

# **Junior Achievement of the Chisholm Trail, Inc.**

Financial Report

June 30, 2017

# CONTENTS

Page

Independent Auditor's Report ..... 1

## Financial Statements

Statements of Financial Position ..... 3

Statements of Activities ..... 4

Statements of Cash Flows ..... 6

Statements of Functional Expenses ..... 7

Notes to Financial Statements ..... 9

## Supplementary Information

Aggregating Statement of Financial Position ..... 19

Aggregating Statement of Activities ..... 20

## Independent Auditor's Report

Board of Directors  
Junior Achievement of the Chisholm Trail, Inc.

We have audited the accompanying financial statements of Junior Achievement of the Chisholm Trail, Inc. (a nonprofit organization) which comprise the statements of financial position as of June 30, 2017 and 2016, 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 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 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 Junior Achievement of the Chisholm Trail, Inc. as of June 30, 2017 and 2016, 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.

Board of Directors  
Junior Achievement of the Chisholm Trail, Inc.

**Other Matter**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The aggregating statement of financial position and aggregating statement of activities on pages 19-20 are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

*Weaver and Tidwell, L.L.P.*

WEAVER AND TIDWELL, L.L.P.

Fort Worth, Texas  
December 14, 2017

# Junior Achievement of the Chisholm Trail, Inc.

## Statements of Financial Position

June 30, 2017 and 2016

	2017	2016
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 353,591	\$ 306,817
Investments, at fair value	2,020,822	1,830,549
Pledges receivable, current portion	55,991	83,397
Other receivables	2,394	8,031
Prepaid assets	5,553	-
Total current assets	2,438,351	2,228,794
<b>LONG-TERM ASSETS</b>		
Pledges receivable, long-term portion	42,822	27,541
Fixed assets, net of accumulated depreciation	8,578	14,289
Total long-term assets	51,400	41,830
<b>TOTAL ASSETS</b>	<b>\$ 2,489,751</b>	<b>\$ 2,270,624</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 92,166	\$ 27,019
Line of credit	-	5,000
Total current liabilities	92,166	32,019
<b>LINE OF CREDIT</b>	180,000	115,000
Total liabilities	272,166	147,019
<b>NET ASSETS</b>		
Unrestricted	1,796,005	1,733,503
Temporarily restricted	337,855	306,377
Permanently restricted	83,725	83,725
Total net assets	2,217,585	2,123,605
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 2,489,751</b>	<b>\$ 2,270,624</b>

The Notes to Financial Statements are an integral part of these statements.

# Junior Achievement of the Chisholm Trail, Inc.

## Statements of Activities Years Ended June 30, 2017 and 2016

	2017			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
<b>REVENUES, GAINS AND OTHER SUPPORT</b>				
Contributions				
Corporate	\$ 371,656	\$ 14,800	\$ -	\$ 386,456
Foundations	363,383	15,875	-	379,258
Total contributions	735,039	30,675	-	765,714
Special events revenues	874,623	-	-	874,623
Special events expenses	181,633	-	-	181,633
Net special events	692,990	-	-	692,990
Interest and dividends	33,281	7,744	-	41,025
Unrealized gain (loss) on investments	163,855	28,402	-	192,257
Realized gain on investments	38,249	4,572	-	42,821
Other income	27,141	26,372	-	53,513
Net assets released from restriction	66,287	(66,287)	-	-
Total revenues, gains and other support	1,756,842	31,478	-	1,788,320
<b>EXPENSES</b>				
Program expenses	1,347,810	-	-	1,347,810
Management and general expenses	142,351	-	-	142,351
Fund raising expenses	204,179	-	-	204,179
Total expenses	1,694,340	-	-	1,694,340
Change in net assets	62,502	31,478	-	93,980
<b>NET ASSETS, beginning of year</b>	1,733,503	306,377	83,725	2,123,605
<b>NET ASSETS, end of year</b>	\$ 1,796,005	\$ 337,855	\$ 83,725	\$ 2,217,585

The Notes to Financial Statements are an integral part of these statements.

**2016**

<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
\$ 383,839	\$ 90,900	\$ -	\$ 474,739
455,970	30,000	-	485,970
839,809	120,900	-	960,709
736,740	-	-	736,740
148,726	-	-	148,726
588,014	-	-	588,014
29,450	6,511	-	35,961
(129,519)	(15,655)	-	(145,174)
33,915	2,987	-	36,902
4,915	100	-	5,015
240,815	(240,815)	-	-
1,607,399	(125,972)	-	1,481,427
1,383,954	-	-	1,383,954
134,511	-	-	134,511
187,063	-	-	187,063
1,705,528	-	-	1,705,528
(98,129)	(125,972)	-	(224,101)
1,831,632	432,349	83,725	2,347,706
<u>\$ 1,733,503</u>	<u>\$ 306,377</u>	<u>\$ 83,725</u>	<u>\$ 2,123,605</u>

# Junior Achievement of the Chisholm Trail, Inc.

## Statements of Cash Flows Years Ended June 30, 2017 and 2016

	2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 93,980	\$ (224,101)
Adjustments to reconcile change in net assets to net cash used in operating activities		
Net unrealized/realized (gain) loss on investments	(235,078)	108,272
Depreciation	5,711	5,656
Change in operating assets and liabilities		
Pledges receivable	12,125	(4,166)
Other receivables	5,637	(1,908)
Prepaid assets	(5,553)	3,150
Accounts payable and accrued expenses	65,147	12,567
Net cash used in operating activities	(58,031)	(100,530)
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	-	(1,083)
Purchase of investments	(681,665)	(604,116)
Sale of investments	726,470	648,680
Net cash provided by investing activities	44,805	43,481
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from borrowings on lines of credit	253,507	205,000
Principal payments on lines of credit	(193,507)	(125,000)
Net cash provided by financing activities	60,000	80,000
Net change in cash	46,774	22,951
 <b>CASH, beginning of year</b>	 306,817	 283,866
 <b>CASH, end of year</b>	 \$ 353,591	 \$ 306,817
 <b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Interest paid	\$ 7,039	\$ 3,867

The Notes to Financial Statements are an integral part of these statements.



# Junior Achievement of the Chisholm Trail, Inc.

## Statements of Functional Expenses Years Ended June 30, 2017 and 2016

	2017			
	Program Services	Support Services		
	K-12 Program	Management and General	Fund Raising and Special Events	Total Expenses
<b>Compensation</b>				
Salaries	\$ 590,446	\$ 81,735	\$ 135,670	\$ 807,851
Payroll taxes	44,555	6,110	10,108	60,773
Pension and insurance	133,406	18,821	31,077	183,304
Total compensation	768,407	106,666	176,855	1,051,928
<b>Occupancy</b>				
Insurance	7,912	1,621	-	9,533
Junior Achievement Center maintenance and supplies	24,519	2,190	3,188	29,897
Rent and utilities	73,253	11,566	11,566	96,385
Office supplies and postage	16,493	1,185	1,725	19,403
Telephone	9,812	1,154	577	11,543
Total occupancy	131,989	17,716	17,056	166,761
<b>Travel</b>				
Staff training and development	6,297	350	350	6,997
Travel	12,866	715	715	14,296
Total travel	19,163	1,065	1,065	21,293
<b>Programs</b>				
Volunteer recruiting and training	6,187	-	-	6,187
Program materials	177,109	-	-	177,109
Scholarships	14,382	-	-	14,382
Total programs	197,678	-	-	197,678
<b>Other</b>				
Public relations	21,650	-	2,767	24,417
Fund raising	2,096	-	1,380	3,476
Administrative costs	11,551	-	-	11,551
Interest expense	5,279	1,760	-	7,039
Outside services	56,806	9,736	2,747	69,289
Bad debt expense	51,683	-	-	51,683
Miscellaneous	76,083	5,122	2,309	83,514
Total other	225,148	16,618	9,203	250,969
Total expenses before depreciation	1,342,385	142,065	204,179	1,688,629
<b>Depreciation</b>	5,425	286	-	5,711
<b>TOTAL EXPENSES</b>	\$ 1,347,810	\$ 142,351	\$ 204,179	\$ 1,694,340

The Notes to Financial Statements are an integral part of these statements.

**2016**

<b>Program Services</b>	<b>Support Services</b>		
<b>K-12 Program</b>	<b>Management and General</b>	<b>Fund Raising and Special Events</b>	<b>Total Expenses</b>
\$ 551,971	\$ 76,516	\$ 124,591	\$ 753,078
41,340	5,715	9,275	56,330
121,169	17,026	27,918	166,113
714,480	99,257	161,784	975,521
10,766	2,205	-	12,971
25,572	2,172	3,280	31,024
69,492	10,952	10,976	91,420
15,694	1,144	1,626	18,464
9,227	1,086	543	10,856
130,751	17,559	16,425	164,735
18,680	1,038	1,038	20,756
11,840	658	658	13,156
30,520	1,696	1,696	33,912
10,855	-	-	10,855
188,958	-	-	188,958
78,569	-	-	78,569
278,382	-	-	278,382
50,446	-	2,213	52,659
-	-	435	435
16,845	1,970	118	18,933
2,900	967	-	3,867
61,375	10,891	2,740	75,006
32,268	-	-	32,268
60,614	1,888	1,652	64,154
224,448	15,716	7,158	247,322
1,378,581	134,228	187,063	1,699,872
5,373	283	-	5,656
<u>\$ 1,383,954</u>	<u>\$ 134,511</u>	<u>\$ 187,063</u>	<u>\$ 1,705,528</u>

# Junior Achievement of the Chisholm Trail, Inc.

## Notes to Financial Statements

### Note 1. Organization and Summary of Significant Accounting Policies

Junior Achievement of the Chisholm Trail, Inc. (the Organization) is a nonprofit organization involved in teaching business and economic principles to local primary and secondary students in the North and West Texas areas. These services are funded through contributions received from individuals and businesses residing or operating in the geographic area where the activities are conducted.

#### Financial Statement Presentation

The Organization's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America. The more significant accounting policies are described in the following notes. Information regarding its financial position and activities is presented using three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

#### Contributions

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires or when the restricted purpose 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. Temporarily restricted net assets are reported as unrestricted net assets if the restrictions are met in the same period received.

#### Fixed Assets

Purchased fixed assets with an acquisition cost in excess of \$1,000 and a useful life of more than one year are recorded at acquisition cost. Donated fixed assets are recorded at estimated fair value at the date of donation.

Depreciation is calculated by the straight-line method over the estimated service lives of the respective assets as follows:

Machinery and equipment	5 - 10 years
Leasehold improvements	5 - 7 years
Office furniture and fixtures	5 - 7 years

#### Donated Non-cash Assets

Donated non-cash assets are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose.

A substantial number of volunteers have donated significant amounts of time to the Organization's activities. However, the Organization only recognizes donated services which create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

# Junior Achievement of the Chisholm Trail, Inc.

## Notes to Financial Statements

### Pledges Receivable

The Organization has not provided an allowance for uncollectible pledges. All pledged receivables considered uncollectible have been charged to current operations and it is management's opinion that no significant amounts are doubtful of collection. Generally, management considers pledge receivables uncollectible after they exceed a year in delinquency.

### Statement of Cash Flows

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (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.

### Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Code.

The Organization recognizes in its financial statements the financial effect of a tax position if that position is more likely than not to be sustained upon examination, including resolution of any appeals or litigation processes, based upon the technical merits of the position. Tax positions taken related to the Organization's tax exempt status for federal tax purposes and state filing requirements have been reviewed, and management is of the opinion that material positions taken by the Organization would more likely than not be sustained by examination. Accordingly, the Organization has not recorded an income tax liability for uncertain tax benefits.

### Note 2. Pledges Receivable

Included in pledges receivable in the statements of financial position were the following unconditional promises to give at June 30:

	<u>2017</u>	<u>2016</u>
Amounts due in less than one year	\$ 55,991	\$ 83,397
Amounts due in one to five years	42,822	27,541
	<u>\$ 98,813</u>	<u>\$ 110,938</u>

Long-term promises to give have not been discounted because the discount was deemed to be immaterial.

# Junior Achievement of the Chisholm Trail, Inc.

## Notes to Financial Statements

### Note 3. Temporarily Restricted Net Assets

Net assets were released from temporary restrictions by incurring expenses satisfying restricted purposes for years ended June 30 as follows:

	<u>2017</u>	<u>2016</u>
Program restriction	\$ 47,537	\$ 240,815
Time restriction	18,750	-
	<u>\$ 66,287</u>	<u>\$ 240,815</u>

Temporarily restricted net assets are restricted for the following purposes at June 30:

	<u>2017</u>	<u>2016</u>
Program restriction	\$ 337,855	\$ 287,627
Time restriction	-	18,750
	<u>\$ 337,855</u>	<u>\$ 306,377</u>

### Note 4. State Uniform Prudent Management of Institutional Funds Act

The Uniform Prudent Management of Institutional Funds Act (UPMIFA) requires 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. The state of Texas and the Organization have both adopted UPMIFA. The Organization 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 the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, 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 fund
- 2) The purposes of the Organization and the donor-restricted endowment fund
- 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
- 7) The investment policies of the Organization

## Junior Achievement of the Chisholm Trail, Inc.

### Notes to Financial Statements

A reconciliation of the endowment funds' beginning and ending balances for the years ended June 30, 2017 and 2016 is as follows:

	Unrestricted	Temporarily Restricted Net Assets	Permanently Restricted Spruill Scholarship Net Assets	Total Net Assets
Endowment net assets, June 30, 2015	\$ 1,632,500	\$ 65,533	\$ 85,325	\$ 1,783,358
Interest and dividends	29,443	2,757	-	32,200
Net depreciation (realized and unrealized)	(99,101)	(4,405)	-	(103,506)
Total investment return	(69,658)	(1,648)	-	(71,306)
Contributions	3,000	300	-	3,300
Appropriation of endowment assets for expenditure	(62,502)	-	-	(62,502)
Administrative fees	(13,990)	(775)	-	(14,765)
Endowment net assets, June 30, 2016	1,489,350	63,410	85,325	1,638,085
Interest and dividends	33,184	3,410	-	36,594
Net appreciation (realized and unrealized)	205,597	14,297	-	219,894
Total investment return	238,781	17,707	-	256,488
Contribution	-	600	-	600
Appropriation of endowment assets for expenditure	(75,000)	-	-	(75,000)
Administrative fees	(12,505)	(985)	-	(13,490)
Endowment net assets, June 30, 2017	<u>\$ 1,640,626</u>	<u>\$ 80,732</u>	<u>\$ 85,325</u>	<u>\$ 1,806,683</u>

Unrestricted net assets presented in the reconciliation above were comprised entirely of board-designated funds at June 30, 2017 and 2016.

# Junior Achievement of the Chisholm Trail, Inc.

## Notes to Financial Statements

### Return Objectives and Risk Parameters

The Organization's Board has adopted an investment policy for endowment assets that attempts to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. This implies growing the corpus in real terms while at the same time protecting the assets from serious volatility.

The Organization may use up to 5% of the board-designated funds annually for operations, based on the May 31 balance of the preceding year. This amount may be transferred on or after July 1 of each year and is to be included in the annual budget and approved by the board of directors.

### Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Board 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 Organization targets a diversified asset allocation strategy that places a greater emphasis on equity-based investments to achieve its long-term return objectives within the guidelines of its investment policy.

### Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. There were no such deficiencies in the endowment funds at June 30, 2017 or 2016.

### Note 5. Fixed Assets

Fixed assets in the accompanying financial statements are presented net of accumulated depreciation. The components of fixed assets at June 30, 2017 and 2016 are as follows:

	<u>2017</u>	<u>2016</u>
Machinery and equipment	\$ 183,936	\$ 183,936
Leasehold improvements	9,873	9,873
Office furniture and fixtures	<u>37,506</u>	<u>37,506</u>
	231,315	231,315
Less accumulated depreciation	<u>222,737</u>	<u>217,026</u>
	<u>\$ 8,578</u>	<u>\$ 14,289</u>

# Junior Achievement of the Chisholm Trail, Inc.

## Notes to Financial Statements

### Note 6. Pension Plan

The Organization offers a noncontributory defined benefit pension plan (the Plan) to its employees. The Plan is administered by the Organization and covers all full-time employees of the Organization, JA Worldwide, Inc. and participating Junior Achievement chapters in the United States. The Plan is accounted for like a multiemployer plan. Benefits are determined based on years of service and salary history. The Plan's assets are invested in various investment funds. The respective participants' employers are required to fund the Plan, as determined necessary by the Board of Directors of JA Worldwide, Inc., based on an annual actuarial valuation. The Organization makes contributions equal to 16.75% of participants' eligible compensation. The Plan requires that participating members who withdraw from the Plan remain liable for any previous funding obligations under the Plan. Accordingly, the Organization recognizes as net pension cost the required contribution for the period and recognizes as a liability any contributions due and unpaid. There is no recognition of the funded status of the Plan in the financial statements of the Organization.

The Plan name is Retirement Plan for Employees of Junior Achievement USA (EIN and pension plan number 13-1635270 and 333, respectively).

The Organization's participation in this plan for the annual periods ended June 30, 2017 and 2016 is outlined in the table below.

Funded Status		Contributions of Organization	
2017	2016	2017	2016
79%	68%	\$ 111,121	\$ 96,626

### Note 7. Health and Welfare Benefits Trust

The Organization has a self-funded medical, dental and other benefits plan covering full-time employees of the Organization and their beneficiaries and covered dependents. The plan is accounted for like a multiemployer plan. Premiums are paid into the plan for each participant by the Organization. All the assets and liabilities of the plan are held in the Junior Achievement USA Health and Welfare Benefits Trust (Benefits Trust). Accordingly, no balances or transactions of the Benefits Trust are recorded in the financial statements of the Organization.

### Note 8. Investment Securities

The Organization invests in various investment securities. Investment securities are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term.



# Junior Achievement of the Chisholm Trail, Inc.

## Notes to Financial Statements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Where available, fair value is based on observable market prices or parameters or derived from such prices or parameters. Where observable prices or inputs are not available, valuation models are applied. These valuation techniques involve some level of management estimation and judgment, the degree of which is dependent on the price transparency for the instruments or market and the instruments' complexity.

GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

The three levels of the fair value hierarchy are described below:

Level 1 inputs – Unadjusted, quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 inputs – Inputs (other than quoted market prices included within Level 1) that are either directly or indirectly observable for the asset or liability through correlation with market data at the measurement date and fair value is determined through the use of models or other valuation techniques.

Level 3 inputs – Prices or valuations that require inputs that are both significant to the fair measurement and unobservable. Fair value for these investments is determined using valuation methodologies that consider a range of factors including but not limited to the nature of the investment, market conditions, current and projected operating performance and changes in operating characteristics of the investment.

With the exception of the equity-linked note, the Organization's investments are valued using unadjusted quoted market prices. The equity-linked note is an over-the-counter derivative valued by counterparty quotes which rely on contractual terms, specific risks inherent in the instrument, and observable inputs such as fluctuations in the price of the underlying index, fluctuations in the bid and ask spread of similar sized trades of structured notes, credit spreads, interest rates, volatility, price sensitivity and time to maturity of the notes.

## Junior Achievement of the Chisholm Trail, Inc.

### Notes to Financial Statements

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following table presents the classification of the securities by level at June 30, 2017:

	Level 1	Level 2	Level 3	Total
Common stock and equity index				
US large cap equity	\$ 753,957	\$ -	\$ -	\$ 753,957
EAFE equity	525,573	-	-	525,573
Japanese large cap equity	20,506	-	-	20,506
Global equity	186,072	-	-	186,072
Fixed income funds				
US fixed income	263,237	-	-	263,237
Non-US fixed income	132,302	-	-	132,302
Global fixed income	38,985	-	-	38,985
Uninvested cash	100,190	-	-	100,190
Total assets at fair value	<u>\$ 2,020,822</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,020,822</u>

The following table presents the classification of the securities by level at June 30, 2016:

	Level 1	Level 2	Level 3	Total
Common stock and equity index				
US large cap equity	\$ 630,270	\$ -	\$ -	\$ 630,270
US mid cap equity	86,945	-	-	86,945
EAFE equity	349,240	-	-	349,240
European large cap equity	16,285	-	-	16,285
Japanese large cap equity	29,041	-	-	29,041
Global equity	169,556	-	-	169,556
Exchange-traded funds				
Hedge funds	130,881	-	-	130,881
US fixed income funds	270,508	-	-	270,508
Global fixed income	6,875	-	-	6,875
Equity index-linked note	-	25,947	-	25,947
Money market mutual fund	115,001	-	-	115,001
Total assets at fair value	<u>\$ 1,804,602</u>	<u>\$ 25,947</u>	<u>\$ -</u>	<u>\$ 1,830,549</u>

# Junior Achievement of the Chisholm Trail, Inc.

## Notes to Financial Statements

Investment return is summarized as follows for the years ended June 30:

	<u>2017</u>	<u>2016</u>
Interest and dividends	\$ 41,025	\$ 35,961
Unrealized gain (loss)	192,257	(145,174)
Realized gain	<u>42,821</u>	<u>36,902</u>
Total investment return	<u>\$ 276,103</u>	<u>\$ (72,311)</u>

### Note 9. Lines of Credit

The Organization has a Fort Worth line of credit for \$350,000 and an Abilene line of credit for \$40,000.

The Fort Worth line of credit is under the terms of a revolving loan agreement with a bank which provided for interest at LIBOR plus 2.85% and was secured by the endowment fund. This line of credit agreement expired in September 2017 as, as discussed in Note 13, was concurrently renewed. At June 30, 2017 and 2016, the Organization had \$180,000 and \$115,000 due under the Fort Worth agreement, respectively.

The Abilene line of credit is under terms of a revolving loan agreement with a bank which provides for interest of prime plus 1.75% with an interest floor of 5.5% and ceiling of 18%, and is due July 2018, and is secured by the endowment fund. At June 30, 2017 and 2016, the Organization had \$0 and \$5,000 due under the Abilene agreement, respectively.

The Organization is required to retain collateral at certain agreed-upon levels, which were met as of June 30, 2017 and 2016.

### Note 10. Commitments

The Organization awards scholarships to certain Junior Achievement participants. The recipient must maintain a designated grade point average over the scholarship period in order to continue qualifying for the scholarship. If all participants continue to qualify, the Organization's commitment by fiscal year is as follows:

2018	\$	28,500
2019		15,500
2020		6,500
2021		5,500

The Organization leases a facility and equipment under operating leases, some of which provide for escalating lease payments and/or contain renewal options. Minimum annual rental commitments at June 30, 2017 under non-cancelable operating leases are as follows:

2018	\$	69,654
2019		70,077
2020		55,189

# Junior Achievement of the Chisholm Trail, Inc.

## Notes to Financial Statements

All lease payments are charged to operations as they are made. Expenses incurred for all operating leases during the years ended June 30, 2017 and 2016 were \$93,422 and \$90,348, respectively.

### **Note 11. Concentrations**

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash and pledges receivable.

The Organization maintains cash with several financial institutions which may exceed federally insured limits. The Organization has not experienced any losses in such accounts. Balances did not exceed federally insured limits at June 30, 2017. Management believes it is not exposed to any significant credit risk on cash and cash equivalents.

Credit risk for contributions receivable is concentrated as well because substantially all of the balances are receivable from individuals located within the same geographic region.

As of June 30, 2017, approximately 15% of pledges receivable was derived from one donor.

### **Note 12. Related Party Transactions**

During the year ended June 30, 2016, the Organization purchased accounting services from a company owned by a member of its Board of Directors. Services amounted to \$19,775 for the year ended June 30, 2016.

### **Note 13. Subsequent Events**

The Organization has evaluated all events and transactions for potential recognition or disclosure through December 14, 2017, the date the financial statements were available to be issued.

Subsequent to June 30, 2017, the Organization renewed its Fort Worth line of credit agreement. Under the terms of the renewal, the amount available under the line remained at \$350,000, the interest rate was decreased to LIBOR plus 1.9%, and the maturity date was extended to October 31, 2018.

## **Supplementary Information**

# Junior Achievement of the Chisholm Trail, Inc.

## Aggregating Statement of Financial Position

June 30, 2017

ASSETS	Fort Worth	Abilene	Amarillo	Midland	Quasi- Endowment Fund	Scholarship Fund	Eliminations	Total
<b>CURRENT ASSETS</b>								
Cash and cash equivalents	\$ 14,230	\$ 82,633	\$ 103,897	\$ 144,658	\$ -	\$ 8,173	\$ -	\$ 353,591
Investments, at fair value	-	-	-	-	1,643,355	377,467	-	2,020,822
Pledges receivable, current portion	22,910	17,086	-	15,995	-	-	-	55,991
Other receivables	169	-	725	1,500	-	-	-	2,394
Prepaid assets	5,553	-	-	-	-	-	-	5,553
Interfund receivables	47,194	-	-	-	178,349	28,000	(253,543)	-
Total current assets	90,056	99,719	104,622	162,153	1,821,704	413,640	(253,543)	2,438,351
<b>LONG-TERM ASSETS</b>								
Pledges receivable, long-term portion	19,810	10,622	-	12,390	-	-	-	42,822
Fixed assets, net of accumulated depreciation	3,470	3,135	-	-	1,973	-	-	8,578
Total long-term assets	23,280	13,757	-	12,390	1,973	-	-	51,400
<b>TOTAL ASSETS</b>	<u>\$ 113,336</u>	<u>\$ 113,476</u>	<u>\$ 104,622</u>	<u>\$ 174,543</u>	<u>\$ 1,823,677</u>	<u>\$ 413,640</u>	<u>\$ (253,543)</u>	<u>\$ 2,489,751</u>
<b>LIABILITIES AND NET ASSETS</b>								
<b>CURRENT LIABILITIES</b>								
Accounts payable and accrued expenses	\$ 80,103	\$ 998	\$ 8,768	\$ 2,297	\$ -	\$ -	\$ -	\$ 92,166
Interfund payables	238,970	8,232	677	3,255	-	2,409	(253,543)	-
Total current liabilities	319,073	9,230	9,445	5,552	-	2,409	(253,543)	92,166
<b>LINE OF CREDIT</b>	180,000	-	-	-	-	-	-	180,000
Total liabilities	499,073	9,230	9,445	5,552	-	2,409	(253,543)	272,166
<b>NET ASSETS</b>								
Unrestricted	(391,957)	99,746	95,177	168,991	1,823,677	371	-	1,796,005
Temporarily restricted	6,220	4,500	-	-	-	327,135	-	337,855
Permanently restricted	-	-	-	-	-	83,725	-	83,725
Total net assets	(385,737)	104,246	95,177	168,991	1,823,677	411,231	-	2,217,585
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 113,336</u>	<u>\$ 113,476</u>	<u>\$ 104,622</u>	<u>\$ 174,543</u>	<u>\$ 1,823,677</u>	<u>\$ 413,640</u>	<u>\$ (253,543)</u>	<u>\$ 2,489,751</u>

# Junior Achievement of the Chisholm Trail, Inc.

## Aggregating Statement of Activities

Year Ended June 30, 2017

	Fort Worth	Abilene	Amarillo	Midland	Quasi- Endowment Fund	Scholarship Fund	Eliminations	Total
<b>REVENUES, GAINS AND OTHER SUPPORT</b>								
Contributions								
Corporate	\$ 260,855	\$ 35,595	\$ 42,004	\$ 33,202	\$ -	\$ 14,800	\$ -	\$ 386,456
Foundations	154,690	65,000	59,568	100,000	-	-	-	379,258
Total contributions	415,545	100,595	101,572	133,202	-	14,800	-	765,714
Special events revenue	552,817	156,905	65,446	99,455	-	-	-	874,623
Special events expenses	131,778	33,766	7,863	8,226	-	-	-	181,633
Net special events	421,039	123,139	57,583	91,229	-	-	-	692,990
Interest and dividends	-	37	60	-	33,184	7,744	-	41,025
Unrealized gain (loss) on investments	(3,577)	-	-	-	167,432	28,402	-	192,257
Realized gain on investments	-	-	-	-	38,249	4,572	-	42,821
Other income	59,866	28,651	-	3,796	-	-	(38,800)	53,513
Total revenues, gains and other support	892,873	252,422	159,215	228,227	238,865	55,518	(38,800)	1,788,320
<b>EXPENSES</b>								
Program expenses	861,600	190,277	127,244	177,791	13,688	16,010	(38,800)	1,347,810
Management and general expenses	102,454	17,607	8,449	11,700	2,141	-	-	142,351
Fund raising expenses	155,344	16,676	11,072	21,087	-	-	-	204,179
Total expenses	1,119,398	224,560	146,765	210,578	15,829	16,010	(38,800)	1,694,340
<b>CHANGE IN NET ASSETS</b>	<b>\$ (226,525)</b>	<b>\$ 27,862</b>	<b>\$ 12,450</b>	<b>\$ 17,649</b>	<b>\$ 223,036</b>	<b>\$ 39,508</b>	<b>\$ -</b>	<b>\$ 93,980</b>