Austin Community Foundation

Report of Independent Auditor and Consolidated Financial Statements with Supplemental Information

December 31, 2018 and 2017

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AUSTIN COMMUNITY FOUNDATION
Index to Consolidated Financial Statements
December 31, 2018 and 2017

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Report of Independent Auditor

To the Board of Governors
Austin Community Foundation

We have audited the accompanying consolidated financial statements of Austin Community Foundation (the "Foundation") which comprise the consolidated statements of financial position as of December 31, 2018 and 2017 and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the 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 Foundation'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 Foundation'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, 2018 and 2017, and the changes 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.

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Emphasis of Matter

As discussed in Note 7 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 $28,656,999 (12% of total assets) and $32,596,138 (14% of total assets) as of December 31, 2018 and 2017, 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.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental combining schedule of financial position information and combining schedule of activities and changes in net assets information on pages 24 and 25 are 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

July 24, 2019
Austin, Texas

AUSTIN COMMUNITY FOUNDATION

Consolidated Statements of Financial Position

As of December 31, 2018 and 2017

	2018	2017
Assets		
Cash and cash equivalents (Note 3)	$ 28,708,772	$ 22,545,043
Certificates of deposit	1,500,000	1,500,000
Programmatic loans and investments (Note 4)	1,974,361	1,684,897
Investments, at fair value		
Marketable securities (Note 5)	180,003,211	178,563,323
Real estate and other investments (Note 6)	4,196,275	4,710,415
Hedge funds and private equity (Note 7)	24,356,990	27,772,685
Split interest agreements	103,734	113,038
Accounts receivable	505,619	406,771
Property and equipment, net (Note 8)	54,480	8,616
Other assets	254,803	183,808
Total assets	$ 241,658,245	$ 237,488,596
Liabilities and Net Assets		
Accounts and grants payable	$ 2,158,573	$ 1,737,166
Charitable remainder trusts and gift annuities	1,263,813	899,546
Funds held for others - agency	15,686,146	12,649,556
Total liabilities	19,108,532	15,286,268
Net assets		
Without donor restrictions	194,857,710	191,197,945
With donor restrictions	27,692,003	31,004,383
Total net assets	222,549,713	222,202,328
Total liabilities and net assets	$ 241,658,245	$ 237,488,596

See accompanying notes and report of independent auditor.

AUSTIN COMMUNITY FOUNDATION

Consolidated Statement of Activities

Year Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Support			
Contributions	$ 54,163,031	$ 392,603	$ 54,555,634
Less: Contributions to agency funds	(4,706,884)	-	(4,706,884)
Net contributions	49,456,147	392,603	49,848,750
Net investment income	(10,171,105)	(1,824,281)	(11,995,386)
Other income, net	456,211	-	456,211
Net assets released from restrictions	1,880,702	(1,880,702)	-
Total revenues and support	41,621,955	(3,312,380)	38,309,575
Expenses			
Program services:			
Community grant funding	27,482,363	-	27,482,363
Less: Grants from agency funds	(522,518)	-	(522,518)
Net community grant funding	26,959,845	-	26,959,845
Program expense	9,866,673	-	9,866,673
Total program services	36,826,518	-	36,826,518
Supporting services:			
Management and general	810,113	-	810,113
Fundraising and development	325,559	-	325,559
Total supporting services	1,135,672	-	1,135,672
Total expenses	37,962,190	-	37,962,190
Increase (decrease) in net assets	3,659,765	(3,312,380)	347,385
Net assets at beginning of year	191,197,945	31,004,383	222,202,328
Net assets at end of year	$ 194,857,710	$ 27,692,003	$ 222,549,713

See accompanying notes and report of independent auditor.

AUSTIN COMMUNITY FOUNDATION

Consolidated Statement of Activities

Year Ended December 31, 2017

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Support			
Contributions	$ 70,612,584	$ 602,565	$ 71,215,149
Less: Contributions to agency funds	(2,595,414)	-	(2,595,414)
Net contributions	68,017,170	602,565	68,619,735
Net investment income	17,323,880	4,083,864	21,407,744
Other income, net	260,599	-	260,599
Net assets released from restrictions	1,760,680	(1,760,680)	-
Total revenues and support	87,362,329	2,925,749	90,288,078
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	26,960,458	-	26,960,458
Program expense	8,056,050	-	8,056,050
Total program services	35,016,508	-	35,016,508
Supporting services:			
Management and general	569,752	-	569,752
Fundraising and development	183,374	-	183,374
Total supporting services	753,126	-	753,126
Total expenses	35,769,634	-	35,769,634
Increase in net assets	51,592,695	2,925,749	54,518,444
Net assets at beginning of year	139,605,250	28,078,634	167,683,884
Net assets at end of year	$ 191,197,945	$ 31,004,383	$ 222,202,328

AUSTIN COMMUNITY FOUNDATION

Consolidated Statements of Functional Expenses

Years Ended December 31, 2018 and 2017

For the Year Ended December 31, 2018	Grant funding	Program expense	Management and general	Fundraising and development	Total
Grants	$ 26,959,845	$ -	$ -	$ -	$ 26,959,845
Program expense	-	7,342,362	-	-	7,342,362
Professional fees	-	71,820	167,945	-	239,765
Building rent	-	131,524	20,098	9,165	160,787
Credit card processing	-	59,211	-	977	60,188
Personnel	-	1,729,252	323,029	197,167	2,249,448
Depreciation and amortization	-	9,894	156,111	689	166,694
Public awareness	-	68,737	11,428	-	80,165
Development	-	48,042	7,341	3,348	58,731
In-kind expenses	-	254,441	108,373	108,373	471,187
Other expenses	-	151,390	15,788	5,840	173,018
Total expenses	$ 26,959,845	$ 9,866,673	$ 810,113	$ 325,559	$ 37,962,190

For the Year Ended December 31, 2017	Grant funding	Program expense	Management and general	Fundraising and development	Total
Grants	$ 26,960,458	$ -	$ -	$ -	$ 26,960,458
Program expense	-	6,063,475	-	-	6,063,475
Professional fees	-	19,482	77,928	-	97,410
Building rent	-	126,009	19,660	9,133	154,802
Credit card processing	-	50,382	-	509	50,891
Personnel	-	1,521,008	280,092	166,272	1,967,372
Depreciation and amortization	-	28,774	158,928	1,592	189,294
Public awareness	-	78,252	19,563	-	97,815
Development	-	70,903	11,062	5,139	87,104
In-kind expenses	-	-	-	-	-
Other expenses	-	97,765	2,519	729	101,013
Total expenses	$ 26,960,458	$ 8,056,050	$ 569,752	$ 183,374	$ 35,769,634

AUSTIN COMMUNITY FOUNDATION

Consolidated Statements of Cash Flows

Years Ended December 31, 2018 and 2017

	2018	2017
Cash flows from operating activities:		
Change in net assets	$ 347,385	$ 54,518,444
Adjustments to reconcile change in net assets to net cash provided by operations		
Depreciation	12,096	35,495
Amortization of oil and gas leaseholds	154,598	153,799
Non-cash contributions received	(9,845,936)	(36,855,356)
Appreciation on investments	19,219,256	(16,885,962)
(Increase) decrease in operating assets		
Accounts receivable	(98,848)	97,181
Other assets	(70,995)	(24,880)
Increase (decrease) in operating liabilities		
Accounts payable and grants payable	421,407	154,066
Charitable remainder trusts and gift annuities	364,267	500,404
Funds held for others - agency	3,036,590	3,236,887
Net cash provided by operating activities	13,539,820	4,930,078
Cash flows from investing activities:		
Purchase of fixed assets	(57,960)	(13,528)
Purchase of investments	(65,145,670)	(92,783,785)
Proceeds from sale of investments	57,827,539	90,436,256
Net cash used in investing activities	(7,376,091)	(2,361,057)
Cash flows from financing activities		
Net cash flows from financing activities	-	-
Net increase (decrease) in cash and cash equivalents	6,163,729	2,569,021
Cash and cash equivalents at beginning of year	22,545,043	19,976,022
Cash and cash equivalents at end of year	$ 28,708,772	$ 22,545,043
Supplemental disclosure		
Non-cash contributions received	$ 9,845,936	$ 36,855,356
Non-cash contributions made	$ -	$ -

See accompanying notes and report of independent auditor.

(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 1,300 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. The Foundation primarily uses ACF Associates, LLC to hold certain private equity investments that contain additional liability features separate from the other funds held by Austin Community Foundation.

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 currently has three active initiatives, each 501(c)(3) organizations: Philanthropitch, Start Up Games and Student Enterprise Incubator. During 2018, another Notley Fund initiative, A Legacy of Giving, ceased operations as a 501(c)(3) organization.

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 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 - In accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entities,* the Foundation is required to report information regarding its financial position and activities according to the existence or absence of donor-imposed restrictions.

> *Net Assets Without Donor Restrictions* - Net assets that are not subject to donor-imposed stipulations. Net assets without donor restrictions may be used for any purpose or designated for specific purposes by the Foundation.
>
> *Net Assets With Donor Restrictions* - Net assets that are restricted by gift instruments as to use or period of time that do not acknowledge the Foundation's "variance power". This occurs mostly when funds are transferred in a donor's will/bequest without use of a fund agreement or where there is a specific legal contract such as in the case of charitable gift annuities and charitable trusts. When donor restrictions expire either when a stipulated time restriction ends or a purpose restriction is fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

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 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 retains in perpetuity (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. Donor-restricted amounts not retained in perpetuity are subject to appropriation 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 net assets with donor restrictions are classified as net assets without donor restrictions 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.

(e) Contributions - Contributions received (including unconditional promises to give) are recorded as revenues without donor restrictions in the period received unless their use is restricted by explicit donor stipulation or by law. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as support within net assets without 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 net assets without donor restrictions 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 of land, buildings, and equipment as revenues without donor restrictions, 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 - Donated services are recognized as contributions if the services (1) create or enhance non-financial assets, or (2) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. During the years ended December 31, 2018 and 2017, 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 the 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) 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, 2018 and 2017, 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. As of December 31, 2018, there were no uncertain tax positions taken or significant estimates. 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 2015.

(i) 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.

(j) Functional Expenses - The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain expenses are allocated between functional categories based on management's estimates. Expenses relating to more than one function are allocated to grant funding, program expense, management and general, and fundraising costs based on employee time estimates. Allocations to grant funding and program services are for activities that result in services being distributed to beneficiaries, donors, or others that fulfill the mission of the Foundation. Allocations to management and general expenses include accounting, general management and oversight, audit, budgeting, human resources, legal and admin support of the board of directors. Allocations for fundraising are primarily for fundraising activities for operations. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide overall support and direction of the Foundation.

(k) Charitable Remainder Trusts, Charitable Lead 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 contributions with donor restrictions 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.

The Foundation has one charitable remainder annuity trust with a fair value of $194,784 and $219,784 as of December 31, 2018 and 2017, respectively.

A charitable remainder unitrust pays a distribution to the beneficiary at the end of a specified lifetime or term. The Foundation is the beneficiary of a charitable remainder trust administered by a third party trustee with a fair value of $103,734 and $113,038 as of December 31, 2018 and 2017, respectively. The Foundation also administers a charitable remainder unitrust with a fair value of $475,000 and $0 as of December 31, 2018 and 2017, respectively.

The Foundation administers one charitable lead unitrust with a fair value of $165,564 and $193,263 as of December 31, 2018 and 2017, respectively.

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 a fair value of $252,765 and $277,765 as of December 31, 2018 and 2017, 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. On an annual basis, the Foundation revalues the liability to make distributions to the designated beneficiaries based on actuarial assumptions. The Foundation has recorded a liability of $175,700 and $208,734 as of December 31, 2018 and 2017, 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.

(l) 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.

(m) 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.

(n) Management's Review - 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 available for issuance. For the consolidated financial statements as of and for the year ending December 31, 2018, this date was July 24, 2019.

(o) 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. These reclassifications had no effect on the reported change in net assets.

On the consolidated statement of activities for the year ended December 31, 2017, the Company reclassified investment management fees of approximately $520,000 from program expenses to net investment income in accordance with ASU 2016-14, *Presentation of financial statements of Not-for-Profit Entities, as an update to ASC 958, Not-for-Profit Entities.*

(p) Recent Accounting Pronouncements – In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*. The update is a comprehensive new revenue recognition model that requires a company to recognize revenue to depict the transfer of goods or services to a customer at an amount that reflects the consideration it expects to receive in exchange for those goods or services. ASU 2014-09 also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. This ASU is effective for annual and interim periods beginning after December 15, 2018. Early adoption is permitted. Companies may use either a full retrospective or a modified retrospective approach to adopt ASU 2014-09. The Foundation is currently evaluating the effect that the adoption of this ASU will have on its consolidated financial statements.

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. AS 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.

In January 2016, the FASB issued ASU 2016-01, *Recognition and Measurement of Financial Assets and Financial Liabilities*. This ASU removes the current guidance regarding classification of equity securities into different categories (i.e., trading or available-for-sale) and requires that equity investments generally be measured at fair value with changes in fair value recognized in net income. For non-public companies, the ASU is effective for years beginning after December 15, 2018. Early adoption is permitted. The Foundation is currently evaluating the impact of ASU 2016-01 on its consolidated financial statements.

In February 2016, the FASB issued 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, 2020. Early adoption is permitted. The Foundation is currently evaluating the impact of ASU 2016-02 on its consolidated financial statements.

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 adopted this update as of January 1, 2018. No other material impact is expected.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*, which modifies the disclosure requirements for fair value measurements by removing, modifying, or adding certain disclosures. ASU 2018-13 is effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. An entity is permitted to early adopt any removed or modified disclosures and delay adoption of the additional disclosures until their effective date. The Foundation early adopted ASU 2018-13 for the year ending December 31, 2018. All modifications resulting from the early adoption by the Foundation are reflected in Note 7.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which is intended to clarify and improve the scope and the accounting guidance for contributions received and made, primarily by not-for-profit organizations. The amendments in this ASU provide a more robust framework for determining whether a transaction should be accounted for as a contribution or as an exchange transaction. ASU 2018-18 is effective for all entities for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2019. Early adoption is permitted. The Foundation is currently evaluating the impact of ASU 2018-08 on its consolidated financial statements.

(2) LIQUIDITY

As part of the Foundation's liquidity management, financial assets are structured to be available as general expenditures, liabilities and other obligations become due. The Foundation invests cash in excess of daily requirements in short-term investments and money market funds.

The following table reflects the Foundation's financial assets as of December 31, 2018, reduced by amounts unavailable for grants and other expenses within one year. Financial assets are considered unavailable when they are illiquid, unable to be converted to cash within one year, include funds held for others, or are net assets with donor restrictions.

		2018
Cash and cash equivalents	$	28,708,772
Certificates of deposit		1,500,000
Programmatic loans and investments		1,974,361
Investments, at fair value		
Marketable securities		180,003,211
Real estate and other investments		4,196,275
Hedge funds and private equity		24,356,990
Split interest agreements		103,734
Accounts receivable		505,619
Total financial assets		241,348,962
Less amounts not available to be used within one year:		
Net assets with donor restrictions		(27,692,003)
Funds held for others		(15,686,146)
Certificates of deposit maturing beyond one year		(1,500,000)
Programmatic loans and investments		(1,849,361)
Limited marketable investments		(28,553,265)
Split interest agreements		(103,734)
Financial assets available to meet operating and grantmaking expenditures over the next twelve months	$	165,964,453

Programmatic loans and investments not available to be used within one year were reduced in 2018 by two notes that mature in 2019. Hedge funds, private equity, real estate and other investments are considered to be limited marketable investments given the existence of lock up terms, specified withdrawal periods, and less liquid markets. The Foundation believes the financial assets available to meet operating and grantmaking expenditures is sufficient capital to fund the anticipated growth of the Foundation over the next twelve months as well as any unanticipated contingencies and losses.

(3) CASH AND CASH EQUIVALENTS

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

		2018		2017
Cash	$	11,482,447	$	9,549,133
Money Market Funds		17,226,325		12,995,910
	$	28,708,772	$	22,545,043

(4) PROGRAMMATIC LOANS AND INVESTMENTS

The Foundation has made loans and equity investments for the purpose of the Foundation'programmatic mission. The Foundation also partners with donors to make investments. The Foundation records program related investments at cost when the investments are made. On a nonrecurring basis, these investments are subsequently adjusted based on relevant financial information and for impairment as determined by the Foundation's management. Interest on loan receivables is generally charged at below market rates. Maturities of loans receivable held at December 31, 2018 are at dates ranging from 2019 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, 2018 and 2017. The Foundation had programmatic loans and investments as of December 31, 2018 and 2017 of $1,974,361 and $1,684,897, respectively.

(5) MARKETABLE SECURITIES

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

		2018		2017
U.S. government securities	$	3,220,579	$	-
Fixed income securities		2,346,113		5,102,104
Equity securities		174,436,519		173,461,219
	$	180,003,211	$	178,563,323

(6) REAL ESTATE INVESTMENTS AND OTHER INVESTMENTS

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

		2018		2017
Land	$	2,898,413	$	3,255,773
Oil and gas leasehold		1,297,862		1,454,642
	$	4,196,275	$	4,710,415

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.

(7) FAIR VALUE OF FINANCIAL INSTRUMENTS

The estimated fair value amounts of the Foundation's financial instruments have been determined by the Foundation, using the following methods and assumptions for each class of financial instruments:

- The carrying amount of cash equivalents approximates fair value because of the short-term nature and liquidity of the financial instrument.
- Bonds are based on the present value of the stream of cash flows it is expected to generate and the active market of similar bonds being traded in the marketplace.
- Publicly traded equities and other similar instruments are valued at the closing price on the last business day of the year.
- Fair value of beneficial interest in a charitable remainder trust is calculated by determining the present value of the estimated future cash flows.
- Fair value of the oil and gas royalties are estimated using the trailing 60 months of net revenue, an industry accepted valuation method.
- Fair value of hedge funds in the ACF pools are based on the net asset value per share practical expedient in compliance with GAAP.
- Fair value of business interests and privately held stock are calculated based on the underlying financial statements and other information relevant to their valuation.
- Programmatic loans and investments are measured on a nonrecurring basis at appraised value upon initial acquisition and subsequently adjusted for relevant financial information and for impairment as determined by the Foundation's management.
- Land is valued based on current appraisals or broker's opinions of value. Tax appraisal information is also used to corroborate valuations, where appropriate.
- Insurance policies are valued based on their cash surrender value.

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. 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.

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, 2018 and 2017, 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, 2018:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Marketable securities	$ 177,657,098	$ 2,346,113	$ -	$ 180,003,211
Real estate and other investments	-	-	4,196,275	4,196,275
Hedge funds and private equity[(1)]	-	-	-	24,356,990
Split interest agreements	-	-	103,734	103,734
	$ 177,657,098	$ 2,346,113	$ 4,300,009	$ 208,660,210

(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, 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	-	-	4,710,415	4,710,415
Hedge funds and private equity[(1)]	-	-	-	27,772,685
Split interest agreements	-	-	113,038	113,038
	$ 173,461,219	$ 5,102,104	$ 4,823,453	$ 211,159,461

(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 estimated fair values of Level 3 investments were determined by the Foundation as described above 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.

The changes in assets measured using significant unobservable inputs for the year ended December 31, 2018 were:

		Fair Value Measurements Using Significant Unobservable Inputs (Level 3)
Balance at December 31, 2017	$	4,823,453
Gains or losses (realized/unrealized) included in changes in net assets		(508,846)
Purchases and contributions, net		800,000
Sale of investments		(660,000)
Amortization of oil and gas leasehold		(154,598)
Balance at December 31, 2018	$	4,300,009

Hedge fund and private equity investments consisted of the following at December 31, 2018 and 2017, respectively:

		2018		2017
Hedge funds	$	11,887,503	$	16,949,969
Private equity funds		12,469,487		10,822,716
	$	24,356,990	$	27,772,685

Hedge fund investments are recorded at fair value based on net asset value statements from the funds. Private equity investments are measured on a nonrecurring basis at appraised value upon initial acquisition and subsequently adjusted for liquidating distributions and for impairment as determined by the Foundation’s management. These determinations are based on information provided by the investee relating to income/losses and total assets in conjunction with projected distributions to be made to the Foundation.

The Foundation has commitments to fund private equity investments in the future totaling $1,306,902 and $1,867,802 at December 31, 2018 and 2017, respectively.

Royalties and bonuses received from oil and gas leaseholds totaled $186,024 and $154,726 at December 31, 2018 and 2017, respectively, and are included in other income on the statement of activities.

(8) PROPERTY AND EQUIPMENT

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

	2018	2017
Furniture and equipment	$ 243,540	$ 229,156
Software	99,135	99,135
Vehicle	29,055	29,055
Leasehold improvements	210,453	166,877
	582,183	524,223
Less: accumulated depreciation and amortization	(527,703)	(515,607)
	$ 54,480	$ 8,616

Depreciation expense was $12,096 and $35,495 for the years ended December 31, 2018 and 2017, respectively.

(9) NET ASSETS WITH DONOR RESTRICTIONS

Net assets resulting from contributions whose use by the Foundation is limited by donor-imposed restrictions that are not expected to expire are considered net assets with donor restrictions. An example of a net asset with donor restrictions 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, 2018 and 2017, three individual funds made up 78% and 79%, respectively, of the Foundation's net assets with donor restrictions. As of December 31, 2018 and 2017, one fund made up 14% and 15%, respectively, of the Foundation's net assets without donor restrictions.

(10) ENDOWMENTS

The Foundation's endowments consist of more than 420 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, 2018 and 2017
(Continued)

As of December 31, 2018, the endowment assets of the Foundation, as defined by fund type were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
UPMIFA-defined endowment funds			
Discretionary	$ 25,500	$ 576,944	$ 602,444
Field of interest	283,165	3,309,491	3,592,656
Designated	748,520	9,546,887	10,295,407
Scholarship	136,700	892,336	1,029,036
Advised endowment	301,992	12,787,988	13,089,980
Other endowment funds			
ACF Related	326,893	-	326,893
Discretionary	7,335,745	-	7,335,745
Field of interest	7,188,824	-	7,188,824
Scholarship	4,988,831	-	4,988,831
Designated	19,494,779	-	19,494,779
Advised endowment	34,829,692	-	34,829,692
Charitable trust	103,374	-	103,374
	$ 75,764,015	$ 27,113,646	$ 102,877,661

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

	Without Donor Restrictions	With Donor Restrictions	Total
UPMIFA-defined endowment funds			
Discretionary	$ 25,600	$ 642,122	$ 667,722
Field of interest	162,865	3,758,380	3,921,245
Designated	739,820	10,755,273	11,495,093
Scholarship	127,100	618,518	745,618
Advised endowment	301,192	14,461,006	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
	$ 81,817,984	$ 30,235,299	$ 112,053,283

Funds with Deficiencies - From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or law (underwater endowments). The Foundation has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required by law.

At December 31, 2018, there were four funds with deficiencies which were reported in net assets with donor restrictions. These deficiencies resulted from unfavorable market conditions that occurred in 2018 but continued appropriation was deemed prudent by the Board. At December 31, 2017, there were no funds with deficiencies.

A summary of underwater endowments as of December 31, 2018 and 2017 is as follows:

	2018	2017
Original endowment gift amount	$ 4,022,929	$ -
Fair value of underwater endowment funds	3,836,084	-
Deficiencies of underwater endowment funds	$ (186,845)	$ -

The summary of changes in endowment assets during the year ended December 31, 2018 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment assets as of December 31, 2017	$ 81,817,984	$ 30,235,299	$ 112,053,283
Contributions	1,621,691	384,661	2,006,352
Transfers	978,184	(1,783,798)	(805,614)
Investment earnings, net	(4,408,196)	(1,722,516)	(6,130,712)
Grants or scholarships	(3,325,725)	-	(3,325,725)
Administrative expenses	(202,943)	-	(202,943)
Other changes	(716,980)	-	(716,980)
Endowment assets as of December 31, 2018	$ 75,764,015	$ 27,113,646	$ 102,877,661

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.

(11) 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, 2018 and 2017, the Foundation contributed $46,711 and $40,434, respectively.

(12) 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, 2018 and 2017, there were approximately $24.8 million and $21.3 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, 2018 and 2017, there was no allowance for uncollectible accounts.

(13) CONCENTRATIONS

During the year ended December 31, 2018, the Foundation recorded contributions from five donors that amounted to 21% of total contributions. During the year ended December 31, 2017, the Foundation recorded contributions from one donor that amounted to 35% of total contributions.

As of December 31, 2018 and 2017, two individual funds totaled 44% and 34% of the Foundation’s agency funds held for others, respectively.

(14) 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. For the years ending December 31, 2018 and 2017, the Notley Fund paid $25,512 and $142,885, respectively, in expenses to Notley Ventures. In 2018, the remaining portion of services provided by Notley Ventures under the agreement for $471,187 were treated as in-kind contributions and corresponding in-kind expenses.

(15) LEASE COMMITMENTS

In October 2012, the Foundation extended the original lease for its primary office for five years beginning in November 2012 and expiring in October 2017. In October 2017, the Foundation entered into a second amendment which extended the lease for an additional five years beginning in November 2017 and expiring in October 2022. The second amendment includes a clause that the lease may be canceled by the Foundation with a six months notice to the landlord. Rent expense was $147,433 and $144,543 for the years ended December 31, 2018 and 2017, respectively.

Minimum future rentals for the office space lease as of December 31, 2018 are as follows:

Year Ending December 31,		
2019	$	150,507
2020		154,398
2021		159,030
2022		135,821
Total	$	599,756

(16) 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 $3,500,662 and $650,000 in proceeds for the years ended December 31, 2018 and 2017, respectively. Of the $3,500,662 received in 2018, the Foundation distributed $3,325,629 in charitable grants and retained $175,033 as an administrative fee. Of the $650,000 received in 2017, the Foundation distributed $617,500 in charitable grants and retained $32,500 as an administrative fee.

AUSTIN COMMUNITY FOUNDATION

Supplemental Consolidating Schedule of Financial Position Information

As of December 31, 2018

	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 - Philanthropitch	Notley Initiative - Startup Games	Notley Initiative - A Legacy of Giving	Notley Initiative - Student Enterprises Inc	Total	Elimination Entries	Consolidated
Assets														
Cash and cash equivalents	$ 25,058,303	$ 18,653	$ -	$ 4,248	$ -	$ 3,189	$ 3,078,814	$ 179,126	$ 256,070	$ -	$ 110,369	$ 28,708,772	$ -	$ 28,708,772
Certificates of deposit	1,500,000	-	-	-	-	-	-	-	-	-	-	1,500,000	-	1,500,000
Programmatic loans and investments	1,465,832	-	-	-	-	-	508,529	-	-	-	-	1,974,361	-	1,974,361
Investments, at fair value														
Marketable securities	179,594,746	-	-	-	-	408,465		-	-	-	-	180,003,211	-	180,003,211
Real estate and other investments	1,297,863	-	209,247	1,178,840	1,510,325	-		-	-	-	-	4,196,275	-	4,196,275
Hedge funds and private equity	22,616,104	1,240,886	-	-	-	-	500,000	-	-	-	-	24,356,990	-	24,356,990
Split interest agreements	103,734	-	-	-	-	-		-	-	-	-	103,734	-	103,734
Accounts receivable	1,612,671	-	-	-	-	-	64,836	55,150	49,637	-	22,500	1,804,794	(1,299,175)	505,619
Property and equipment, net	54,480	-	-	-	-	-	-	-	-	-		54,480	-	54,480
Other assets	163,968	-	-	7,220	-	-	-	8,689	69,801	-	5,125	254,803	-	254,803
Total assets	$ 233,467,701	$ 1,259,539	$ 209,247	$ 1,190,308	$ 1,510,325	$ 411,654	$ 4,152,179	$ 242,965	$ 375,508	$ -	$ 137,994	$ 242,957,420	$ (1,299,175)	$ 241,658,245
Liabilities and Net Assets														
Accounts and grants payable	$ 1,470,239	$ 1,240,886	$ -	$ -	$ -	$ 100,571	$ 72,674	$ 162,924	$ 376,942	$ -	$ 33,512	$ 3,457,748	$ (1,299,175)	$ 2,158,573
Charitable remainder trusts	1,263,813	-	-	-	-	-	-	-	-	-	-	1,263,813	-	1,263,813
Funds held for others - agency	15,686,146	-	-	-	-	-	-	-	-	-	-	15,686,146	-	15,686,146
Total liabilities	18,420,198	1,240,886	-	-	-	100,571	72,674	162,924	376,942	-	33,512	20,407,707	(1,299,175)	19,108,532
Net assets														
Without donor restrictions	187,355,500	18,653	209,247	1,190,308	1,510,325	311,083	4,079,505	80,041	(1,434)	-	104,482	194,857,710	-	194,857,710
With donor restrictions	27,692,003	-	-	-	-	-	-	-	-	-	-	27,692,003	-	27,692,003
Total net assets	215,047,503	18,653	209,247	1,190,308	1,510,325	311,083	4,079,505	80,041	(1,434)	-	104,482	222,549,713	-	222,549,713
Total liabilities and net assets	$ 233,467,701	$ 1,259,539	$ 209,247	$ 1,190,308	$ 1,510,325	$ 411,654	$ 4,152,179	$ 242,965	$ 375,508	$ -	$ 137,994	$ 242,957,420	$ (1,299,175)	$ 241,658,245

AUSTIN COMMUNITY FOUNDATION

Supplemental Consolidating Schedule of Financial Position Information

As of December 31, 2018

	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 - Philanthropitch	Notley Initiative - Startup Games	Notley Initiative - A Legacy of Giving	Notley Initiative - Student Enterprises Inc	Total	Elimination Entries	Consolidated
Revenues and Support														
Contributions	$ 49,493,431	$ 290	$ -	$ 829,857	$ -	$ -	$ 4,468,343	$ 460,014	$ 419,798	$ 15,081	$ 164,853	$ 55,851,667	$ (1,296,033)	$ 54,555,634
Less: contributions to agency funds	(4,706,884)	-	-	-	-	-	-	-	-	-	-	(4,706,884)	-	(4,706,884)
Net contributions	$ 44,786,547	$ 290	$ -	$ 829,857	$ -	$ -	$ 4,468,343	$ 460,014	$ 419,798	$ 15,081	$ 164,853	$ 51,144,783	$ (1,296,033)	$ 49,848,750
Net investment income	(11,987,104)	45,868	(600)	(27,184)	-	(36,617)	10,251	-	-	-	-	(11,995,386)	-	(11,995,386)
Other income, net	349,249	19,098	78,197	200	-	-	382,463	-	19,636	-	145	848,988	(392,777)	456,211
Total revenues, gains and support	33,148,692	65,256	77,597	802,873	-	(36,617)	4,861,057	460,014	439,434	15,081	164,998	39,998,385	(1,688,810)	38,309,575
Expenses														
Program services:														
Community grant funding	26,819,789	140,131	5,705	1,134,358	-	60,350	180,085	277,499	145,479	-	15,000	28,778,396	(1,296,033)	27,482,363
Less: grants from agency funds	(522,518)	-	-	-	-	-	-	-	-	-	-	(522,518)	-	(522,518)
Net community grant funding	26,297,271	140,131	5,705	1,134,358	-	60,350	180,085	277,499	145,479	-	15,000	28,255,878	(1,296,033)	26,959,845
Program expense	8,966,823	-	78,372	17,096	-	1,575	622,263	114,761	301,750	111,294	45,516	10,259,450	(392,777)	9,866,673
Total program services	35,264,094	140,131	84,077	1,151,454	-	61,925	802,348	392,260	447,229	111,294	60,516	38,515,328	(1,688,810)	36,826,518
Supporting services:														
Management and general	603,264	-	-	2,929	-	2,537	201,383	-	-	-	-	810,113	-	810,113
Fundraising and development	124,175	-	-	-	-	-	201,384	-	-	-	-	325,559	-	325,559
Total supporting services	727,439	-	-	2,929	-	2,537	402,767	-	-	-	-	1,135,672	-	1,135,672
Total expenses and losses	35,991,533	140,131	84,077	1,154,383	-	64,462	1,205,115	392,260	447,229	111,294	60,516	39,651,000	(1,688,810)	37,962,190
Increase (decrease) in net assets	(2,842,841)	(74,875)	(6,480)	(351,510)	-	(101,079)	3,655,942	67,754	(7,795)	(96,213)	104,482	347,385	-	347,385
Net assets at beginning 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
Net assets at end of year	$ 215,047,503	$ 18,653	$ 209,247	$ 1,190,308	$ 1,510,325	$ 311,083	$ 4,079,505	$ 80,041	$ (1,434)	$ -	$ 104,482	$ 222,549,713	$ -	$ 222,549,713

See accompanying notes and report of independent auditor.