



Audited Financial Statements

December 31, 2017

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
ImpactMatters, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of ImpactMatters, Inc. ("IM"), which comprise the statement of financial position as of December 31, 2017, and the related statements of activities, functional expenses, and cash flows from inception through December 31, 2017, 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 audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization'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 organization'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 ImpactMatters, Inc. as of December 31, 2017, and the changes in its net assets and its cash flows from inception through December 31, 2017, in accordance with accounting principles generally accepted in the United States of America.



Schall & Ashenfarb
Certified Public Accountants, LLC

September 4, 2018

IMPACTMATTERS, INC.
STATEMENT OF FINANCIAL POSITION
AT DECEMBER 31, 2017

Assets

Cash and cash equivalents	\$433,130
Contributions and grants receivable	510,000
Contracts receivable	8,000
Security deposit	<u>2,550</u>
 Total assets	 <u><u>\$953,680</u></u>

Liabilities and Net Assets

Liabilities:	
Accounts payable and accrued expenses	\$153,872
Deferred income	<u>120,000</u>
Total liabilities	<u><u>273,872</u></u>
 Net assets:	
Unrestricted	544,808
Temporarily restricted (Note 3)	<u>135,000</u>
 Total net assets	 <u><u>679,808</u></u>
 Total liabilities and net assets	 <u><u>\$953,680</u></u>

The attached notes and auditor's report are an integral part of these financial statements.

IMPACTMATTERS, INC.
STATEMENT OF ACTIVITIES
FROM INCEPTION THROUGH DECEMBER 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Public support and revenue:			
Contributions and grant income	\$750,384	\$135,000	\$885,384
Contract income	117,540		117,540
Net assets released from restriction			0
	<u>867,924</u>	<u>135,000</u>	<u>1,002,924</u>
 Expenses:			
Program services	222,322		222,322
Management and general	71,121		71,121
Fundraising	29,673		29,673
	<u>323,116</u>	<u>0</u>	<u>323,116</u>
 Change in net assets	544,808	135,000	679,808
 Net assets - beginning	<u>0</u>	<u>0</u>	<u>0</u>
 Net assets - ending	<u><u>\$544,808</u></u>	<u><u>\$135,000</u></u>	<u><u>\$679,808</u></u>

The attached notes and auditor's report are an integral part of these financial statements.

IMPACTMATTERS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FROM INCEPTION THROUGH DECEMBER 31, 2017

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Salaries	\$141,702	\$14,107	\$23,126	\$178,935
Payroll taxes and benefits	26,322	2,620	4,296	33,238
Total personnel services	<u>168,024</u>	<u>16,727</u>	<u>27,422</u>	<u>212,173</u>
Professional fees		48,277		48,277
Program expenses	39,882			39,882
Travel and conferences	624	588		1,212
Occupancy	8,070	804	1,317	10,191
Office expenses	5,722	570	934	7,226
Insurance		1,190		1,190
Other expenses		2,965		2,965
Total expenses	<u><u>\$222,322</u></u>	<u><u>\$71,121</u></u>	<u><u>\$29,673</u></u>	<u><u>\$323,116</u></u>

The attached notes and auditor's report are an integral part of these financial statements.

IMPACTMATTERS, INC.
STATEMENT OF CASH FLOWS
FROM INCEPTION THROUGH DECEMBER 31, 2017

Cash flows from operating activities:	
Change in net assets	\$679,808
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Changes in assets and liabilities:	
Contributions and grants receivable	(510,000)
Contracts receivable	(8,000)
Security deposit	(2,550)
Accounts payable and accrued expenses	153,872
Deferred income	120,000
Total adjustments	<u>(246,678)</u>
Net cash flows provided by operating activities/ net increase in cash and cash equivalents	433,130
Cash and cash equivalents - beginning	<u>0</u>
Cash and cash equivalents - ending	<u><u>\$433,130</u></u>
Interest and tax expense	<u><u>\$0</u></u>

The attached notes and auditor's report are an integral part of these financial statements.

IMPACTMATTERS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017

Note 1 - Organization

ImpactMatters, Inc. ("IM") is a nonprofit organization launched in 2016, that conducts "impact audits" of nonprofits to rigorously estimate their philanthropic impact, compelling them and their funders to make evidence based decisions.

IM began its operations in February 2017 and the financial statements include activity from inception through December 31, 2017.

IM has been notified by the Internal Revenue Service that it is a not-for-profit organization exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code ("Code") and has not been determined to be a private foundation.

Note 2 - Significant Accounting Policies

a. Basis of Accounting

The financial statements of IM have been prepared on the accrual basis of accounting, which is the process of recording revenue and expenses when earned or incurred, rather than received or paid.

b. Basis of Presentation

IM reports information regarding its financial position and activities according to the following specific classes of net assets:

- *Unrestricted* – relates to all activity without donor-imposed restrictions.
- *Temporarily restricted* – relates to contributions of cash and other assets with donor stipulations that make clear the assets' restriction, either due to a program nature or by the passage of time.
- *Permanently restricted* – relates to contributions of cash and other assets whereby the assets must remain intact due to restrictions placed by the donor. There were no permanently restricted net assets at December 31, 2017.

c. Revenue Recognition

Contributions are recorded as unrestricted or restricted support depending on the existence and/or nature of any donor stipulations. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires within the same reporting period in which it was recognized.

Contributions receivable are recognized as revenue in the period that a promise to give

is considered unconditional in nature. Contributions expected to be received within one year are recorded at net realizable value. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Contract income is recorded as deferred income when received and is recognized as revenue upon completion of contract.

d. Cash and Cash Equivalents

IM considers all liquid investments with an initial maturity of three months or less to be cash and cash equivalents.

e. Significant Concentrations

Financial instruments which potentially subject IM to concentration of credit risk consist of cash accounts which have been placed with financial institutions that management deems to be creditworthy. At times, balances may exceed federally insured limits. At year end and at various times throughout the year, balances were in excess of insured amounts. However, IM has not experienced any losses due to bank failure.

f. Allowance for Doubtful Accounts

All receivables at December 31, 2017 are expected to be received within one year. Management assesses the collectability of receivables by reviewing the creditworthiness of each customer and other factors. No allowance for doubtful accounts was deemed necessary. Write-offs will be charged to expense when all collection efforts have been exhausted.

g. Management Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

h. Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of IM.

i. Accounting for Uncertainty of Income Taxes

IM does not believe its financial statements include any material, uncertain tax positions. December 31, 2017 will be the initial filing, therefore there are no prior tax periods subject to examination by applicable taxing authorities.

j. Subsequent Events

Management has evaluated for potential recognition and disclosure events subsequent to the date of the statement of financial position through September 4, 2018, the date the financial statements were available to be issued. No events have occurred subsequent to the statement of financial position date, through our evaluation date that would require adjustment to or disclosure in the financial statements.

k. New Accounting Pronouncement

On August 18, 2016, the Financial Accounting Standards Board (FASB) issued an Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. The ASU, which becomes effective for the December 31, 2018 year, focuses on improving the current net asset classification requirements and information presented in the financial statements and notes that is useful in assessing a not-for-profit's liquidity, financial performance and cash flows.

On June 21, 2018, FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU which becomes effective for the December 31, 2019 year, with early implementation permitted, provides guidance on whether a receipt from a third party resource provider should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions.

FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*. The ASU, which becomes effective for the December 31, 2019 year, focuses on a principle-based model. It highlights the identification of performance obligations of the contract, determining the price and allocating that price to the performance obligation so that revenue is recognized as each performance obligation is satisfied.

IM is in the process of evaluating the impact these standards will have on future financial statements.

Note 3 - Temporarily Restricted Net Assets

Temporarily restricted net assets at December 31, 2017 consist of a contribution that is time restricted for the following year.

Note 4 - Retirement Plan

IM maintains a tax deferred (401k) retirement plan. Employees are eligible to participate after three months of employment. Thereafter, eligible employees may designate a percentage of their salaries, subject to regulatory limits, to be contributed to the plan on a pre-tax basis. The plan provides a matching contribution by the employer to a maximum of 3% of eligible employee compensation. The total retirement plan expense was \$1,300 in 2017.