for other investments are based on management's estimates, as described further in Note 5.

AUSTIN COMMUNITY FOUNDATION
Notes to the Consolidated Financial Statements
December 31, 2017 and 2016
(Continued)

(i) Income Taxes - The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Unrelated business income, of which the Foundation had no significant amounts for the years ended December 31, 2017 and 2016, is subject to federal income taxes. Accordingly, there is no provision or liability for federal income taxes in the accompanying financial statements.

The Foundation recognizes the tax benefits from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by the taxing authorities, based on the technical merits of the positions. The tax benefits recognized in the consolidated financial statements from such positions are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement.

The Foundation files informational returns in the U.S. federal jurisdiction. With few exceptions, the Foundation is no longer subject to U.S. federal tax examinations by tax authorities for years prior to 2014.

(j) Use of Estimates - The preparation of consolidated 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimated.

(k) Functional Expenses - The Foundation reports its expenses on its consolidated statement of activities by function (Note 12). The Foundation may allocate certain indirect operational expenses (insurance, maintenance, utilities, depreciation) between program and supporting services based on estimates made by management.

(l) Charitable Remainder Trusts and Charitable Gift Annuities - The Foundation has entered into irrevocable agreements with donors whereby, in exchange for the gift from the donor, the Foundation is obligated to provide annual distributions to a designated beneficiary.

A charitable remainder unitrust pays a fixed percentage of the net fair value of the trust's assets value at least annually. A charitable remainder annuity trust pays a fixed dollar amount that will not vary from year to year. Each trust is a separate legal entity. At the end of the trust term, the remainder interest is paid to the beneficiary. The portion of the trust attributable to the future interest of the Foundation is recorded in the consolidated statements of activities as temporarily restricted contributions in the period the trust is established. Assets held in the charitable remainder trust are recorded at fair value in the Foundation's consolidated statements of financial position. On an annual basis, the Foundation revalues the liability to make distributions to the designated beneficiaries based on actuarial assumptions. The present value of the estimated future payments is calculated using discount rates provided by the Internal Revenue Service and applicable mortality tables. The Foundation has one charitable remainder unitrust with an estimated present value of \$193,263 and \$183,419 as of December 31, 2017 and 2016, respectively. The Foundation has one charitable remainder annuity trust with an estimated present value of \$219,784 and \$0 as of December 31, 2017 and 2016, respectively.

A charitable remainder trust pays a distribution to the beneficiary at the end of a specified lifetime or term. ACF is the beneficiary of a charitable remainder trust administered by a third party trustee with an estimated value of \$113,038 and \$179,225 as of December 31, 2017 and 2016, respectively.

AUSTIN COMMUNITY FOUNDATION
Notes to the Consolidated Financial Statements
December 31, 2017 and 2016
(Continued)

A charitable lead annuity trust pays a set dollar amount to a charity for the term of the trust. At the end of the trust term, the remainder interest is paid to the beneficiary recipient. The Foundation has one charitable lead annuity trust with an estimated present value of \$277,765 and \$0 as of December 31, 2017 and 2016, respectively.

A charitable gift annuity pays a fixed dollar amount for the life of the beneficiary. The assets gifted by the donor become the assets of the Foundation at the time of the gift. Unlike the charitable remainder trusts, the annuities are private contracts between the charity and the donor. The assets received from the donor are recorded at fair value. The Foundation has recorded a liability of \$208,734 and \$215,723 as of December 31, 2017 and 2016, respectively, which represents the estimated present value of the future annuity obligations. The liability has been determined using discount rates as provided by the Internal Revenue Service and applicable mortality tables.

(m) Funds Held for Others-Agency - The Foundation accepts contributions from various donors, including not-for-profit organizations. If a not-for-profit organization establishes with its own funds a fund at the Foundation for its own benefit, even though variance power is explicitly stated in the gift instrument the transfer of assets to the Foundation is not contribution revenue and is accounted for as a liability. The Foundation reports the funds as an asset; however, it is required by FASB ASC Topic 985-605 (formerly FASB 136, *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust That Raised or Holds Contributions for Others*) to establish a liability for the fair value, representing the present value of the future payments expected to be made to the not-for-profit organization. The liability is reflected under funds held for others on the accompanying consolidated statements of financial position. In addition, related amounts received and distributed are presented separately in the accompanying consolidated statements of activities.

(n) Grants Payable - The Foundation recognizes grants payable at the time the Foundation has an unconditional obligation to transfer promised assets in the future. If payments of the unconditional promise to give are to be made to a recipient over several fiscal periods and the recipient is subject only to routine performance requirements, the Foundation recognizes a liability and an expense for the entire amount payable.

(o) Subsequent Events - The Foundation evaluates events that occur subsequent to the statement of financial position date of periodic reports, but before financial statements are issued for periods ending on such dates, for possible adjustment to such financial statements or other disclosure. This evaluation generally occurs through the date at which the Foundation's consolidated financial statements are issued. For the consolidated financial statements as of and for the year ending December 31, 2017, this date was August 9, 2018.

(p) Reclassifications of Prior Year Amounts - Certain reclassifications have been made to the prior year's financial information to conform to the current year's presentation. Reclassifications were not material to the financial statements.

(q) Recent Accounting Pronouncements - In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. This ASU requires a lessee to recognize a right-of-use asset and a lease liability under most operating leases in its balance sheet. For non-public companies, the ASU is effective for years beginning after December 15, 2019. Early adoption is permitted. The Foundation is currently evaluating the impact of ASU 2016-02 on its consolidated financial statements.

AUSTIN COMMUNITY FOUNDATION
Notes to the Consolidated Financial Statements
December 31, 2017 and 2016
(Continued)

In August 2016, the FASB issued ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, as an update to ASC 958, *Not-for-Profit Entities*. This update makes several improvements to current reporting requirements that address complexities in the use of the currently required three classes of net assets and enhance required disclosures related to donor restrictions of net assets. The updated guidance will be effective for annual periods beginning after December 15, 2017, and interim periods within fiscal years beginning after December 15, 2018. Early adoption is permitted. The new guidance should be applied on a retrospective basis. The updated guidance will result in a change in the classes of net assets reported on the face of the statement of financial position from three classes (unrestricted, temporarily restricted, and permanently restricted) to two classes (net assets without donor restrictions and net assets with donor restrictions). The Foundation will be adopting this update in Fiscal Year 2018. No other material impact is expected.

In May 2015, the FASB issued ASU No. 2015-07, *Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*, which amends disclosure requirements for entities that utilize net asset value per share (or its equivalent) to measure fair value as a practical expedient. The update eliminates the requirement to classify these investments within the fair value hierarchy and instead requires disclosure of sufficient information about these investments to permit reconciliation of the fair value of investments categorized within the fair value hierarchy to the investments presented in the consolidated balance sheet. ASU 2015-07 is effective for annual and interim periods beginning after December 15, 2016 and must be applied retrospectively. During 2017, the Foundation adopted the provisions of ASU 2015-07. The adoption resulted in the reclassification of certain investments within the fair value disclosures, but had no impact on the Foundation's financial condition or results of activities.

(2) CASH AND CASH EQUIVALENTS

Cash and cash equivalents consisted of the following as of December 31:

	2017	2016
Cash	\$ 9,549,133	\$ 10,127,796
Money market funds	12,995,910	9,848,226
	\$ 22,545,043	\$ 19,976,022

(3) MARKETABLE SECURITIES

Marketable securities are stated at fair value based on quoted market prices and consisted of the following as of December 31:

	2017	2016
U.S. government securities	\$ -	\$ 3,624,284
Fixed income securities	5,102,104	34,430,118
Equity securities	173,461,219	91,001,033
	\$ 178,563,323	\$ 129,055,435

Management and custodial fees related to investment income were \$519,771 and \$480,341 for the years ended December 31, 2017 and 2016, respectively.

AUSTIN COMMUNITY FOUNDATION
Notes to the Consolidated Financial Statements
December 31, 2017 and 2016
(Continued)

(4) REAL ESTATE INVESTMENTS AND OTHER INVESTMENTS

The Foundation has made loans and equity investments for the purpose of the Foundation’s programmatic mission. The Foundation also partners with donors to make these investments. The Foundation records program related investments at cost. These investments are evaluated for impairment annually and written down if appropriate. Interest on loan receivables is generally charged at below market rates. Maturities of loans receivable held at December 31, 2017 are at dates ranging from 2018 to 2022, or upon the occurrence of certain events. Management has reviewed the collectability of the notes receivable and equity investments and has determined an allowance for impairment is not necessary as of December 31, 2017 and 2016.

Real estate and other investments consisted of the following as of December 31:

	2017	2016
Land	\$ 3,255,773	\$ 3,755,305
Oil and gas leasehold	1,454,642	1,608,441
Programmatic loans & investments	1,684,897	1,107,080
	\$ 6,395,312	\$ 6,470,826

Effective September 1, 2006, Charitable Holdings (now ACF Bright Leaf Preserve) received the ownership interest in approximately 216 acres of land. The 216 acres is required to be maintained as a wildlife park and nature preserve under the donor’s will and the deed from the Texas Parks and Wildlife Department and cannot be sold by ACF Bright Leaf Preserve. Under the court order allowing the Texas Parks and Wildlife Department to convey the property to ACF Bright Leaf Preserve, the Foundation has the responsibility to manage access and programs and maintain the property in accordance with the terms of the will and the deed.

(5) FAIR VALUE OF FINANCIAL INSTRUMENTS

The estimated fair value amounts of the Foundation’s financial instruments have been determined by the Foundation, using available market information and appropriate valuation methodologies. However, considerable judgment is necessarily required in interpreting market data to develop the estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts that the Foundation could realize in a current market exchange. The use of different market assumptions and estimation methodologies may have a material effect on the estimated fair value amounts.

Investment income and realized gains and losses in permanently restricted net assets are reported as increases in temporarily restricted net assets until budgeted for spending. The change in fair value between years along with realized gains or losses are reflected in the statement of revenues and expenses in the year of the change.

AUSTIN COMMUNITY FOUNDATION
Notes to the Consolidated Financial Statements
December 31, 2017 and 2016
(Continued)

For investments that are remeasured at fair value on a recurring basis, the Foundation discloses the hierarchy of the valuation based on the inputs used to determine the valuation. Financial instruments are considered Level 1 when their values are determined using quoted prices in active markets for identical assets that the reporting entity has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1, such as quoted prices for similar assets in active or inactive markets, inputs other than quoted prices that are observable for the asset, or inputs that are derived principally from or corroborated by observable market data by correlation or other means. Financial instruments are considered Level 3 when their values are determined using pricing models, discounted cash flow methodologies or similar techniques and at least one significant model assumption or input is unobservable. Level 3 financial instruments also include those for which the determination of fair value requires significant management judgment or estimation.

The carrying amount of cash and cash equivalents, notes receivable, other assets, accounts and grants payable, and funds held for others approximated fair value at December 31, 2017 and 2016, because of their relatively short maturity and market terms.

The following table represents the Foundation's fair value hierarchy for its investments measured at fair value on a recurring basis as of December 31, 2017:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Marketable securities	\$ 173,461,219	\$ 5,102,104	\$ -	\$178,563,323
Real estate and other investments	-	-	6,395,312	6,395,312
Hedge funds and private equity ⁽¹⁾	-	-	-	27,772,685
Split interest agreements	-	-	113,038	113,038
	<u>\$ 173,461,219</u>	<u>\$ 5,102,104</u>	<u>\$ 6,508,350</u>	<u>\$212,844,358</u>

(1) In accordance with subtopic 820-10, certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statements of financial position

The following table represents the Foundation's fair value hierarchy for its investments measured at fair value on a recurring basis as of December 31, 2016:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Marketable securities	\$ 116,020,382	\$ 13,035,053	\$ -	\$129,055,435
Real estate and other investments	-	-	6,470,826	6,470,826
Hedge funds and private equity ⁽¹⁾	-	-	-	21,203,824
Split interest agreements	-	-	179,225	179,225
	<u>\$ 116,020,382</u>	<u>\$ 13,035,053</u>	<u>\$ 6,650,051</u>	<u>\$156,909,310</u>

(1) In accordance with subtopic 820-10, certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statements of financial position

AUSTIN COMMUNITY FOUNDATION
Notes to the Consolidated Financial Statements
December 31, 2017 and 2016
(Continued)

The estimated fair values of Level 3 investments were determined by the Foundation in accordance with its investment policy based on a number of factors, including the costs of investments to the Foundation as well as the current and projected operating performance. Changes in unrealized appreciation or depreciation of the investments are recognized as unrealized gains and losses in the consolidated statements of activities.

Real estate values are compared to real estate appraisals or ad-valorem property tax statements to determine fair value, oil and gas leaseholds are evaluated based on the current and projected future cash flow from the properties multiplied by a market multiple to estimate fair value, and other investments are primarily valued using a discounted cash flow where the projected future cash flow is discounted at the estimated market rate of interest. Oil and gas properties are revalued periodically and are then subject to depletion expense as income from the oil and gas properties is received between valuation periods. Investments in hedge funds and private equity funds are valued at the net asset values (NAV) of the funds based on statements received.

The Foundation recognizes any transfers between levels in the fair value hierarchy as of the end of the reporting period. There were no transfers between levels for the year ended December 31, 2017.

The changes in assets measured using significant unobservable inputs for the year ended December 31, 2017 were:

	Fair Value Measurements Using Significant Unobservable Inputs (Level 3)
Balance at December 31, 2016	\$ 6,650,051
Total gains or losses (realized/unrealized) included in changes in net assets	100,106
Purchases and contributions, net	1,720,331
Sale of investments	(1,808,339)
Depletion of oil and gas leasehold	(153,799)
Balance at December 31, 2017	\$ 6,508,350

Hedge funds and private equity investments are recorded at fair value based on net asset value statements from the funds and consisted of the following at December 31, 2017 and 2016, respectively:

	2017	2016
Hedge funds	\$ 16,949,969	\$ 14,818,768
Private equity funds	10,822,716	6,385,056
	\$ 27,772,685	\$ 21,203,824

Investment income is composed of the following for the year ended December 31, 2017 and 2016, respectively:

	2017	2016
Interest and dividends	\$ 3,971,998	\$ 3,164,688
Less: Agency investment income	(860,587)	(200,288)
	\$ 3,111,411	\$ 2,964,400

AUSTIN COMMUNITY FOUNDATION
Notes to the Consolidated Financial Statements
December 31, 2017 and 2016
(Continued)

Royalties and bonuses received from oil and gas leaseholds totaled \$154,726 and \$175,742 at December 31, 2017 and 2016, respectively, and are included in other income on the statement of activities.

(6) PROPERTY AND EQUIPMENT

The following is a summary of furniture, equipment, and leasehold improvements as of December 31:

	2017	2016
Furniture and equipment	\$ 229,156	\$ 239,456
Software	99,135	105,097
Vehicle	29,055	29,055
Leasehold improvements	166,877	170,902
	524,223	544,510
Less: accumulated depreciation and amortization	(515,607)	(513,927)
	\$ 8,616	\$ 30,583

Depreciation expense was \$26,982 and \$54,829 for the years ended December 31, 2017 and 2016, respectively.

(7) PERMANENTLY RESTRICTED NET ASSETS

Net assets resulting from contributions whose use by the Foundation is limited by donor-imposed restrictions that are not expected to expire are considered permanently restricted net assets. An example of a permanently restricted net asset would be the donation of funds (or other assets) to the Foundation subject to a gift instrument in which the donor imposed a restriction that the funds not be expended, but that the Foundation would be permitted to use or expend part or all of the income (or other economic benefit) derived from the donation.

As of December 31, 2017 and 2016, three individual funds accounted for approximately 80% of the Foundation's permanently restricted net assets. As of December 31, 2016, the three individual funds accounted for approximately 80% of the Foundation's permanently restricted net assets.

(8) ENDOWMENTS

The Foundation's endowments consist of more than 350 individual funds established for a variety of purposes. Endowments are defined in Note 1 to the consolidated financial statements.

The Foundation considers the following factors in making a determination on the amount, if any, to be available for distribution from each endowment fund:

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the organization
- The investment policies of the organization.

AUSTIN COMMUNITY FOUNDATION
Notes to the Consolidated Financial Statements
December 31, 2017 and 2016
(Continued)

As of December 31, 2017, the endowment assets of the Foundation, as defined by fund type are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
UPMIFA-defined endowment funds				
Discretionary	\$ 25,600	\$ 43,742	\$ 598,380	\$ 667,722
Field of interest	162,865	458,874	3,299,506	3,921,245
Designated	739,820	1,962,471	8,792,802	11,495,093
Scholarship	127,100	18,518	600,000	745,618
Advised endowment	301,192	3,407,350	11,053,656	14,762,198
Other endowment funds				
ACF Related	366,958	-	-	366,958
Discretionary	7,948,955	-	-	7,948,955
Field of interest	7,718,746	-	-	7,718,746
Scholarship	4,881,638	-	-	4,881,638
Designated	20,002,714	-	-	20,002,714
Advised endowment	39,429,358	-	-	39,429,358
Charitable trust	113,038	-	-	113,038
	<u>\$ 81,817,984</u>	<u>\$ 5,890,955</u>	<u>\$ 24,344,344</u>	<u>\$ 112,053,283</u>

As of December 31, 2016, the endowment assets of the Foundation, as defined by fund type were as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
UPMIFA-defined endowment funds				
Discretionary	\$ 15,388	\$ -	\$ 598,380	\$ 613,768
Field of interest	247,465	167,491	3,290,306	3,705,262
Designated	794,260	1,138,704	8,792,802	10,725,766
Scholarship	72,013	-	500,000	572,013
Advised endowment	225,311	2,278,892	11,053,656	13,557,859
Other endowment funds				
ACF Related	335,493	-	-	335,493
Discretionary	7,132,943	-	-	7,132,943
Field of interest	7,031,819	-	-	7,031,819
Scholarship	4,288,859	-	-	4,288,859
Designated	17,796,966	-	-	17,796,966
Advised endowment	35,080,736	-	-	35,080,736
Charitable trust	179,225	-	-	179,225
	<u>\$ 73,200,478</u>	<u>\$ 3,585,087</u>	<u>\$ 24,235,144</u>	<u>\$ 101,020,709</u>

From time to time, the fair value of the assets associated with individual donor restricted endowment funds may fall below the level classified as permanently restricted net assets. At December 31, 2017, the Foundation had no funds with deficiencies of this nature. At December 31, 2016, the Foundation had 4 endowment funds with deficiencies of this nature totaling approximately \$208,609. These deficiencies are reflected in unrestricted net assets.

AUSTIN COMMUNITY FOUNDATION
Notes to the Consolidated Financial Statements
December 31, 2017 and 2016
(Continued)

The summary of changes in endowment assets during the year ended December 31, 2017 is as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment assets as of				
December 31, 2016	\$ 73,245,377	\$ 3,540,188	\$ 24,235,144	\$ 101,020,709
Contributions	1,180,859	-	100,000	1,280,859
Transfers	998,700	(1,764,528)	9,200	(756,628)
Investment earnings, net	10,497,819	4,115,294	-	14,613,113
Grants or scholarships	(3,207,997)	-	-	(3,207,997)
Administrative expenses	(213,286)	-	-	(213,286)
Other changes	(683,487)	-	-	(683,487)
Endowment assets as of				
December 31, 2017	<u>\$ 81,817,984</u>	<u>\$ 5,890,954</u>	<u>\$ 24,344,344</u>	<u>\$ 112,053,283</u>

Return Objectives and Risk Parameters - The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment assets while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board of Governors, the endowment assets are invested in a manner that is intended to produce total investment returns that preserve the endowment's purchasing power while still meeting the Foundation's spending policy, investment and administrative expenses and inflation over a long time-horizon, while assuming a moderate level of investment risk. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives - To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy - The Foundation has a policy of appropriating for distribution each year approximately four percent of its endowment funds average fair value over the prior 20 quarters through the fiscal year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, the Foundation considered the long-term expected return on its endowment. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

(9) RETIREMENT PLAN

The Foundation has contracted with a staffing agency to provide employment services and a 401(k) plan for its eligible employees. For the years ended December 31, 2017 and 2016, the Foundation contributed \$40,434 and \$38,110, respectively.

AUSTIN COMMUNITY FOUNDATION
Notes to the Consolidated Financial Statements
December 31, 2017 and 2016
(Continued)

(10) CREDIT RISK

Certain financial instruments potentially subject the Foundation to concentrations of credit risk. These financial instruments consist primarily of cash and cash equivalents, investments, and notes receivable. The cash policy of the Foundation limits the amount of credit exposure, and requires that cash be placed with high credit quality financial institutions. Credit risk on investments is limited due to wide diversification of the investment portfolio.

From time to time bank balances may exceed the FDIC insured limits. As of December 31, 2017 and 2016, there were approximately \$21.3 million and \$21.0 million in uninsured bank balances, respectively. The Foundation's money market funds are maintained with various banks and financial institutions in an interest bearing account.

An allowance for uncollectible accounts is provided based on management's evaluation of potential uncollectible accounts and notes receivable at year end. As of December 31, 2017 and 2016, there was no allowance for uncollectible accounts.

(11) CONCENTRATIONS

During the year ended December 31, 2017, the Foundation recorded contributions from one donor that amounted to 35% of total contributions. During the year ended December 31, 2016, the Foundation recorded contributions from two donors that amounted to 14% of total contributions.

As of December 31, 2017, two individual funds totaled 34% of the Foundation's agency funds held for others. As of December 31, 2016, three individual funds totaled 41% of the Foundation's agency funds held for others.

(12) FUNCTIONAL CLASSIFICATION OF EXPENSES

Functional expenses for the years ended December 31, 2017 were as follows:

Description	Programs	Management and General	Fundraising	Total
Grants	\$ 26,960,458	\$ -	\$ -	\$ 26,960,458
Special projects funding	6,063,475	-	-	6,063,475
Professional fees	19,482	77,928	-	97,410
Building rent	126,009	19,660	9,133	154,802
Taxes	13,318	-	-	13,318
Management fees	519,771	-	-	519,771
Credit card processing	50,382	-	509	50,891
Compensation	1,521,008	280,092	166,272	1,967,372
Depreciation	28,774	5,129	1,592	35,495
Depletion	-	153,799	-	153,799
Public awareness	78,251	19,563	-	97,814
Development	70,903	11,062	5,139	87,104
Other expenses	84,448	2,518	729	87,695
	<u>\$ 35,536,279</u>	<u>\$ 569,751</u>	<u>\$ 183,374</u>	<u>\$ 36,289,404</u>

AUSTIN COMMUNITY FOUNDATION
Notes to the Consolidated Financial Statements
December 31, 2017 and 2016
(Continued)

Functional expenses for the years ended December 31, 2016 were as follows:

Description	Programs	Management and General	Fundraising	Total
Grants	\$ 19,992,704	\$ -	\$ -	\$ 19,992,704
Special projects funding	5,798,896	-	-	5,798,896
Professional fees	17,042	60,367	-	77,409
Building rent	111,950	21,256	8,503	141,709
Taxes	23,051	-	-	23,051
Management fees	480,341	-	-	480,341
Credit card processing	44,357	-	448	44,805
Compensation	1,352,412	308,728	179,723	1,840,863
Depreciation	43,315	8,224	3,290	54,829
Depletion	-	133,786	-	133,786
Public awareness	35,160	8,790	-	43,950
Development	31,388	5,960	2,384	39,732
Other expenses	152,011	17,059	9,089	178,159
	<u>\$ 28,082,627</u>	<u>\$ 564,170</u>	<u>\$ 203,437</u>	<u>\$ 28,850,234</u>

The ratio of fundraising expense to total funds raised was approximately 0.3% percent and 0.5%, respectively, during the years ended December 31, 2017 and 2016.

(13) RELATED PARTY TRANSACTIONS

The Notley Fund entered into a shared services agreement with Notley Ventures, LLC, a Texas limited liability company (“Notley Ventures”) owned by one of the Foundation’s board members, effective January 1, 2017. Under the agreement, Notley Fund uses employees of Notley Ventures for the performance of accounting, development, finance, legal, marketing, and other general management services. Expenses under the agreement totaled \$142,885 of which \$54,324 were outstanding as of December 31, 2017.

(14) LEASE COMMITMENTS

The Foundation has a lease for its primary office space. The lease for its primary office and was extended for five years beginning in October 2013 and expiring in October 2017. The lease was extended again beginning November 2017 and expiring in October 2022, with a clause that the lease may be canceled with six months notice to the landlord. Lease expense was \$154,802 and \$141,709 for the years ended December 31, 2017 and 2016, respectively.

Minimum future rentals for the office space lease as of December 31, 2017 are as follows:

Year Ending December 31,	
2018	\$ 147,433
2019	150,507
2020	154,398
2021	159,030
2022	135,821
Total	<u>\$ 747,189</u>

AUSTIN COMMUNITY FOUNDATION
Notes to the Consolidated Financial Statements
December 31, 2017 and 2016
(Continued)

(15) LIFE INSURANCE POLICIES AND LIFE ANNUITY CONTRACTS

In 2003 and 2004, the Foundation participated in life insurance policies and life annuity contracts or “LILAC” transactions. In LILAC transactions, an unrelated entity forms a statutory business trust as a vehicle for paying the proceeds of life annuity contracts and life insurance policies to investors and charities. After the business trust is formed, the trust obtains life insurance and life annuities on the lives of consenting individuals, sells equity securities to investors, and issues a second class of securities to the charitable organization designated by the consenting individuals, such as the Foundation. The trust uses the life annuity payments to pay the life insurance premiums and to provide a return to the investors. As consenting individuals die, the trust will distribute the majority of the death benefit proceeds to the investors and distribute the remaining proceeds, if any, to the Foundation. The organizers of the LILAC transactions have projected that the death benefits to be received by the Foundation are estimated to be approximately \$40 million over the next 10-12 years. The Foundation will pay-out the primary portion of the death benefits to other charities by the insured.

For financial accounting purposes, the Foundation will recognize any proceeds from the LILAC transactions as they are received. The Foundation received and recognized \$650,000 and \$2,325,000 in proceeds for the years ended December 31, 2017 and 2016, respectively. Of the \$650,000 received in 2017, the Foundation distributed \$617,500 in charitable grants and retained \$32,500 as an administrative fee. Of the \$2,325,000 received in 2016, the Foundation distributed \$1,837,500 in charitable grants, opened a new fund with \$380,000 and retained \$107,500 as an administrative fee.

AUSTIN COMMUNITY FOUNDATION
Supplemental Consolidating Schedule of Financial Position Information
December 31, 2017

	Austin Community Foundation	ACF Associates, LLC	ACF Bright Leaf Preserve	Charitable Holdings II	CH II Charitable Properties, LLC	Schweitzer Family Foundation	Notley Fund	Notley Initiative - Philanthropich	Notley Initiative - Startup Games	Notley Initiative - A Legacy of Giving	Total	Elimination Entries	Consolidated
Assets													
Cash and cash equivalents	\$ 22,104,037	\$ 93,528	\$ 4,470	\$ 4,640	\$ -	\$ 1,639	\$ 21,829	\$ 15,538	\$ 201,236	\$ 98,126	\$ 22,545,043	\$ -	\$ 22,545,043
Certificates of deposit	1,500,000	-	-	-	-	-	-	-	-	-	1,500,000	-	1,500,000
Investments, at fair value													
Marketable securities	178,071,973	-	-	-	-	491,350	-	-	-	-	178,563,323	-	178,563,323
Real estate and other investments	1,291,727	1,330,959	211,428	1,536,200	1,510,325	-	514,673	-	-	-	6,395,312	-	6,395,312
Hedge funds and private equity	27,772,685	-	-	-	-	-	-	-	-	-	27,772,685	-	27,772,685
Split interest agreements	113,038	-	-	-	-	-	-	-	-	-	113,038	-	113,038
Accounts receivable	1,690,729	-	-	-	-	-	10,062	47,000	86,900	-	1,834,691	(1,427,920)	406,771
Property and equipment, net	8,616	-	-	-	-	-	-	-	-	-	8,616	-	8,616
Other assets	87,059	-	-	12,729	-	-	-	-	84,020	-	183,808	-	183,808
Total assets	<u>\$ 232,639,864</u>	<u>\$ 1,424,487</u>	<u>\$ 215,898</u>	<u>\$ 1,553,569</u>	<u>\$ 1,510,325</u>	<u>\$ 492,989</u>	<u>\$ 546,564</u>	<u>\$ 62,538</u>	<u>\$ 372,156</u>	<u>\$ 98,126</u>	<u>\$ 238,916,516</u>	<u>\$ (1,427,920)</u>	<u>\$ 237,488,596</u>
Liabilities and Net Assets													
Accounts and grants payable	\$ 1,200,418	\$ 1,330,959	\$ 171	\$ 11,751	\$ -	\$ 80,827	\$ 123,001	\$ 50,251	\$ 365,795	\$ 1,913	\$ 3,165,086	\$ (1,427,920)	\$ 1,737,166
Charitable remainder trusts	899,546	-	-	-	-	-	-	-	-	-	899,546	-	899,546
Funds held for others - agency	12,649,556	-	-	-	-	-	-	-	-	-	12,649,556	-	12,649,556
Total liabilities	<u>14,749,520</u>	<u>1,330,959</u>	<u>171</u>	<u>11,751</u>	<u>-</u>	<u>80,827</u>	<u>123,001</u>	<u>50,251</u>	<u>365,795</u>	<u>1,913</u>	<u>16,714,188</u>	<u>(1,427,920)</u>	<u>15,286,268</u>
											(4,375,071)		
Net assets													
Unrestricted	186,885,961	93,528	215,727	1,541,818	1,510,325	412,162	423,563	12,287	6,361	96,213	191,197,945	-	191,197,945
Temporarily restricted	6,660,039	-	-	-	-	-	-	-	-	-	6,660,039	-	6,660,039
Permanently restricted	24,344,344	-	-	-	-	-	-	-	-	-	24,344,344	-	24,344,344
Total net assets	<u>217,890,344</u>	<u>93,528</u>	<u>215,727</u>	<u>1,541,818</u>	<u>1,510,325</u>	<u>412,162</u>	<u>423,563</u>	<u>12,287</u>	<u>6,361</u>	<u>96,213</u>	<u>222,202,328</u>	<u>-</u>	<u>222,202,328</u>
Total liabilities and net assets	<u>\$ 232,639,864</u>	<u>\$ 1,424,487</u>	<u>\$ 215,898</u>	<u>\$ 1,553,569</u>	<u>\$ 1,510,325</u>	<u>\$ 492,989</u>	<u>\$ 546,564</u>	<u>\$ 62,538</u>	<u>\$ 372,156</u>	<u>\$ 98,126</u>	<u>\$ 238,916,516</u>	<u>\$ (1,427,920)</u>	<u>\$ 237,488,596</u>

See accompanying notes and report of independent auditor.

AUSTIN COMMUNITY FOUNDATION
Supplemental Consolidating Schedule of Activities Information
December 31, 2017

	Austin Community Foundation	ACF Associates, LLC	ACF Bright Leaf Preserve	Charitable Holdings II	CH II Charitable Properties, LLC	Schweitzer Family Foundation	Notley Fund	Notley Initiative - Philanthropic	Notley Initiative - Startup Games	Notley Initiative - A Legacy of Giving	Total	Elimination Entries	Consolidated
Revenues and Support													
Contributions	\$ 70,094,656	\$ -	\$ 2,100	\$ 652,682	\$ 240,000	\$ -	\$ 145,492	\$ 189,130	\$ 260,426	\$ 258,083	\$ 71,842,569	\$ (627,420)	\$ 71,215,149
Less: contributions to agency funds	(2,595,414)	-	-	-	-	-	-	-	-	-	(2,595,414)	-	(2,595,414)
Net contributions	67,499,242	-	2,100	652,682	240,000	-	145,492	189,130	260,426	258,083	69,247,155	(627,420)	68,619,735
Investment income	3,262,712	93,528	-	686	(310,005)	53,302	11,188	-	-	-	3,111,411	-	3,111,411
Appreciation on investments, net	18,600,350	-	33,899	165,468	-	16,386	-	-	-	-	18,816,103	-	18,816,103
Other income, net	360,737	-	78,439	-	13,200	-	336,067	-	761	34,163	823,367	(562,768)	260,599
Total revenues, gains and support	89,723,041	93,528	114,438	818,836	(56,805)	69,688	492,747	189,130	261,187	292,246	91,998,036	(1,190,188)	90,807,848
Expenses													
Program services:													
Community grant funding	26,910,572	-	33,899	18,678	1,235,511	45,400	97,533	-	44,000	-	28,385,593	(627,420)	27,758,173
Less: grants from agency funds	(797,715)	-	-	-	-	-	-	-	-	-	(797,715)	-	(797,715)
Net community grant funding	26,112,857	-	33,899	18,678	1,235,511	45,400	97,533	-	44,000	-	27,587,878	(627,420)	26,960,458
Special projects funding and program costs	7,803,941	-	81,503	7,487	11,127	1,238	474,941	218,184	207,975	313,167	9,119,563	(543,742)	8,575,821
Total program services	33,916,798	-	115,402	26,165	1,246,638	46,638	572,474	218,184	251,975	313,167	36,707,441	(1,171,162)	35,536,279
Supporting services:													
Management and general	509,531	-	-	431	2,464	2,096	68,819	-	-	-	583,341	(13,590)	569,751
Fundraising	119,992	-	-	-	-	-	68,818	-	-	-	188,810	(5,436)	183,374
Total supporting services	629,523	-	-	431	2,464	2,096	137,637	-	-	-	772,151	(19,026)	753,125
Total expenses and losses	34,546,321	-	115,402	26,596	1,249,102	48,734	710,111	218,184	251,975	313,167	37,479,592	(1,190,188)	36,289,404
Increase (decrease) in net assets	55,176,720	93,528	(964)	792,240	(1,305,907)	20,954	(217,364)	(29,054)	9,212	(20,921)	54,518,444	-	54,518,444
Net assets at beginning of year	162,713,624	-	216,691	749,578	2,816,232	391,208	640,927	41,341	(2,851)	117,134	167,683,884	-	167,683,884
Net assets at end of year	\$ 217,890,344	\$ 93,528	\$ 215,727	\$ 1,541,818	\$ 1,510,325	\$ 412,162	\$ 423,563	\$ 12,287	\$ 6,361	\$ 96,213	\$ 222,202,328	\$ -	\$ 222,202,328

See accompanying notes and report of independent auditor.

AUSTIN COMMUNITY FOUNDATION
Supplemental Consolidating Schedule of Financial Position Information
December 31, 2016

	Austin Community Foundation	ACF Associates, LLC	ACF Bright Leaf Preserve	Charitable Holdings II	CH II Charitable Properties, LLC	Schweitzer Family Foundation	Notley Fund	Notley Initiative - Philanthropic	Notley Initiative - Startup Games	Notley Initiative - A Legacy of Giving	Total	Elimination Entries	Consolidated
Assets													
Cash and cash equivalents	\$ 19,183,722	\$ -	\$ 5,454	\$ 28,140	\$ -	\$ 3,089	\$ 447,927	\$ 53,839	\$ 100,579	\$ 153,272	\$ 19,976,022	\$ -	\$ 19,976,022
Certificates of deposit	1,500,000	-	-	-	-	-	-	-	-	-	1,500,000	-	1,500,000
Investments, at fair value													
Marketable securities	128,574,669	-	-	-	-	480,766	-	-	-	-	129,055,435	-	129,055,435
Real estate and other investments	1,780,239	762,901	211,428	720,732	2,825,326	-	170,200	-	-	-	6,470,826	-	6,470,826
Hedge funds and private equity	21,203,824	-	-	-	-	-	-	-	-	-	21,203,824	-	21,203,824
Split interest agreements	179,225	-	-	-	-	-	-	-	-	-	179,225	-	179,225
Accounts receivable	1,222,353	-	-	-	-	-	34,163	22,500	22,000	-	1,301,016	(797,064)	503,952
Property and equipment, net	30,583	-	-	-	-	-	-	-	-	-	30,583	-	30,583
Other assets	122,465	-	-	17,543	-	-	350	-	18,570	-	158,928	-	158,928
Total assets	<u>\$ 173,797,080</u>	<u>\$ 762,901</u>	<u>\$ 216,882</u>	<u>\$ 766,415</u>	<u>\$ 2,825,326</u>	<u>\$ 483,855</u>	<u>\$ 652,640</u>	<u>\$ 76,339</u>	<u>\$ 141,149</u>	<u>\$ 153,272</u>	<u>\$ 179,875,859</u>	<u>\$ (797,064)</u>	<u>\$ 179,078,795</u>
Liabilities and Net Assets													
Accounts and grants payable	\$ 1,271,645	\$ 762,901	\$ 191	\$ 16,837	\$ 9,094	\$ 92,647	\$ 11,713	\$ 34,998	\$ 144,000	\$ 36,138	\$ 2,380,164	\$ (797,064)	\$ 1,583,100
Charitable remainder trusts	399,142	-	-	-	-	-	-	-	-	-	399,142	-	399,142
Funds held for others - agency	9,412,669	-	-	-	-	-	-	-	-	-	9,412,669	-	9,412,669
Total liabilities	<u>11,083,456</u>	<u>762,901</u>	<u>191</u>	<u>16,837</u>	<u>9,094</u>	<u>92,647</u>	<u>11,713</u>	<u>34,998</u>	<u>144,000</u>	<u>36,138</u>	<u>12,191,975</u>	<u>(797,064)</u>	<u>11,394,911</u>
Net assets											147,142		
Unrestricted	134,634,990	-	216,691	749,578	2,816,232	391,208	640,927	41,341	(2,851)	117,134	139,605,250	-	139,605,250
Temporarily restricted	3,843,490	-	-	-	-	-	-	-	-	-	3,843,490	-	3,843,490
Permanently restricted	24,235,144	-	-	-	-	-	-	-	-	-	24,235,144	-	24,235,144
Total net assets	<u>162,713,624</u>	<u>-</u>	<u>216,691</u>	<u>749,578</u>	<u>2,816,232</u>	<u>391,208</u>	<u>640,927</u>	<u>41,341</u>	<u>(2,851)</u>	<u>117,134</u>	<u>167,683,884</u>	<u>-</u>	<u>167,683,884</u>
Total liabilities and net assets	<u>\$ 173,797,080</u>	<u>\$ 762,901</u>	<u>\$ 216,882</u>	<u>\$ 766,415</u>	<u>\$ 2,825,326</u>	<u>\$ 483,855</u>	<u>\$ 652,640</u>	<u>\$ 76,339</u>	<u>\$ 141,149</u>	<u>\$ 153,272</u>	<u>\$ 179,875,859</u>	<u>\$ (797,064)</u>	<u>\$ 179,078,795</u>

See accompanying notes and report of independent auditor.

AUSTIN COMMUNITY FOUNDATION
Supplemental Consolidating Schedule of Activities Information
December 31, 2016

	Austin Community Foundation	ACF Associates, LLC	ACF Bright Leaf Preserve	Charitable Holdings II	CH II Charitable Properties, LLC	Schweitzer Family Foundation	Notley Fund	Notley Initiative - Philanthropich	Notley Initiative - Startup Games	Notley Initiative - A Legacy of Giving	Total	Elimination Entries	Consolidated
Revenues and Support													
Contributions	\$ 40,083,400	\$ -	\$ 2,100	\$ 20,141	\$ 1,315,000	\$ 35,000	\$ 1,215,101	\$ 228,916	\$ 349,984	\$ 143,755	\$ 43,393,397	\$ (1,677,474)	\$ 41,715,923
Less: contributions to agency funds	(1,325,624)	-	-	-	-	-	-	-	-	-	(1,325,624)	-	(1,325,624)
Net contributions	38,757,776	-	2,100	20,141	1,315,000	35,000	1,215,101	228,916	349,984	143,755	42,067,773	(1,677,474)	40,390,299
Investment income	3,062,731	(133,650)	-	1,502	-	33,618	199	-	-	-	2,964,400	-	2,964,400
Appreciation on investments, net	7,567,512	(40,408)	57,434	285,001	-	109,498	-	-	-	-	7,979,037	-	7,979,037
Other income, net	268,257	-	78,229	-	-	-	68,326	(12,976)	(30,457)	135,617	506,996	(156,000)	350,996
Total revenues, gains and support	49,656,276	(174,058)	137,763	306,644	1,315,000	178,116	1,283,626	215,940	319,527	279,372	53,518,206	(1,833,474)	51,684,732
Expenses													
Program services:													
Community grant funding	20,208,035	567,245	637,050	50,000	-	69,251	338,070	46,522	126,675	-	22,042,848	(1,677,474)	20,365,374
Less: grants from agency funds	(372,670)	-	-	-	-	-	-	-	-	-	(372,670)	-	(372,670)
Net community grant funding	19,835,365	567,245	637,050	50,000	-	69,251	338,070	46,522	126,675	-	21,670,178	(1,677,474)	19,992,704
Special projects funding and program costs	7,524,494	-	81,427	19,645	8,022	949	213,253	95,610	167,023	135,500	8,245,923	(156,000)	8,089,923
Total program services	27,359,859	567,245	718,477	69,645	8,022	70,200	551,323	142,132	293,698	135,500	29,916,101	(1,833,474)	28,082,627
Supporting services:													
Management and general	461,326	-	-	496	1,072	1,729	52,559	19,279	14,340	13,369	564,170	-	564,170
Fundraising	104,290	-	-	-	-	-	52,159	19,279	14,340	13,369	203,437	-	203,437
Total supporting services	565,616	-	-	496	1,072	1,729	104,718	38,558	28,680	26,738	767,607	-	767,607
Total expenses and losses	27,925,475	567,245	718,477	70,141	9,094	71,929	656,041	180,690	322,378	162,238	30,683,708	(1,833,474)	28,850,234
Increase (decrease) in net assets	21,730,801	(741,303)	(580,714)	236,503	1,305,906	106,187	627,585	35,250	(2,851)	117,134	22,834,498	-	22,834,498
Net assets at beginning of year	140,982,823	741,303	797,405	513,075	1,510,326	285,021	13,342	6,091	-	-	144,849,386	-	144,849,386
Net assets at end of year	\$ 162,713,624	\$ -	\$ 216,691	\$ 749,578	\$ 2,816,232	\$ 391,208	\$ 640,927	\$ 41,341	\$ (2,851)	\$ 117,134	\$ 167,683,884	\$ -	\$ 167,683,884

See accompanying notes and report of independent auditor.