



IMPACT ON EDUCATION, INC.
FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2019 AND 2018

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditors' Report	1
Statements of Financial Position	2
Statements of Activities	3
Statements of Functional Expenses	5
Statements of Cash Flows	7
Notes to Financial Statements	8



4999 Pearl East Circle
Suite 103
Boulder, CO 80301

T 303.449.3830
F 303.449.3889
www.kcotax.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Impact on Education, Inc.
Boulder, Colorado

We have audited the accompanying financial statements of Impact on Education, Inc. (a nonprofit corporation), which comprise the statement of financial position as of March 31, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Impact on Education, Inc. as of March 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

KCO, Inc.

KCO, INC.
October 4, 2019

**IMPACT ON EDUCATION, INC.
STATEMENTS OF FINANCIAL POSITION
MARCH 31, 2019 AND 2018**

<u>ASSETS</u>	<u>2019</u>	<u>2018</u>
CURRENT ASSETS		
Cash and cash equivalents	\$ 278,161	\$ 229,740
Investments	813,775	879,039
Contributions receivable	30,182	1,214
Inventory	25,224	37,592
Prepaid expense and other current assets	4,879	6,707
Total current assets	1,152,221	1,154,292
PROPERTY AND EQUIPMENT		
Equipment	7,447	7,447
Less accumulated depreciation	(6,732)	(5,348)
Total property and equipment	715	2,099
OTHER ASSETS		
Cash restricted for endowments (Note 4)	15,000	15,000
Investments restricted for endowments (Note 4)	317,285	317,285
Deposits	1,750	1,750
Total other assets	334,035	334,035
TOTAL ASSETS	\$ 1,486,971	\$ 1,490,426
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable	\$ 30,337	\$ 6,913
Accrued compensation and benefits	8,393	12,218
Refundable advances	12,700	16,096
Grant payable to BVSD	59,104	79,500
Total current liabilities	110,534	114,727
TOTAL LIABILITIES	110,534	114,727
NET ASSETS		
Without donor restrictions		
Undesignated	467,204	260,984
Board designated (Note 10)	-	-
	467,204	260,984
With donor restrictions (Note 3)	909,233	1,114,715
Total net assets	1,376,437	1,375,699
TOTAL LIABILITIES AND NET ASSETS	\$ 1,486,971	\$ 1,490,426

See Notes to Financial Statements

**IMPACT ON EDUCATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT			
<u>Support</u>			
Contributions and grants	\$ 362,229	\$ 235,330	\$ 597,559
In-kind contributions	5,400	277,800	283,200
Special event income	396,750	-	396,750
Special event expense	(177,287)	-	(177,287)
Net assets released from restrictions	<u>719,929</u>	<u>(719,929)</u>	-
Total support	<u>1,307,021</u>	<u>(206,799)</u>	<u>1,100,222</u>
<u>Other revenue</u>			
Investment income, net (Note 2)	537	1,317	1,854
Other income	352	-	352
Total revenue	<u>889</u>	<u>1,317</u>	<u>2,206</u>
Total support and revenue	1,307,910	(205,482)	1,102,428
EXPENSES			
Program services	942,291	-	942,291
Management and general	89,046	-	89,046
Fundraising	<u>70,353</u>	<u>-</u>	<u>70,353</u>
Total expenses	<u>1,101,690</u>	<u>-</u>	<u>1,101,690</u>
CHANGE IN NET ASSETS	<u>206,220</u>	<u>(205,482)</u>	<u>738</u>
NET ASSETS, BEGINNING OF YEAR	260,984	1,114,715	1,375,699
NET ASSETS, END OF YEAR	<u>\$ 467,204</u>	<u>\$ 909,233</u>	<u>\$ 1,376,437</u>

See Notes to Financial Statements

**IMPACT ON EDUCATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2018**

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
<u>Support</u>			
Contributions and grants	\$ 244,024	\$ 489,517	\$ 733,541
In-kind contributions	-	194,027	194,027
Special event income	313,325	-	313,325
Special event expense	(186,759)	-	(186,759)
Net assets released from restrictions	601,338	(601,338)	-
Total support	<u>971,928</u>	<u>82,206</u>	<u>1,054,134</u>
 <u>Revenue</u>			
Investment income (Note 2)	44,992	66,249	111,241
Other income	231	-	231
Total revenue	<u>45,223</u>	<u>66,249</u>	<u>111,472</u>
 Total support and revenue	 1,017,151	 148,455	 1,165,606
 EXPENSES			
Program services	991,856	-	991,856
Management and general	88,987	-	88,987
Fundraising	84,627	-	84,627
Total expenses	<u>1,165,470</u>	<u>-</u>	<u>1,165,470</u>
 CHANGE IN NET ASSETS	 <u>(148,319)</u>	 <u>148,455</u>	 <u>136</u>
 NET ASSETS, BEGINNING OF YEAR	 409,303	 966,260	 1,375,563
 NET ASSETS, END OF YEAR	 <u>\$ 260,984</u>	 <u>\$ 1,114,715</u>	 <u>\$ 1,375,699</u>

See Notes to Financial Statements

IMPACT ON EDUCATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2019

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>
Salaries	\$ 230,951	\$ 27,350	\$ 45,583	\$ 303,884
Payroll taxes and benefits	31,863	3,773	6,289	41,925
Total salaries and related expenses	<u>262,814</u>	<u>31,123</u>	<u>51,872</u>	<u>345,809</u>
Grants and scholarships	209,572	-	-	209,572
Crayons to calculators program	404,476	-	-	404,476
Depreciation	1,038	346	-	1,384
Rent	17,220	2,296	3,444	22,960
Legal and professional fees	-	21,654	-	21,654
Grant writing	-	-	15,037	15,037
Office expense	8,673	2,891	-	11,564
Miscellaneous	-	10,400	-	10,400
Contract labor	12,888	-	-	12,888
Insurance	7,500	2,500	-	10,000
Travel	579	193	-	772
Telephone	2,563	854	-	3,417
Utilities	1,913	638	-	2,551
Printing and postage	3,566	1,189	-	4,755
Advertising and marketing	9,489	-	-	9,489
Board expenses	-	14,962	-	14,962
Total other operating expense	<u>679,477</u>	<u>57,923</u>	<u>18,481</u>	<u>755,881</u>
Total expenses	<u>\$ 942,291</u>	<u>\$ 89,046</u>	<u>\$ 70,353</u>	<u>\$ 1,101,690</u>

See Notes to Financial Statements

IMPACT ON EDUCATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MARCH 31, 2018

	<u>Program Services</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>
Salaries	\$ 250,655	\$ 29,683	\$ 49,472	\$ 329,810
Payroll taxes and benefits	48,029	5,688	9,480	63,197
Total salaries and related expenses	<u>298,684</u>	<u>35,371</u>	<u>58,952</u>	<u>393,007</u>
Grants and scholarships	308,884	-	-	308,884
Crayons to calculators	315,854	-	-	315,854
Depreciation	1,001	333	-	1,334
Rent	16,987	2,265	3,398	22,650
Legal and professional fees	-	40,892	-	40,892
Grant writing	-	-	22,277	22,277
Office expense	6,900	2,300	-	9,200
Miscellaneous	-	2,531	-	2,531
Contract labor	28,142	-	-	28,142
Insurance	3,663	1,221	-	4,884
Travel	2,586	862	-	3,448
Telephone	2,921	974	-	3,895
Utilities	1,641	547	-	2,188
Printing and postage	2,514	838	-	3,352
Advertising and marketing	2,079	-	-	2,079
Board expenses	-	853	-	853
Total other operating expense	<u>693,172</u>	<u>53,616</u>	<u>25,675</u>	<u>772,463</u>
Total expenses	<u>\$ 991,856</u>	<u>\$ 88,987</u>	<u>\$ 84,627</u>	<u>\$ 1,165,470</u>

See Notes to Financial Statements

**IMPACT ON EDUCATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 738	\$ 136
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,384	1,334
Unrealized (gain) loss on investments	19,444	(28,336)
Changes in operating assets and liabilities:		
Contributions receivable	(28,968)	346,200
Inventory	12,368	(15,634)
Prepaid expenses and other current assets	1,828	12,953
Accounts payable and accrued liabilities	(797)	(239,096)
Refundable advances	(3,396)	16,096
Net cash from operating activities	<u>2,601</u>	<u>93,653</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of fixed assets	-	(1,798)
Change in investments, net	45,820	(136,294)
Net cash from investing activities	<u>45,820</u>	<u>(138,092)</u>
CHANGE IN CASH	<u>48,421</u>	<u>(44,439)</u>
CASH - BEGINNING OF YEAR	229,740	274,179
CASH - END OF YEAR	<u>\$ 278,161</u>	<u>\$ 229,740</u>

See Notes to Financial Statements

**IMPACT ON EDUCATION, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Activities

Impact on Education ("the Organization") is a Colorado non-profit corporation that was incorporated in 1983 for the support and development of the Boulder Valley School District (BVSD) and St. Vrain Valley School District (SVVSD). Funding for the Organization is obtained through charitable contributions from interested parties.

Net Asset Classification

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions. Such restrictions may be temporary or perpetual in nature.

Temporary donor restrictions are to be met by expenditures or actions of the Organization or by the passage of time. When a donor restriction expires—that is, when a stipulated time restriction ends or purpose restriction is accomplished—net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Restrictions that are perpetual in nature neither expire by the passage of time nor can they be fulfilled or otherwise removed by an action of the Organization. Such restricted net assets represent the fair value of the original gift as of the gift date and the original value of subsequent gifts. The Organization's endowment fund (Note 4) has restrictions that are perpetual in nature.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

The Organization estimates the amount of in-kind supplies donated to local school district programs. Donations include backpacks and other school supplies.

Cash Equivalents

The Organization treats money market funds, certificates of deposit and other liquid investments with original maturities of ninety days or less, if any, as cash equivalents.

Contributions Receivable

Contributions receivable consist of unconditional promises to give, and are recorded at net realizable value for promises expected to be collected within one year, and at fair value for those due beyond one year. The relationship with the donor, the donor's history of making timely payments, and the donor's overall creditworthiness are incorporated into a fair value measurement computed using present value techniques.

Inventory

Inventory consists of backpacks and other school supplies, and is stated at the lower of cost (average cost method) or market.

IMPACT ON EDUCATION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions

All contributions are considered available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions that increases this net asset class. When a temporary restriction expires—that is, when a stipulated time restriction ends or a purpose restriction is accomplished—temporary restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted revenue.

The Organization recognizes sponsorship cash receipts for fundraising events as a refundable advance liability when received, because the funds are refundable if the event does not take place. Once the event occurs, the funds are recognized as contribution revenue.

Contributed Services

Contributed services are recognized if the services received satisfy the criteria for recognition. The contributions of services are recognized if services received (a) create or enhance non-financial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. There were no donated services recognized in the accompanying financial statements.

Revenue Recognition – Gifts of Long-Lived Assets

The Organization reports gifts of equipment, and other long-lived assets, as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. The Organization does not imply a time restriction on donations of long-lived assets (property and equipment) in the absence of a donor-specified period over which the asset must be used, or for gifts of other assets that are restricted to the acquisition of long-lived assets.

Property and Equipment

Acquisitions of property and equipment in excess of \$500 are capitalized. Property and equipment is recorded at cost if purchased, or at fair market value if donated. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which is generally five years.

Management assesses the carrying value of long-lived assets for impairment when circumstances indicate such amounts may not be recoverable from future operations. Generally, assets to be held and used in operations are considered impaired if the sum of expected undiscounted future cash flows is less than the carrying amount of the asset. If impairment has occurred, the loss is measured based on the amount by which the carrying value exceeds its fair market value. Management does not believe that any impairment has occurred as of March 31, 2019 and 2018.

Investments

The Organization's investment portfolio consists of publicly traded equity and debt mutual funds with readily determinable market values. All investments are carried at fair value, with gains and losses reported in the statement of activities.

IMPACT ON EDUCATION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Expense Allocation

The costs of providing the various program and supporting activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Advertising

Advertising costs are expensed when incurred. Advertising and related outreach costs totaled \$ 9,489 in fiscal 2019 and \$2,079 in fiscal 2018.

Financial Instruments and Concentrations of Credit Risk

Financial instruments which potentially subject the Association to credit risk consist principally of cash, cash equivalents, and certificates of deposit. The Association manages deposit credit risk by placing its cash, money market accounts, and certificates of deposit with high quality financial institutions. In the ordinary course of business, cash balances may exceed insurance limits. However, to date, the Association has not suffered any losses from this exposure.

Income Taxes

The Organization is a not-for-profit organization exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code. The Organization has taken no tax positions it believes are unlikely to be upheld, or that might jeopardize its tax-exempt status, if examined by taxing authorities with full knowledge of all relevant information. Accordingly, no provision for income taxes is included in the accompanying financial statements. Should its tax-exempt status be challenged in the future, all years since inception could be subject to review by the IRS.

Fair Value Measurements

Fair value measurements of assets and liabilities may be carried out using:

- Quoted prices in active markets for identical assets (Level 1),
- Significant other observable inputs (Level 2), or
- Significant unobservable inputs (Level 3).

Assets measured at fair value on a recurring basis using Level 1 inputs consisted of the following at March 31:

	<u>2019</u>	<u>2018</u>
Money market funds	\$ 37,255	\$ 30,201
Publicly traded securities	1,131,060	1,196,324
Total	<u>\$ 1,168,315</u>	<u>\$ 1,226,525</u>

Subsequent Events Evaluation

Management has evaluated subsequent events through the date of the accompanying independent auditors' report, which is the date the financial statements were available to be issued.

**IMPACT ON EDUCATION, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 – INVESTMENTS

The following table sets forth the Organization's investments, at fair value, using Level 1 inputs as of March 31:

	<u>2019</u>	<u>2018</u>
Mutual funds		
Equities	\$ 323,745	\$ 317,837
Bond and fixed income	229,554	193,671
	<u>553,299</u>	<u>511,508</u>
Exchange-traded funds		
Equities	547,225	671,908
Bond and fixed income	30,536	12,908
	<u>577,761</u>	<u>684,816</u>
Total investments	<u>\$ 1,131,060</u>	<u>\$ 1,196,324</u>

Investment income consisted of the following for the years ended March 31:

	<u>2019</u>	<u>2018</u>
Interest and dividends	\$ 32,432	\$ 28,847
Realized gain (loss)	(5,276)	59,900
Investment fees	(5,858)	(5,842)
Unrealized gain (loss)	(19,444)	28,336
	<u>\$ 1,854</u>	<u>\$ 111,241</u>

NOTE 3 – NET ASSETS WITH DONOR RESTRICTIONS

The following summarizes the changes in net assets with donor restrictions for the year ended March 31, 2019:

	<u>Beginning Balance</u>	<u>Contributions</u>	<u>Investment Income (Loss)</u>	<u>Expenditures</u>	<u>Ending Balance</u>
Time restrictions:					
Beginning balance	\$ 1,214	\$ -	\$ -	\$ -	\$ 1,214
New pledges	-	30,182	-	-	30,182
Pledge collections	-	-	-	(1,214)	(1,214)
	<u>1,214</u>	<u>30,182</u>	<u>-</u>	<u>(1,214)</u>	<u>30,182</u>
Purpose restrictions:					
Scholarships	616,655	22,506	1,317	(211,322)	429,156
STEM	83,000	-	-	(21,596)	61,404
Crayons to Calculators	81,561	460,442	-	(485,160)	56,843
	<u>781,216</u>	<u>482,948</u>	<u>1,317</u>	<u>(718,078)</u>	<u>547,403</u>
Total	<u>\$ 782,430</u>	<u>\$ 513,130</u>	<u>\$ 1,317</u>	<u>\$ (719,292)</u>	<u>\$ 577,585</u>

**IMPACT ON EDUCATION, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE 3 – NET ASSETS WITH DONOR RESTRICTIONS (Continued)

The following summarizes the changes in net assets with donor restrictions for the year ended March 31, 2018:

	Beginning Balance	Contributions	Investment Income (Loss)	Expenditures	Ending Balance
Time restrictions:					
Beginning balance	\$ 12,114	\$ -	\$ -	\$ -	\$ 12,114
New pledges	-	1,214	-	-	1,214
Pledge collections	-	-	-	(12,114)	(12,114)
	<u>12,114</u>	<u>1,214</u>	<u>-</u>	<u>(12,114)</u>	<u>1,214</u>
Purpose restrictions:					
Scholarships	542,768	309,251	66,249	(218,613)	699,655
Crayons to Calculators	79,093	373,079	-	(370,611)	81,561
	<u>621,861</u>	<u>682,330</u>	<u>66,249</u>	<u>(589,224)</u>	<u>781,216</u>
Total	<u>\$ 633,975</u>	<u>\$ 683,544</u>	<u>\$ 66,249</u>	<u>\$ (601,338)</u>	<u>\$ 782,430</u>

Net assets that are perpetual in nature were \$332,285 at March 31, 2019 and 2018. There were no changes to the balance in fiscal 2019 and 2018.

NOTE 4 – ENDOWMENT FUNDS

The Board of Directors of the Organization has interpreted the State of Colorado's enacted Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization generally 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 in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with UPMIFA. The Organization's endowment funds consist of funds established for scholarship purposes.

The Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Organization, and (7) the Organization's investment policies.

**IMPACT ON EDUCATION, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE 4 – ENDOWMENT FUNDS (Continued)

Endowment Investment Policies

The Organization has adopted investment policies that include a very conservative risk tolerance to ensure the long-term stability of its endowment funds. To achieve the objective of the endowment, the Organization has adopted an investment policy that attempts to maximize total return consistent with an acceptable level of risk. Endowment assets are invested in a well-diversified asset mix, which includes marketable debt and equity securities and money market funds. This mix of assets is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make annual distributions, while growing the fund if possible.

Investment risk is measured in terms of the total endowment fund. Assets are allocated between various asset classes in order to attain acceptable levels of risk.

Endowment Spending Policies

The Organization has adopted the following spending policies. First, to the extent there is sufficient earnings from investments available, the Organization will expend such earnings in accordance with the donor's gift instrument. Second, in no event will more than 20% of the endowment fund balances be used to fund a single initiative during a 12-month period.

Changes in endowment fund balances are as follows for the years ended March 31, 2019 and 2018:

	Purpose Restricted	Perpetual in Nature	Total
Endowment net assets, March 31, 2017	\$ 370,212	\$ 332,285	\$ 702,497
Contributions	23,143	-	23,143
Interest and dividends	17,101	-	17,101
Net realized and unrealized gains	49,148	-	49,148
Scholarships and grants	(25,600)	-	(25,600)
Change in endowment net assets	<u>63,792</u>	<u>-</u>	<u>63,792</u>
Endowment net assets, March 31, 2018	\$ <u>434,004</u>	\$ <u>332,285</u>	\$ <u>766,289</u>
Contributions	22,506	-	22,506
Interest and dividends	20,151	-	20,151
Net realized and unrealized losses	(18,834)	-	(18,834)
Scholarships and grants	(28,750)	-	(28,750)
Change in endowment net assets	<u>(4,927)</u>	<u>-</u>	<u>(4,927)</u>
Endowment net assets, March 31, 2019	\$ <u>429,077</u>	\$ <u>332,285</u>	\$ <u>761,362</u>

**IMPACT ON EDUCATION, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 – OPERATING LEASES

The Organization rents office space under an operating lease. There is also storage space for rent on a month-to-month basis. Rental expense totaled \$22,960 and \$22,650 in 2019 and 2018, respectively. Future minimum lease payments for the office lease is as follows as of March 31:

	<u>Amount</u>
2020	\$ 22,800
2021	1,900
	<u>\$ 24,700</u>

NOTE 6 – CONCENTRATIONS

Geographic Concentration The Organization receives predominantly all of its support and revenue from the area served by the BVSD and SVVSD.

Major Donors Two donors comprised 25% of total revenue in 2019. In 2018, four donors comprised 47% of total revenue.

NOTE 7 – SPECIAL EVENTS

The Organization derived net revenue from the following special fundraising events for the year ended March 31, 2019:

	Razzle		Impact		
	<u>Dazzle</u>	<u>Frasca</u>	<u>Awards</u>		<u>Total</u>
Gross proceeds	\$ 191,787	\$ 162,635	\$ 42,328	\$	396,750
Direct costs	(101,053)	(51,921)	(24,313)		(177,287)
Net revenue	<u>\$ 90,734</u>	<u>\$ 110,714</u>	<u>\$ 18,015</u>	\$	<u>219,463</u>

The Organization derived net revenue from the following special fundraising events for the year ended March 31, 2018:

	Razzle		Impact		
	<u>Dazzle</u>	<u>Frasca</u>	<u>Awards</u>		<u>Total</u>
Gross proceeds	\$ 185,537	\$ 85,888	\$ 41,900	\$	313,325
Direct costs	(118,877)	(37,201)	(30,681)		(186,759)
Net revenue	<u>\$ 66,660</u>	<u>\$ 48,687</u>	<u>\$ 11,219</u>	\$	<u>126,566</u>

NOTE 8 – EMPLOYEE BENEFIT PLAN

The Organization sponsors a SIMPLE IRA plan for all of its employees (the Plan). Employee contributions under the Plan are subject to IRS limitations. The Organization provides a matching contribution up to 3% of an employee's annual compensation, which totaled \$ 8,876 and \$7,535 for the years ended March 31, 2019 and 2018, respectively.

**IMPACT ON EDUCATION, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE 9 – LIQUIDITY

The Organization has \$589,618 of financial assets available within one year of the balance sheet date. The contributions receivable were subject to time restrictions, but were collected within one year. As part of its liquidity management, the Organization invests cash in excess of operational requirements in short-term and long-term investments. The Organization has a goal to maintain financial assets of approximately \$90,000, on average, to meet 90 days of normal operating expenses. To help manage unanticipated liquidity needs, the Organization has established a board-designated endowment fund which can be used to meet an immediate liquidity need resulting from events outside of the typical operational cycle.

The table below presents the Organization’s financial assets as of March 31, 2019 and the amounts available to meet cash needs for general expenditures within one year:

Financial assets at year end:	
Cash, unrestricted	\$ 278,161
Contributions receivable	30,182
Restricted cash - noncurrent	15,000
Investments	1,131,060
Total financial assets available within one year	<u>1,454,403</u>
Less amounts unavailable for general expenditures within one year due to contractual or donor-imposed restrictions:	
Restricted by donors for special events	(12,700)
Restricted by donors for STEM program	(59,104)
Restricted by donors for C2C program	(31,619)
Endowment funds restricted by donors for scholarships	(429,077)
Endowment funds restricted by donors in perpetuity	(332,285)
Total unavailable for general expenditures	<u>(864,785)</u>
Amount available for general expenditures within one year	<u>\$ 589,618</u>

NOTE 10 – BOARD-DESIGNATED NET ASSETS

The Board of Directors designates certain unrestricted contributions to be used for scholarships and grants for students and schools within the BVSD. The following summarizes the changes in net assets designated by the Board of Directors for the years ended March 31:

	<u>2019</u>	<u>2018</u>
Beginning balance	\$ -	\$ -
Transfers of undesignated net assets	84,300	84,446
Scholarships and grants	(84,300)	(84,446)
Ending balance	<u>\$ -</u>	<u>\$ -</u>