

IMAGINATION FORT WORTH, INC.

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

YEARS ENDED JUNE 30, 2017 AND 2016

**IMAGINATION FORT WORTH, INC.
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CliftonLarsonAllen

CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Imagination Fort Worth, Inc.
Fort Worth, Texas

We have audited the accompanying financial statements of Imagination Fort Worth, Inc. (the Organization), which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities, changes in net assets, 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.

Auditors' 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 auditors' 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 Imagination Fort Worth, Inc. as of June 30, 2017 and 2016, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".**CliftonLarsonAllen LLP**

Fort Worth, Texas
September 14, 2017

**IMAGINATION FORT WORTH, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2017 AND 2016**

	2017	2016
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 92,358	\$ 69,258
Contributions Receivable	96,500	120,000
Prepaid Expenses	4,677	5,547
Total Current Assets	193,535	194,805
PROPERTY AND EQUIPMENT, Net	5,449	13,443
Total Assets	\$ 198,984	\$ 208,248
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accrued Wages and Payroll Taxes	\$ 3,697	\$ 3,032
Total Current Liabilities	3,697	3,032
NET ASSETS		
Unrestricted	78,787	85,216
Temporarily Restricted	116,500	120,000
Total Net Assets	195,287	205,216
Total Liabilities and Net Assets	\$ 198,984	\$ 208,248

See accompanying Notes to Financial Statements.

**IMAGINATION FORT WORTH, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2017**

	Unrestricted	Temporarily Restricted	Total
REVENUES AND SUPPORT			
Contributions	\$ 101,678	\$ 116,500	\$ 218,178
In-Kind Contributions	125,138	-	125,138
Governmental Agencies	62,137	-	62,137
Registration Fees	91,624	-	91,624
Recovery Revenue	680	-	680
Other Revenue	50	-	50
Net Assets Released from Restriction	120,000	(120,000)	-
Total Revenues and Support	501,307	(3,500)	497,807
EXPENSES			
Program Services	399,049	-	399,049
Supporting Services	70,917	-	70,917
Fundraising	37,770	-	37,770
Total Expenses	507,736	-	507,736
CHANGE IN NET ASSETS	\$ (6,429)	\$ (3,500)	\$ (9,929)

See accompanying Notes to Financial Statements.

**IMAGINATION FORT WORTH, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016**

	Unrestricted	Temporarily Restricted	Total
REVENUES AND SUPPORT			
Contributions	\$ 153,609	\$ 120,000	\$ 273,609
In-Kind Contributions	137,473	-	137,473
Governmental Agencies	44,974	-	44,974
Registration Fees	46,845	-	46,845
Net Assets Released from Restriction	121,006	(121,006)	-
Total Revenues and Support	503,907	(1,006)	502,901
EXPENSES			
Program Services	365,205	-	365,205
Supporting Services	75,959	-	75,959
Fundraising	36,758	-	36,758
Total Expenses	477,922	-	477,922
CHANGE IN NET ASSETS	\$ 25,985	\$ (1,006)	\$ 24,979

See accompanying Notes to Financial Statements.

**IMAGINATION FORT WORTH, INC.
STATEMENTS OF CHANGES IN NET ASSETS
YEARS ENDED JUNE 30, 2017 AND 2016**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
NET ASSETS - JUNE 30, 2015	\$ 59,231	\$ 121,006	\$ 180,237
Change in Net Assets	<u>25,985</u>	<u>(1,006)</u>	<u>24,979</u>
NET ASSETS - JUNE 30, 2016	85,216	120,000	205,216
Change in Net Assets	<u>(6,429)</u>	<u>(3,500)</u>	<u>(9,929)</u>
NET ASSETS - JUNE 30, 2017	<u>\$ 78,787</u>	<u>\$ 116,500</u>	<u>\$ 195,287</u>

See accompanying Notes to Financial Statements.

**IMAGINATION FORT WORTH, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2017**

	Program	Support	Fund Raising	Total
Salaries and Benefits	\$ 112,710	\$ 24,530	\$ 22,763	\$ 160,003
Contract Labor	47,898	9,267	-	57,165
Depreciation	5,632	1,226	1,136	7,994
Facility Rental	48,438	1,556	2,194	52,188
Insurance	6,067	2,372	-	8,439
Office Expenses and Supplies	15,768	26,489	102	42,359
Performance Fees	59,049	105	2,949	62,103
Postage and Printing	153	947	35	1,135
Professional Fees	2,940	4,300	8,524	15,764
Telephone	-	125	-	125
Artist, Program and Administrative Travel	11,108	-	-	11,108
Student Transportation	40,035	-	-	40,035
Deaf Program	49,251	-	-	49,251
Advertising	-	-	67	67
	<u>\$ 399,049</u>	<u>\$ 70,917</u>	<u>\$ 37,770</u>	<u>\$ 507,736</u>
Total Expenses	<u>\$ 399,049</u>	<u>\$ 70,917</u>	<u>\$ 37,770</u>	<u>\$ 507,736</u>

See accompanying Notes to Financial Statements.

**IMAGINATION FORT WORTH, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2016**

	Program	Support	Fund Raising	Total
Salaries and Benefits	\$ 91,829	\$ 28,057	\$ 24,436	\$ 144,322
Contract Labor	45,465	6,320	4,560	56,345
Depreciation	5,942	2,971	990	9,903
Facility Rental	42,749	6,026	2,009	50,784
Insurance	4,089	2,939	-	7,028
Office Expenses and Supplies	16,971	21,988	4,248	43,207
Performance Fees	45,556	-	-	45,556
Postage and Printing	250	405	102	757
Professional Fees	932	4,675	-	5,607
Telephone	2,477	1,239	413	4,129
Artist, Program and Administrative Travel	7,138	1,339	-	8,477
Student Transportation	53,200	-	-	53,200
Deaf Program	48,607	-	-	48,607
	<u>48,607</u>	<u>-</u>	<u>-</u>	<u>48,607</u>
 Total Expenses	 <u>\$ 365,205</u>	 <u>\$ 75,959</u>	 <u>\$ 36,758</u>	 <u>\$ 477,922</u>

See accompanying Notes to Financial Statements.

**IMAGINATION FORT WORTH, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2017 AND 2016**

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (9,929)	\$ 24,979
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Loss on Disposition of Asset	-	300
Depreciation Expense	7,994	9,903
(Increase) Decrease in Operating Assets:		
Contributions Receivable	23,500	(30,000)
Prepaid Expenses	870	(779)
Increase (Decrease) in Operating Liabilities:		
Accrued Wages and Payroll Taxes	665	629
Net Cash Provided by Operating Activities	23,100	5,032
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property and Equipment	-	(3,885)
Net Cash Used in Investing Activities	-	(3,885)
NET INCREASE IN CASH AND CASH EQUIVALENTS	23,100	1,147
Cash and Cash Equivalents - Beginning of Year	69,258	68,111
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 92,358	\$ 69,258

See accompanying Notes to Financial Statements.

**IMAGINATION FORT WORTH, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016**

NOTE 1 ORGANIZATION AND OPERATIONS

The mission of Imagination Fort Worth is to create and provide innovative educational programs that integrate the arts and curriculum. By introducing educational, innovative, interactive, and meaningful arts experiences to students, Imagination Fort Worth is making a lasting impact in their lives and in our community.

About Imagination Fort Worth

Imagination Fort Worth (IFW) was founded in 1989 under the name Imagination Celebration of Fort Worth as an organization linked to the Kennedy Center's initiative to increase and improve arts experiences in learning. During our history, we have served over 5 million students and earned national recognition. Our organization builds capacity in teachers and students with a wide array of educational experiences that provide artistic and cultural contexts for classroom content. Our 30+ collaborative partners include Fort Worth Independent School District and over two dozen other school districts. In 2014, our Board of Directors voted to "rebrand." Our new name, Imagination Fort Worth, honors our roots, emphasizes our service to the community, and demonstrates a new beginning.

Needs Statement

IFW meets an important need for children in our community - access to quality, educational, enriching arts programs that enhance children's knowledge of the arts, as well as all the major academic subjects. Our programs are strengthening student's school engagement, school achievement, social awareness, and self-confidence.

Arts integration has been shown by several rigorous studies to increase student engagement and achievement among youth from both low and high socioeconomic backgrounds. In a case study with middle school students in Annapolis, MD, after beginning arts-integrated programming in their school, students' scores improved significantly in both reading and math while at the same time disciplinary problems were drastically reduced. Imagination Fort Worth is empowering schools and students to achieve this same success by integrating unique arts experiences with the school-day curriculum, offering student's hand-on learning experiences, improving student's confidence and social skills, and empowering teachers with the tools they need to incorporate new and engaging teaching methods in the classroom.

Overview of Programs

IFW works closely with Fort Worth ISD (FWISD) teachers and curriculum specialists to determine areas of educational need, and respond to the need by providing inspiring learning opportunities. In addition to creating unique educational arts experiences both inside and outside of the classroom, IFW also develops and distributes unique, TEKS-aligned, digital lesson plans to teachers, so they can link the experience directly to their curriculum and relevant lessons in the classroom. IFW produces and presents an array of arts integrated educational programs, free of charge for 50,000 students, grades Pre K – 12th in FWISD each year.

IMAGINATION FORT WORTH, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 1 ORGANIZATION AND OPERATIONS (CONTINUED)

We have over 30 unique programs we provide to students annually, including:

- Pre-K Storybook PAL: Pre-K children will experience the wonder of a book through music, song and movement activities. Each six-weeks, a new book will be presented by Mrs. Dipsworth, a delightful fairy godmother. Following the interactive reading of the story, an master teaching artist will engage the children during an arts – integrated workshops, to help them grasp the new vocabulary from the book and learn through an exciting new art form each six-weeks: opera, dance, theater, drumming, visual art & puppets! Storybook PAL is integrated with curriculum, and teacher training is also provided, as an integral part of the program. Parent resources will also be provided, giving examples of ways for caregivers to engage with their children in fun activities, using everyday items found around the home.
- One of the Organization’s largest original field trip programs is Money, Goods & Services: A Study of Commerce – A visit to the U.S. Bureau of Engraving & Printing’s Western Currency Facility ignites 3rd graders’ study of the free market system. Students learn about the history of U.S. currency including how it is produced today in one of the largest currency printing operations in the world. U.S. paper currency is only printed in this facility in Fort Worth and in Washington D.C. The Imagine-Guide (digital curriculum guide) for this program includes a special video of Fort Worth settlers telling the story of the history of early commerce and the American entrepreneurial spirit.
- The Organization’s largest program, The Special Weekend for the Deaf & Hard of Hearing, was first produced in 1991 and celebrated its 25th Anniversary in Fort Worth April 10-11, 2015. The Special Weekend for the Deaf & Hard of Hearing provides hands-on workshops in the visual and performing arts (including sculpture, painting, dance, mime, theater, cartooning, puppetry, storytelling, drumming and many other art forms over the years) to Deaf and hard of hearing high school students from more than two dozen Texas communities. Between 300 and 500 Deaf and hard of hearing high school students attend the program each year.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Organization is presented to assist in understanding the financial statements. The financial statements and notes are representations of the Organization’s management, who is responsible for the fairness and objectivity embodied in the financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America (U.S. GAAP) and have been consistently applied in the preparation of the financial statements.

Basis of Accounting

The Organization’s financial statements have been prepared in accordance with U.S. GAAP using the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

IMAGINATION FORT WORTH, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP 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 reporting period. Actual results could differ from those estimates.

Financial Statement Presentation

The Organization presents the financial statements in accordance with U.S. GAAP. As such, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The fund groups are reported in the three classes of net assets as follows:

Unrestricted Net Assets

These funds have no external restrictions and can be used for any purpose designated by the Board.

Temporarily Restricted Net Assets

These funds generally represent funds for which the donor has limited the use of the funds by stipulating how or when the funds are to be used. The restrictions are satisfied either by passage of time or by actions of the Organization.

Permanently Restricted Net Assets

These are funds that have been restricted by the donor and cannot be satisfied by the passage of time or by actions of the Organization.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support. Expenses are reported as decreases in unrestricted net assets. Expirations of temporarily restricted net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. Contributions of assets other than cash are recorded at their estimated fair value.

Functional Allocation of Expenses

The costs of providing program, fund-raising and supporting services have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and fund-raising activities benefited.

IMAGINATION FORT WORTH, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

The Organization considers all short-term investments with an original maturity of ninety days or less to be cash equivalents. The Organization places cash and cash equivalents, which at times may exceed federal-insured limits, with high credit-quality financial institutions and periodically maintains deposits in amounts that exceed FDIC insurance coverage. Management believes the risk of incurring material losses related to this credit risk is remote.

Contributions Receivable

Contributions receivable represent support pledged from trusts and foundations. Amounts are considered fully collectible by management, based on collection history and other economic factors.

Property and Equipment

Property and equipment are stated at cost, when purchased, or at fair value as of the date of the gift, when donated. Major expenditures (in excess of \$1,000) which substantially increase useful lives are capitalized. Maintenance, reports and replacements, which do not improve or extend the lives of the respective assets, are charged to operations when incurred. When property and equipment is sold or otherwise disposed of, the asset and related accumulated depreciation and amortization are removed, and any gain or loss is included in operations.

Donated assets are reported as unrestricted support unless the donor has restricted the asset for a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at the time.

Depreciation and amortization are calculated using the straight-line method at rates sufficient to amortize the related costs over the estimated useful lives of the respective assets. Depreciation expense for 2017 and 2016 amounted to \$7,994 and \$9,903, respectively. Estimated useful lives as of June 30, 2017 are as follows:

	<u>Years</u>
Computers	3
Furniture and Equipment	5-10
Website Redevelopment	3

**IMAGINATION FORT WORTH, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the financial statements. The Organization has been classified as an organization that is not a private foundation under Internal Revenue Code Section 509(1)(2), and as such, contributions to the Organization qualify for deductions as charitable contributions. However, income generated from activities unrelated to the Organization's exempt purpose is subject to tax under Internal Revenue Code Section 511.

Management has concluded that any tax positions that would not meet the more-likely-than-not criterion of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740-10 would be immaterial to the financial statements taken as a whole. Accordingly, the accompanying financial statements do not include any provision for uncertain tax positions, and no related interest or penalties have been recorded in the statements of activities or accrued in the statements of financial position. Federal tax returns of the entity are generally open to examination by the relevant taxing authority for a period of three years from the date the returns are filed.

Donated Assets and Services

Donations of noncash assets are recorded as contributions at their estimated fair value as of the date of donation. Donated services are recognized as contributions in accordance with U.S. GAAP, if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Donations which are recognized as contributions in the financial statements met the recognition criteria under U.S. GAAP. See additional disclosures in Note 7.

Subsequent Events

Management has evaluated subsequent events through **September 14, 2017**, the date that the financial statements were available to be issued.

NOTE 3 UNCONDITIONAL PROMISES TO GIVE

The Organization recognizes unconditional promises to give as support in the period the promise to give is made and reports them as contributions in the statement of activities. The Organization has received multi-year contributions from local trusts and foundations in the past. There are no multi-year contributions as of June 30, 2017 and 2016. Unconditional promises to give consisted of the following at June 30,

	2017	2016
Less than One Year	\$ 96,500	\$ 120,000
One Year to Five Years	-	-
Total	\$ 96,500	\$ 120,000

**IMAGINATION FORT WORTH, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016**

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2017 and 2016 consisted of the following:

	2017	2016
Computers	\$ 11,881	\$ 11,881
Furniture and Equipment	15,516	15,516
Website Redevelopment	13,734	13,734
Total Property and Equipment	41,131	41,131
Less Accumulated Depreciation	(35,682)	(27,688)
Net Property and Equipment	\$ 5,449	\$ 13,443

NOTE 5 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets as of June 30, 2017 and 2016 were as follows:

	2017	2016
Future Operation Contributions	\$ 116,500	\$ 120,000

Release from restrictions for 2017 and 2016 were as follows:

	2017	2016
Time Restricted Contributions	\$ 120,000	\$ 121,006

NOTE 6 LEASE OBLIGATIONS

The Organization entered into an operating lease agreement for certain office space that is effective from July 1, 2016 to June 30, 2018. Rental expense, under the previous lease agreement, including reimbursement of prorated utilities, was approximately \$19,128, and was recorded in the accompanying statements of functional expenses as facility rental, for the year ended June 30, 2016. Rental expense under the current lease agreement was approximately \$6,050, and was recorded in the accompanying statements of functional expenses as facility rental, for the year ended June 30, 2017. Future minimum rental payments \$6,600 are due for the year ending June 30, 2018.

IMAGINATION FORT WORTH, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017 AND 2016

NOTE 7 DONATED MATERIALS AND SERVICES

The Organization received the following contributions of donated materials and services for the years ending June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Contracted Services	\$ 44,758	\$ 42,465
Facility Rental	20,300	26,500
Student Transportation	40,035	53,200
Supplies and Other Program Costs	20,045	15,308
Total	<u>\$ 125,138</u>	<u>\$ 137,473</u>