

JUNIOR ACHIEVEMENT OF THE CHISHOLM TRAIL, INC.

FINANCIAL REPORT

JUNE 30, 2015

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financials

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, 2015 and 2014, 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.

Junior Achievement of the
Chisholm Trail, Inc.

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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, 2015 and 2014, 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.

Report on Supplementary Data

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 22-23 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
October 29, 2015

JUNIOR ACHIEVEMENT OF THE CHISHOLM TRAIL, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2015 AND 2014

ASSETS	2015	2014
CURRENT ASSETS		
Cash and cash equivalents	\$ 283,866	\$ 241,107
Investments, at fair value	1,983,385	2,011,176
Pledges receivable, current portion	73,622	116,611
Other receivables	6,123	-
Prepaid assets	3,150	8,194
Total current assets	2,350,146	2,377,088
LONG-TERM ASSETS		
Pledges receivable, long-term portion	33,150	46,038
Fixed assets, net of accumulated depreciation	18,862	28,114
Total long-term assets	52,012	74,152
TOTAL ASSETS	\$ 2,402,158	\$ 2,451,240
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 14,452	\$ 28,716
Line of credit	40,000	160,000
Total liabilities	54,452	188,716
NET ASSETS		
Unrestricted	1,831,632	1,836,347
Temporarily restricted	432,349	342,452
Permanently restricted	83,725	83,725
Total net assets	2,347,706	2,262,524
TOTAL LIABILITIES AND NET ASSETS	\$ 2,402,158	\$ 2,451,240

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, 2015 AND 2014

	2015			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
PUBLIC SUPPORT AND REVENUES				
Contributions				
Corporate	\$ 483,210	\$ 40,900	\$ -	\$ 524,110
Foundations	251,435	265,000	-	516,435
Total contributions	734,645	305,900	-	1,040,545
Special events revenues	695,331	-	-	695,331
Special events expenses	153,107	-	-	153,107
Net special events	542,224	-	-	542,224
Interest and dividends	32,488	8,204	-	40,692
Unrealized gain (loss) on investments	(28,982)	(5,207)	-	(34,189)
Realized gain on investments	38,972	1,653	-	40,625
Other income	10,128	-	-	10,128
Net assets released from restriction	220,653	(220,653)	-	-
Total public support and revenues	1,550,128	89,897	-	1,640,025
EXPENSES				
Program expenses	1,266,322	-	-	1,266,322
Management and general expenses	120,669	-	-	120,669
Fund raising expenses	167,852	-	-	167,852
Total expenses	1,554,843	-	-	1,554,843
Change in net assets	(4,715)	89,897	-	85,182
NET ASSETS, beginning of year	1,836,347	342,452	83,725	2,262,524
NET ASSETS, end of year	<u>\$ 1,831,632</u>	<u>\$ 432,349</u>	<u>\$ 83,725</u>	<u>\$ 2,347,706</u>

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

2014

<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
\$ 265,120	\$ 83,783	\$ -	\$ 348,903
<u>546,483</u>	<u>-</u>	<u>-</u>	<u>546,483</u>
811,603	83,783	-	895,386
861,759	-	-	861,759
<u>193,495</u>	<u>-</u>	<u>-</u>	<u>193,495</u>
668,264	-	-	668,264
28,358	5,914	-	34,272
134,204	22,640	-	156,844
118,365	11,283	-	129,648
51,457	-	-	51,457
<u>86,020</u>	<u>(86,020)</u>	<u>-</u>	<u>-</u>
1,898,271	37,600	-	1,935,871
1,252,448	-	-	1,252,448
118,950	-	-	118,950
<u>146,117</u>	<u>-</u>	<u>-</u>	<u>146,117</u>
<u>1,517,515</u>	<u>-</u>	<u>-</u>	<u>1,517,515</u>
380,756	37,600	-	418,356
<u>1,455,591</u>	<u>304,852</u>	<u>83,725</u>	<u>1,844,168</u>
<u>\$ 1,836,347</u>	<u>\$ 342,452</u>	<u>\$ 83,725</u>	<u>\$ 2,262,524</u>

JUNIOR ACHIEVEMENT OF THE CHISHOLM TRAIL, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 85,182	\$ 418,356
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Net unrealized/realized gain on investments	(6,436)	(286,492)
Depreciation	9,252	2,973
Change in operating assets and liabilities		
Pledges receivable	55,877	(39,382)
Other receivables	(6,123)	-
Prepaid assets	5,044	(2,567)
Accounts payable and accrued expenses	(14,264)	(10,183)
	128,532	82,705
Net cash provided by operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	-	(17,827)
Purchase of investments	(486,038)	(870,531)
Sale of investments	520,265	1,051,835
	34,227	163,477
Net cash provided by investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings on lines of credit	120,000	252,500
Principal payments on notes payable	-	(6,252)
Principal payments on lines of credit	(240,000)	(457,500)
	(120,000)	(211,252)
Net cash used in financing activities		
Net change in cash	42,759	34,930
CASH, beginning of year	241,107	206,177
CASH, end of year	\$ 283,866	\$ 241,107
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Interest paid	\$ 4,907	\$ 6,440

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, 2015 AND 2014

	2015			
	Program Services	Support Services		
	K-12 Program	Management and General	Fund Raising and Special Events	Total Expenses
Compensation				
Salaries	\$ 507,378	\$ 70,414	\$ 116,232	\$ 694,024
Payroll taxes	38,605	5,324	8,767	52,696
Pension and insurance	78,699	11,328	18,592	108,619
Total compensation	624,682	87,066	143,591	855,339
Occupancy				
Insurance	11,056	2,264	-	13,320
Junior Achievement Center maintenance and supplies	24,341	2,031	3,107	29,479
Utilities	60,525	9,542	9,561	79,628
Office supplies and postage	14,146	1,180	1,297	16,623
Telephone	9,218	1,085	542	10,845
Total occupancy	119,286	16,102	14,507	149,895
Travel				
Staff training and development	13,603	756	756	15,115
Travel	13,514	751	751	15,016
Total travel	27,117	1,507	1,507	30,131
Programs				
Volunteer recruiting and training	4,450	-	-	4,450
Program materials	183,299	-	-	183,299
Scholarships	49,163	-	-	49,163
Total programs	236,912	-	-	236,912
Other				
Public relations	57,151	-	2,660	59,811
Fund raising	-	-	425	425
Administrative costs	47,500	2,048	-	49,548
Interest expense	3,680	1,227	-	4,907
Outside services	60,718	9,786	3,319	73,823
Bad debt expense	28,501	-	-	28,501
Miscellaneous	51,986	2,470	1,843	56,299
Total other	249,536	15,531	8,247	273,314
Total expenses before depreciation	1,257,533	120,206	167,852	1,545,591
Depreciation	8,789	463	-	9,252
TOTAL EXPENSES	\$ 1,266,322	\$ 120,669	\$ 167,852	\$ 1,554,843

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

2014

Program Services	Support Services		
K-12 Program	Management and General	Fund Raising and Special Events	Total Expenses
\$ 516,471	\$ 65,275	\$ 92,212	\$ 673,958
41,209	5,210	7,359	53,778
111,576	13,875	19,832	145,283
669,256	84,360	119,403	873,019
10,646	2,180	-	12,826
23,068	1,855	2,916	27,839
58,004	9,051	9,144	76,199
14,367	1,145	1,391	16,903
9,024	1,062	531	10,617
115,109	15,293	13,982	144,384
15,483	860	860	17,203
14,720	818	818	16,356
30,203	1,678	1,678	33,559
6,589	-	-	6,589
184,249	-	-	184,249
54,052	-	-	54,052
244,890	-	-	244,890
22,667	-	2,716	25,383
-	-	240	240
16,014	1,938	-	17,952
4,830	1,610	-	6,440
81,727	11,141	5,717	98,585
9,767	-	-	9,767
55,161	2,781	2,381	60,323
190,166	17,470	11,054	218,690
1,249,624	118,801	146,117	1,514,542
2,824	149	-	2,973
<u>\$ 1,252,448</u>	<u>\$ 118,950</u>	<u>\$ 146,117</u>	<u>\$ 1,517,515</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 or temporarily restricted support depending on the existence and/or nature of any donor restrictions. Donor restricted support is reported as an increase in temporarily restricted net assets. 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.

Fixed Assets

Purchased fixed assets 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

**JUNIOR ACHIEVEMENT OF THE CHISHOLM TRAIL, INC.
NOTES TO FINANCIAL STATEMENTS**

**NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES –
CONTINUED**

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.

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.

Risks and Uncertainties

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**

**NOTE 1. ORGANIZATION AND 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. 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. UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give, included in pledges receivable, current portion and pledges receivable, long-term portion in the Statement of Financial Position, were as follows at June 30:

	<u>2015</u>	<u>2014</u>
Receivable in less than one year	\$ 73,622	\$ 116,611
Receivable in one to five years	<u>33,150</u>	<u>46,038</u>
	<u>\$ 106,772</u>	<u>\$ 162,649</u>

**JUNIOR ACHIEVEMENT OF THE CHISHOLM TRAIL, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE 3. TEMPORARILY RESTRICTED NET ASSETS

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

	2015	2014
Program restriction	\$ 432,349	\$ 342,452
Time restriction	-	-
	\$ 432,349	\$ 342,452

NOTE 4. STATE UNIFORM PRUDENT MANAGEMENT OF INSTITUTIONAL FUNDS ACT

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 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**

NOTE 4. STATE UNIFORM PRUDENT MANAGEMENT OF INSTITUTIONAL FUNDS ACT – CONTINUED

A reconciliation of the endowment funds beginning and ending balances for the years ended June 30, 2015 and 2014 is as follows:

	Unrestricted Net Assets	Temporarily Restricted Net Assets	Permanently Restricted Spruill Scholarship Net Assets	Total Net Assets
Endowment net assets, June 30, 2013	\$ -	\$ 55,897	\$ 83,725	\$ 139,622
Interest and dividends	-	2,423	-	2,423
Net appreciation, (realized and unrealized)	-	13,852	-	13,852
Total investment return	-	16,275	-	16,275
Appropriation of endowment assets for expenditure	-	(5,925)	-	(5,925)
Administrative fees	-	(762)	-	(762)
Endowment net assets, June 30, 2014	-	65,485	83,725	149,210
Interest and dividends	-	3,370	-	3,370
Net depreciation, (realized and unrealized)	-	(1,307)	-	(1,307)
Total investment return	-	2,063	-	2,063
Appropriation of endowment assets for expenditure	-	(1,250)	-	(1,250)
Administrative fees	-	(765)	-	(765)
Endowment net assets, June 30, 2015	<u>\$ -</u>	<u>\$ 65,533</u>	<u>\$ 83,725</u>	<u>\$ 149,258</u>

**JUNIOR ACHIEVEMENT OF THE CHISHOLM TRAIL, INC.
NOTES TO FINANCIAL STATEMENTS**

**NOTE 4. STATE UNIFORM PRUDENT MANAGEMENT OF INSTITUTIONAL FUNDS
ACT – CONTINUED**

Endowment net assets were comprised entirely of donor restricted assets and no board designated funds at June 30, 2015 and 2014.

	Unrestricted Net Assets	Temporarily Restricted Net Assets	Permanently Restricted Spruill Scholarship Net Assets	Total Net Assets
Donor-restricted Board	\$ -	\$ 65,533	\$ 83,725	\$ 149,258
	-	-	-	-
Total funds	<u>\$ -</u>	<u>\$ 65,533</u>	<u>\$ 83,725</u>	<u>\$ 149,258</u>

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.

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, 2015 or 2014.

**JUNIOR ACHIEVEMENT OF THE CHISHOLM TRAIL, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE 5. FIXED ASSETS

Fixed assets in the accompanying financial statements are presented net of accumulated depreciation. The Organization capitalizes fixed assets with a cost of over \$1,000 and an estimated life of five years or more. The components of fixed assets at June 30, 2015 and 2014 are as follows:

	2015	2014
Machinery and equipment	\$ 182,853	\$ 181,368
Leasehold improvements	9,873	9,873
Office furniture and fixtures	37,506	37,506
	230,232	228,747
Less accumulated depreciation	211,370	200,633
	\$ 18,862	\$ 28,114

NOTE 6. PENSION PLAN

The Organization offers a noncontributory defined benefit pension plan (the Plan) to its employees. The Plan is administered by Junior Achievement USA and covers all full-time employees and employees of participating members of the Organization. The Plan is accounted for like a multi-employer 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 Junior Achievement USA's Board of Directors, 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).

**JUNIOR ACHIEVEMENT OF THE CHISHOLM TRAIL, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE 6. PENSION PLAN – CONTINUED

The Organization’s participation in this plan for the annual periods ended June 30, 2015 and 2014 is outlined in the table below.

Funded Status		Contributions of Organization	
2015	2014	2015	2014
71%	68%	\$ 60,211	\$ 87,461

The Organization was listed in the Plan’s Form 5500 as providing more than 5 percent of the total contributions for the plan years ended June 30, 2015 and 2014.

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 multi-employer 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’s financial instruments consist of cash and cash equivalents and investment securities. The recorded values of cash and cash equivalents approximate their fair values based on their short-term nature. The recorded values of the investment securities are stated at fair value, as unrealized gains and losses are recorded.

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).

**JUNIOR ACHIEVEMENT OF THE CHISHOLM TRAIL, INC.
NOTES TO FINANCIAL STATEMENTS**

NOTE 8. INVESTMENT SECURITIES - CONTINUED

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 are 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.

Securities owned by the Organization at June 30, 2015 are classified within Level 1 of the fair value hierarchy. The securities are valued using unadjusted quoted market prices.

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, 2015 and 2014.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments 2015	\$ 1,983,385	\$ -	\$ -	\$ 1,983,385
Investments 2014	\$ 2,011,176	\$ -	\$ -	\$ 2,011,176

JUNIOR ACHIEVEMENT OF THE CHISHOLM TRAIL, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 8. INVESTMENT SECURITIES – CONTINUED

Investments consist of the following at June 30, 2015:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>
Common stock and equity index			
US large cap equity	\$ 412,924	\$ 606,986	\$ 194,062
US mid cap equity	88,722	150,683	61,961
EAFE equity	312,167	367,424	55,257
European large cap equity	-	-	-
Japanese large cap equity	20,554	26,852	6,298
Asia ex-Japan equity	91,967	113,625	21,658
Emerging market equity	15,686	20,725	5,039
Global equity	117,837	133,426	15,589
Exchange-traded funds			
Hedge funds	160,827	156,832	(3,995)
Hard assets funds	25,952	23,981	(1,971)
US fixed income funds	246,721	248,852	2,131
Money market mutual fund	133,999	133,999	-
	<u>\$ 1,627,356</u>	<u>\$ 1,983,385</u>	<u>\$ 356,029</u>

JUNIOR ACHIEVEMENT OF THE CHISHOLM TRAIL, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 8. INVESTMENT SECURITIES – CONTINUED

Investments consist of the following at June 30, 2014:

	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Gain (Loss)</u>
Common stock and equity index			
US large cap equity	\$ 353,045	\$ 542,363	\$ 189,318
US mid cap equity	87,648	151,934	64,286
EAFE equity	393,076	484,970	91,894
European large cap equity	35,832	41,246	5,414
Japanese large cap equity	20,532	21,934	1,402
Asia ex-Japan equity	57,555	76,180	18,625
Emerging market equity	15,686	18,319	2,633
Global equity	78,223	92,645	14,422
Exchange-traded funds			
Hedge funds	162,666	165,701	3,035
Hard assets funds	55,527	59,189	3,662
US fixed income funds	213,286	223,967	10,681
Money market mutual fund	132,728	132,728	-
	<u>\$ 1,605,804</u>	<u>\$ 2,011,176</u>	<u>\$ 405,372</u>

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

	<u>2015</u>	<u>2014</u>
Interest and dividends	\$ 40,692	\$ 34,272
Unrealized gain (loss)	(34,189)	156,844
Realized gain	<u>40,625</u>	<u>129,648</u>
Total investment return	<u>\$ 47,128</u>	<u>\$ 320,764</u>

JUNIOR ACHIEVEMENT OF THE CHISHOLM TRAIL, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE 9. LINES OF CREDIT

The Organization has a Fort Worth line-of-credit for \$350,000 and an Abilene line of credit for \$30,000.

The Fort Worth line-of-credit is under the terms of a revolving loan agreement with a bank which provides for interest at LIBOR plus 2.85% and is due June 2016, and is secured by the endowment fund. At June 30, 2015 and 2014 the Organization had \$40,000 and \$160,000 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 1.5% with an interest floor of 5.25% and ceiling of 18%, and is due August 2016, and is secured by the endowment fund. At June 30, 2015 and 2014 the Organization had \$0 due under the Abilene agreement.

The Organization is required to retain collateral at certain agreed upon levels, which were met as of June 30, 2015 and 2014.

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:

2016	\$	52,500
2017		38,500
2018		24,500
2019		12,000
2020		500

The Organization leases a facility and equipment under operating leases. Minimum annual rental commitments at June 30, 2015 under non-cancelable operating leases are as follows:

2016	\$	64,101
2017		62,091
2018		60,732
2019		60,987
Thereafter		50,823

All lease payments are charged to operations as they are made. Expenses incurred for all operating leases during the years ended June 30, 2015 and 2014 were \$78,457 and \$76,309, respectively.

JUNIOR ACHIEVEMENT OF THE CHISHOLM TRAIL, INC.
NOTES TO FINANCIAL STATEMENTS

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, 2015. 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. Approximately 16% of revenues were derived from a single contributor for the year ended June 30, 2014.

Approximately 14% of pledges receivable were derived from a donor for the year ended June 30, 2015.

NOTE 12. RELATED PARTY

The Organization purchases accounting services from a company owned by a member of its Board of Directors. Services amounted to \$39,464 and \$40,771 for the years ended June 30, 2015 and 2014, respectively.

NOTE 13. SUBSEQUENT EVENTS

The Organization has evaluated all events and transactions for potential recognition or disclosure, through October 29, 2015, the date the financial statements were available to be issued and determined the following subsequent event existed:

In July 2015 The Organization renewed its line of credit agreement under the same terms that were previously in effect.

SUPPLEMENTARY DATA

**JUNIOR ACHIEVEMENT OF THE CHISHOLM TRAIL, INC.
AGGREGATING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015**

	<u>Fort Worth</u>	<u>Abilene</u>	<u>Amarillo</u>	<u>Midland</u>	<u>Quasi- Endowment Fund</u>	<u>Scholarship Fund</u>	<u>Eliminations</u>	<u>Total</u>
ASSETS								
CURRENT ASSETS								
Cash and cash equivalents	\$ 20,856	\$ 100,795	\$ 73,487	\$ 76,805	\$ -	\$ 11,923	\$ -	\$ 283,866
Investments, at fair value	-	-	-	-	1,632,500	350,885	-	1,983,385
Pledges receivable, current portion	39,317	13,950	14,205	5,250	-	900	-	73,622
Other receivables	33	-	6,090	-	-	-	-	6,123
Interfund receivables	9,691	-	-	-	107,405	3,025	(120,121)	-
Prepaid assets	3,150	-	-	-	-	-	-	3,150
Total current assets	73,047	114,745	93,782	82,055	1,739,905	366,733	(120,121)	2,350,146
LONG-TERM ASSETS								
Pledges receivable, long-term portion	33,050	100	-	-	-	-	-	33,150
Fixed assets, net of accumulated depreciation	7,563	5,331	-	-	5,968	-	-	18,862
Total long-term assets	40,613	5,431	-	-	5,968	-	-	52,012
TOTAL ASSETS	<u>\$ 113,660</u>	<u>\$ 120,176</u>	<u>\$ 93,782</u>	<u>\$ 82,055</u>	<u>\$ 1,745,873</u>	<u>\$ 366,733</u>	<u>\$ (120,121)</u>	<u>\$ 2,402,158</u>
LIABILITIES AND NET ASSETS								
CURRENT LIABILITIES								
Accounts payable and accrued expenses	\$ 13,003	\$ 46	\$ -	\$ 403	\$ -	\$ 1,000	\$ -	\$ 14,452
Line of credit	40,000	-	-	-	-	-	-	40,000
Interfund payables	112,955	-	-	-	1,660	5,506	(120,121)	-
Total current liabilities	165,958	46	-	403	1,660	6,506	(120,121)	54,452
Total liabilities	165,958	46	-	403	1,660	6,506	(120,121)	54,452
NET ASSETS								
Unrestricted	(210,146)	120,130	93,782	81,652	1,744,213	2,001	-	1,831,632
Temporarily restricted	157,848	-	-	-	-	274,501	-	432,349
Permanently restricted	-	-	-	-	-	83,725	-	83,725
Total net assets	(52,298)	120,130	93,782	81,652	1,744,213	360,227	-	2,347,706
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 113,660</u>	<u>\$ 120,176</u>	<u>\$ 93,782</u>	<u>\$ 82,055</u>	<u>\$ 1,745,873</u>	<u>\$ 366,733</u>	<u>\$ (120,121)</u>	<u>\$ 2,402,158</u>

See Independent Auditor's Report.

**JUNIOR ACHIEVEMENT OF THE CHISHOLM TRAIL, INC.
AGGREGATING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2015**

	<u>Fort Worth</u>	<u>Abilene</u>	<u>Amarillo</u>	<u>Midland</u>	<u>Quasi- Endowment Fund</u>	<u>Scholarship Fund</u>	<u>Eliminations</u>	<u>Total</u>
REVENUES, GAINS AND OTHER SUPPORT								
Contributions								
Corporate	\$ 336,567	\$ 36,151	\$ 21,222	\$ 88,226	\$ 1,044	\$ 40,900	\$ -	\$ 524,110
Foundations	303,000	64,135	73,300	76,000	-	-	-	516,435
Total contributions	639,567	100,286	94,522	164,226	1,044	40,900	-	1,040,545
Special events revenue	581,478	42,589	46,452	24,812	-	-	-	695,331
Special events expenses	133,869	10,071	6,408	2,759	-	-	-	153,107
Net special events	447,609	32,518	40,044	22,053	-	-	-	542,224
Interest and dividends	-	7	-	-	32,481	8,204	-	40,692
Unrealized gain (loss) on investments	-	-	-	-	(28,982)	(5,207)	-	(34,189)
Realized gain (loss) on investments	-	-	-	-	38,972	1,653	-	40,625
Other income	47,817	27,806	-	380	-	-	(65,875)	10,128
Total public support and revenues	1,134,993	160,617	134,566	186,659	43,515	45,550	(65,875)	1,640,025
EXPENSES								
Program expenses	889,550	139,049	113,680	125,383	13,192	51,343	(65,875)	1,266,322
Management and general expenses	90,038	12,257	7,177	9,065	2,132	-	-	120,669
Fund raising expenses	129,170	12,353	10,134	16,195	-	-	-	167,852
Total expenses	1,108,758	163,659	130,991	150,643	15,324	51,343	(65,875)	1,554,843
CHANGE IN NET ASSETS								
BEFORE INTERFUND TRANSFERS	26,235	(3,042)	3,575	36,016	28,191	(5,793)	-	85,182
Interfund transfers out	-	-	-	-	(50,600)	-	-	(50,600)
Interfund transfers in	46,400	-	-	-	-	4,200	-	50,600
Total interfund transfers	46,400	-	-	-	(50,600)	4,200	-	-
CHANGE IN NET ASSETS								
AFTER INTERFUND TRANSFERS	<u>\$ 72,635</u>	<u>\$ (3,042)</u>	<u>\$ 3,575</u>	<u>\$ 36,016</u>	<u>\$ (22,409)</u>	<u>\$ (1,593)</u>	<u>\$ -</u>	<u>\$ 85,182</u>

See Independent Auditor's Report.