

**CHISHOLM TRAIL COMMUNITIES FOUNDATION  
AND ITS AFFILIATE**

**FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED**

**DECEMBER 31, 2018 (Audited)  
AND  
DECEMBER 31, 2017 (Reviewed)**

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CHISHOLM TRAIL COMMUNITIES FOUNDATION AND ITS AFFILIATE  
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**DIANE W. FULMER**  
CPA, PC

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Chisholm Trail Communities Foundation and Its Affiliate

I have audited the accompanying financial statements of Chisholm Trail Communities Foundation and Its Affiliate (a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2018, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year 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**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Chisholm Trail Communities Foundation and Its Affiliate as of December 31, 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

The accompanying 2017 financial statements of Chisholm Trail Communities Foundation and Its Affiliate were previously reviewed by me, and I stated that I was not aware of any material modifications that should be made to those statements in order for them to be in conformity with accounting principles generally accepted in the United States of America in my report dated September 19, 2018, but I have not performed any procedures in connection with that review engagement since that date.

Diane W. Fulmer, CPA  
Round Rock, Texas  
September 20, 2019

**CHISHOLM TRAIL COMMUNITIES FOUNDATION AND ITS AFFILIATE  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2018 (Audited) AND 2017 (Reviewed)**

	<u>2018</u> (Audited)	<u>2017</u> (Reviewed)
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 727,300	\$ 573,128
Investments	7,266,331	7,476,896
Property and Equipment	<u>603,071</u>	<u>608,663</u>
TOTAL ASSETS	<u>\$ 8,596,702</u>	<u>\$ 8,658,687</u>
<b>LIABILITIES AND NET ASSETS</b>		
LIABILITIES		
Accrued Expenses	\$ 2,622	\$ 2,243
Agency Obligations	598,009	1,010,867
Deferred Rent	2,205	3,165
Tenant Deposit	<u>4,270</u>	<u>3,850</u>
TOTAL LIABILITIES	<u>607,106</u>	<u>1,020,125</u>
NET ASSETS		
Without donor restrictions	7,857,634	7,542,961
With donor restrictions	<u>131,962</u>	<u>95,601</u>
TOTAL NET ASSETS	<u>7,989,596</u>	<u>7,638,562</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 8,596,702</u>	<u>\$ 8,658,687</u>

See accompanying notes.

**CHISHOLM TRAIL COMMUNITIES FOUNDATION AND ITS AFFILIATE  
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDING DECEMBER 31, 2018 (Audited)**

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
<b>Revenue, gains and support</b>			
Contributions	\$ 2,240,172	\$ 65,531	\$ 2,305,703
In-kind contributions	43,075	-	43,075
Rental income	66,924	-	66,924
Net realized and unrealized gain on investments	(214,936)	(3,191)	(218,127)
Fund administration fees	<u>69,646</u>	<u>-</u>	<u>69,646</u>
 TOTAL REVENUE, GAINS AND SUPPORT	 2,204,881	 62,340	 2,267,221
 <b>Net assets released from temporary restrictions</b>			
Satisfaction of donor restrictions	25,979	(25,979)	-
 <b>Expenses and Other Deductions</b>			
Grants to Others and Program Services	1,774,056	-	1,774,056
General and Administrative	<u>142,131</u>	<u>-</u>	<u>142,131</u>
 TOTAL EXPENSES AND OTHER DEDUCTIONS	 <u>1,916,187</u>	 <u>-</u>	 <u>1,916,187</u>
 CHANGE IN NET ASSETS	 314,673	 36,361	 351,034
 NET ASSETS AT BEGINNING OF YEAR	 <u>7,542,961</u>	 <u>95,601</u>	 <u>7,638,562</u>
 NET ASSETS AT END OF YEAR	 <u>\$ 7,857,634</u>	 <u>\$ 131,962</u>	 <u>\$ 7,989,596</u>

See accompanying notes.

**CHISHOLM TRAIL COMMUNITIES FOUNDATION AND ITS AFFILIATE  
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDING DECEMBER 31, 2017 (Reviewed)**

	Without Donor <u>Restrictions</u>	With Donor Restrictions	<u>Total</u>
<b>Revenue, gains and support</b>			
Contributions	\$ 5,784,112	\$ 8,360	\$ 5,792,472
In-kind contributions	143,473	-	143,473
Rental income	67,330	-	67,330
Net realized and unrealized gain on investments	393,300	11,524	404,824
Fund administration fees	<u>57,981</u>	<u>-</u>	<u>57,981</u>
 TOTAL REVENUE, GAINS AND SUPPORT	 6,446,196	 19,884	 6,466,080
 <b>Net assets released from temporary restrictions</b>			
Satisfaction of donor restrictions	23,505	(23,505)	-
 <b>Expenses and Other Deductions</b>			
Grants to Others and Program Services	1,575,895	-	1,575,895
General and Administrative	<u>134,769</u>	<u>-</u>	<u>134,769</u>
 TOTAL EXPENSES AND OTHER DEDUCTIONS	 <u>1,710,664</u>	 <u>-</u>	 <u>1,710,664</u>
 CHANGE IN NET ASSETS	 4,759,037	 (3,621)	 4,755,416
 NET ASSETS AT BEGINNING OF YEAR	 <u>2,783,924</u>	 <u>99,222</u>	 <u>2,883,146</u>
 NET ASSETS AT END OF YEAR	 <u>\$ 7,542,961</u>	 <u>\$ 95,601</u>	 <u>\$ 7,638,562</u>

See accompanying notes.

**CHISHOLM TRAIL COMMUNITIES FOUNDATION AND ITS AFFILIATE  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDING DECEMBER 31, 2018 (Audited)**

	Grants to Others and Program Services	Supporting Services		Total
		General & Administrative	Fundraising	
Grants to individuals	\$ 615,118	\$ -	\$ -	\$ 615,118
Grants to organizations	794,325	-	-	794,325
Wages	11,445	72,209	-	83,654
Payroll tax	876	5,524	-	6,400
Supplies	107,466	-	-	107,466
Administrative fee	63,712	-	-	63,712
Food donation	71,026	-	-	71,026
Other program services	43,934	-	-	43,934
Conventions and meetings	27,423	1,215	-	28,638
Repairs and maintenance	-	12,799	-	12,799
Utilities	-	6,287	-	6,287
Depreciaton	-	15,016	-	15,016
Travel	1,842	-	-	1,842
Event expense	4,365	-	-	4,365
Advertising	7,908	2,430	-	10,338
Office expense	2,606	6,852	-	9,458
Bank fees	2,155	20	-	2,175
Dues	1,924	3,148	-	5,072
Insurance	7,532	4,319	-	11,851
Information technology	1,182	3,890	-	5,072
Professional fees	9,217	8,422	-	17,639
<b>Total Functional Expenses</b>	<b>\$ 1,774,056</b>	<b>\$ 142,131</b>	<b>\$ -</b>	<b>\$ 1,916,187</b>

See accompanying notes.

**CHISHOLM TRAIL COMMUNITIES FOUNDATION AND ITS AFFILIATE  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDING DECEMBER 31, 2017 (Reviewed)**

	Grants to Others and Program Services	Supporting Services		Total
		General & Administrative	Fundraising	
Grants to individuals	\$ 602,997	\$ -	\$ -	\$ 602,997
Grants to organizations	684,154	-	-	684,154
Wages	12,882	68,989	-	81,871
Payroll tax	1,169	5,094	-	6,263
Supplies	72,024	-	-	72,024
Administrative fee	49,149	-	-	49,149
Food donation	45,153	-	-	45,153
Other program services	17,884	-	-	17,884
Conventions and meetings	21,529	4,219	-	25,748
Repairs and maintenance	-	16,674	-	16,674
Utilities	-	5,912	-	5,912
Depreciaton	603	13,339	-	13,942
Travel	751	-	-	751
Event expense	7,275	-	-	7,275
Advertising	1,606	1,060	-	2,666
Office expense	1,902	5,679	-	7,581
Bank fees	3,385	-	-	3,385
Dues	1,867	1,668	-	3,535
Insurance	3,730	3,945	-	7,675
Information technology	2,349	3,429	-	5,778
Professional fees	45,486	4,761	-	50,247
<b>Total Functional Expenses</b>	<b>\$ 1,575,895</b>	<b>\$ 134,769</b>	<b>\$ -</b>	<b>\$ 1,710,664</b>

See accompanying notes.



**CHISHOLM TRAIL COMMUNITIES FOUNDATION AND ITS AFFILIATE  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDING DECEMBER 31, 2018 (Audited) AND 2017 (Reviewed)**

	2018 (Audited)	2017 (Reviewed)
<b>Cash Flows From Operating Activities:</b>		
Increase (Decrease) in Net Assets	\$ 351,034	4,755,416
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash provided by Operating Activities:		
Depreciation	15,016	13,942
In-kind Contributions	(43,075)	(143,473)
Fund Administration Fees	(69,646)	(57,981)
Net Realized and Unrealized (Gain) Loss on Investments	218,127	(404,824)
(Increase) decrease in Accounts Receivable	-	32
Increase (decrease) in Accrued Expenses	378	282
Increase (decrease) in Agency Obligations	(412,858)	263,316
Increase (decrease) in Deferred Rent	(960)	(6,485)
Increase (decrease) in Tenant Deposit	420	(300)
Total Adjustments	(292,598)	(335,491)
Net Cash Provided by Operating Activities	58,435	4,419,925
<b>Cash Flows From Financing Activities:</b>		
Purchase of Fixed Assets	(9,423)	(5,196)
Net Cash Used in Investing Activities	(9,423)	(5,196)
<b>Cash Flows From Investing Activities:</b>		
Proceeds from sale of investments	817,928	241,241
Purchase of Investments	(712,768)	(4,350,883)
Net Cash Provided By (Used in) Investing Activities	105,160	(4,109,642)
Net Increase (Decrease) in Cash	154,172	305,087
Cash at Beginning of Year	573,128	268,041
Cash at End of Year	\$ 727,300	573,128
<b>Supplemental disclosures of cash flow information:</b>		
Cash paid during the year for:		
Interest	\$ -	-
Income Taxes	-	-

**Disclosure of accounting policy:**

For purposes of the statement of cash flows, the company considers all highly liquid investments with a maturity date of three months or less to be cash equivalents.

See accompanying notes.

**CHISHOLM TRAIL COMMUNITIES FOUNDATION AND ITS AFFILIATE  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2018 (Audited) AND 2017 (Reviewed)**

**Summary of Programs and Activities**

The Chisholm Trail Communities Foundation (CTCF) and its affiliate (collectively, the Foundation) are publicly supported philanthropic institutions governed by a board of private citizens selected to be representative of the public interest and for their knowledge of the community. The Foundation administers individual funds contributed or bequeathed to it by individuals, other agencies, corporations, and other sources. The Foundation serves three publics: donors, the nonprofit sector, and the community as a whole. The Foundation awards grants which benefit arts and humanities, education, health, social services, and general community service in Williamson County. During the year ended December 31, 2008, CTCF established an affiliate, Future Trails Fund (FTF) (a nonprofit organization), for the purpose of managing rental property donated to the Foundation.

**NOTE 1: Summary of Significant Accounting Policies**

CTCF's financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). CTCF follows Statement of Financial Accounting Standards (FASC ASC 958), Financial Statements for Not-for-Profit Organization. Under FASC ASC 958, net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

*Without Donor Restrictions:*

Net assets are not subject to donor-imposed stipulations which consist of the following:

Donor advised – funds in which the donor will advise the Foundation of organizations they prefer to receive grants. Although grant recommendations are accepted from the donors of these funds, the ultimate discretion of the use of the funds lies with the Board of Directors of the Foundation.

Donor designated – the preferred recipient of the grants from these funds is stated in the original gift agreement. Although the donor states a preferred recipient of the funds, the ultimate discretion of the use of the funds lies with the Board of Directors of the Foundation.

Field of interest – original gift agreements name a general type of organization as a preferred grant recipient. The Board of Directors of the Foundation has the ultimate discretion of the use of the funds.

Undesignated – funds which have no donor recommendation, designation or preference.

Board designated – funds designated by the Board of Directors for a specific purpose.

*With Donor Restrictions:*

Net assets subject to donor-imposed stipulations that they be maintained temporarily or permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on related investments for general or specific purposes.

The financial statements are consolidated according to Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 810, *Consolidations*, and include the accounts of CTCF and its affiliate FTF. All material intercompany transactions have been eliminated in consolidation.

**CHISHOLM TRAIL COMMUNITIES FOUNDATION AND ITS AFFILIATE  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2018 (Audited) AND 2017 (Reviewed)**

**NOTE 1: Summary of Significant Accounting Policies (continued)**

CTCF and FTF entered into an operating agreement effective January 1, 2009. The agreement acknowledged FTF as a type-one supporting organization as defined in the Internal Revenue Code section 509(a)(3). The agreement also authorized the board of FTF to be the governing body. The board of FTF is to be appointed by the board of CTCF and the Executive Director will serve as the ex-officio member of the FTF Board.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments are reported as increases and/or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or law. Expirations of net assets with donor restrictions (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.

Unconditional promises to give are recognized as revenues when they are received. Conditional promises to give are recognized when they become unconditional, that is when the conditions on which they depend are substantially met.

Contributions of assets other than cash are recorded at their estimated fair value at the time of contribution.

Realized and unrealized gains (losses) on investments of endowment and similar funds are reported as follows:

- As increases (decreases) in net assets with donor restrictions if the terms of the gift require that they be included in the principal of a permanent endowment fund;
- As increases (decreases) in net assets with donor restrictions if the terms of the gift impose restrictions on their use;
- As increases (decreases) in net assets without donor restrictions in all other cases.

Investments are stated at market value. The net realized and unrealized gains (losses) in market value of investments are reflected in the accompanying consolidate statement of activities. See Note 8 for fair value measurement of investments.

FASB ASC 958, *Presentation of Financial Statements*, provides guidance on the net asset classification of donor-restricted endowment funds for a non-profit organization that is subject to an enacted version of the Uniform Prudent management of Institutional Funds Act of 2006 (UPMIFA). FASB ASC 958 also requires additional disclosures about an organization's endowment funds (both donor-restricted endowment funds and board designated endowment funds) whether or not the organization is subject to the UPMIFA.

Property and equipment are recorded at cost. Renewals and betterments which add significantly to the utility or useful life of the assets with a cost exceeding \$1,000 are capitalized. Depreciation of property and equipment is provided at rates intended to distribute the cost of the assets over their estimated useful lives using the straight-line basis. Categories of assets and their useful lives are as follows:

Buildings	39 years
Furniture and equipment	5 to 7 years

**CHISHOLM TRAIL COMMUNITIES FOUNDATION AND ITS AFFILIATE  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2018 (Audited) AND 2017 (Reviewed)**

**NOTE 1: Summary of Significant Accounting Policies (continued)**

Chisholm Trail Communities Foundation and Future Trails Fund are exempt from federal income tax under Section 501 (c)(3) of the Internal Revenue Code. However, income from certain activities not directly related CTCF and FTF's tax-exempt purpose can be subject to taxation as unrelated business income. There is no federal income tax due for unrelated business income for years ending December 31, 2018 and 2017.

Management has evaluated the Foundation's tax positions and determined that the Organization had taken no uncertain tax positions. With few exceptions the Organization is no longer subject to income tax examinations by the U.S. Federal, State, or Local tax authorities for years before 2015.

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenue and expenses. Actual results could differ from those estimates.

The Foundation has adopted the Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2016-14 regarding the presentation of financial statements for nonprofit entities. This update consists of the following changes for year ending December 31, 2018.

- Reduction of three classes of net assets to two classes – net assets with donor restrictions and net assets without donor restrictions. See Note 7 for this disclosure.
- Disclosure of expenses by both natural and functional classifications. The Foundation has disclosed this information as separate financial statements titled Statement of Functional Expenses.
- Required information regarding liquidity and availability of financial assets. See Note 13 for this disclosure.

**NOTE 2: Cash and Cash Equivalents**

Cash and Cash Equivalents as of December 31, 2018 consist of three checking accounts, one savings account, and three money market accounts. During 2017, one money market account was added. Currently there are no other cash or cash equivalents which consist of highly liquid investments purchased with a maturity date of three months or less. No restrictions are imposed by donors requiring donations to be kept in separate bank accounts.

**NOTE 3: Concentrations of Credit Risk Arising from Cash Deposits in Excess of Insured Limits**

The Foundation maintains cash balances in three financial institutions. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. As of December 31, 2018, the Organization had \$389,339 in uninsured balances. The Organization had \$291,607 in uninsured cash balances as of December 31, 2017.

**NOTE 4: Advertising**

The Foundation uses advertising to promote events. Advertising expenses are expensed as incurred. For the year ended December 31, 2018, advertising expense of \$10,338 was incurred. \$2,666 in advertising expense was incurred for the year ended December 31, 2017.

**CHISHOLM TRAIL COMMUNITIES FOUNDATION AND ITS AFFILIATE  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2018 (Audited) AND 2017 (Reviewed)**

**NOTE 5: Donations In-Kind**

The Foundation received donations in kind of \$43,075 for the year ending December 31, 2018. In the year ending December 31, 2017, \$143,473 in donations in-kind were received. These donations consisted of stock shares, advertising, contract labor, and gift cards. No donated services were provided in the fiscal year 2018 or 2017.

**NOTE 6: Board Designated Net Assets**

FASB ASC 958 ASU 2016-14 requires information regarding self-imposed limits on the use of net assets to be designated as an endowment. The Board of Directors has designated \$226,944 in various endowment funds as of December 31, 2018. As of December 31, 2017, \$220,892 was designated by the board. These amounts are included in net assets without donor restrictions. Additions are made annually at discretion of the Board of Directors.

**NOTE 7: Net Assets With Donor Restrictions**

Net assets with donor restrictions are as followed for December 31,

	2018 (Audited)	2017 (Reviewed)
Clara Stearns Scarbrough Music	\$ 32,427	\$ 34,381
Darrell Bishop Memorial E.S.	33,295	35,106
Dr. Roy B. Shilling Scholarship	20,254	21,475
Madelyn G Shoales Memorial Scholarship	34,346	-
Ned Snead Memorial Scholarship	3,600	100
Phillip King Tennis Scholarship	8,040	4,539
Total net assets with donor restrictions	\$ 131,962	\$ 95,601

**NOTE 8: Fair Value Measurements**

Financial Accounting Standards Board Accounting Standards Codification (ASC) 820, Fair Value measurements and Disclosures, provides the framework for measuring fair value. That framework provides 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 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described as follows:

- Level 1    Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.
  
- Level 2    Inputs to the valuation methodology include:
  - quoted prices for similar assets or liabilities in active markets;
  - quoted prices for identical or similar assets or liabilities in inactive markets;
  - inputs other than quoted prices that are observable for the asset or liability;
  - and, inputs that are derived principally from or corroborated by observable market data by correlation or other means.

**CHISHOLM TRAIL COMMUNITIES FOUNDATION AND ITS AFFILIATE  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
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If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2018 and December 31, 2017.

*Mutual funds:* Valued at the quoted net asset value of shares in active markets held by the Foundation at year end.

The preceding methods described may produce fair value calculations that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level within the fair value hierarchy, the Foundation's investments at fair value as of December 31,

	Quoted Prices in Active Markets for Identical Assets (Level 1)		Total
<hr/>			
<b>2018 (Audited)</b>			
Mutual funds:			
Allocation	\$ -		\$ -
Blended	6,803,913		6,803,913
Stocks	-		-
Other fund types	462,418		462,418
	<hr/>		
Total mutual funds	\$ 7,266,331		\$ 7,266,331
	<hr/>		
<b>2017 (Reviewed)</b>			
Mutual funds:			
Allocation	\$ -		\$ -
Blended	7,139,639		7,139,639
Stocks	-		-
Other fund types	337,257		337,257
	<hr/>		
Total mutual funds	\$ 7,476,896		\$ 7,476,896
	<hr/>		

**CHISHOLM TRAIL COMMUNITIES FOUNDATION AND ITS AFFILIATE  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2018 (Audited) AND 2017 (Reviewed)**

**NOTE 9: Agency Obligations**

The Foundation currently administers agency funds for various beneficiary organizations as of December 31, 2018 and 2017. These organization specified themselves as the beneficiary of the agency funds.

The Beneficiary Organization may request principal distributions, within the terms of each agency's fund agreement, to cover expenses associated with the designated purpose of the funds.

The following activity occurred during the years ended December 31,

	<u>2018</u> (Audited)	<u>2017</u> (Reviewed)
<b>Faith in Action Caregivers</b>		
Balance, January 1,	\$ 83,404	\$ 73,906
Contributions	-	-
Allocation of gain on investment	(2,287)	10,271
Fees	(843)	(773)
Balance, December 31,	<u>80,274</u>	<u>83,404</u>
<b>Williamson County Children's Advocacy Center</b>		
Balance, January 1,	\$ 292,210	\$ 258,933
Contributions	-	-
Allocation of gain on investment	(8,013)	35,986
Fees	(2,954)	(2,709)
Balance, December 31,	<u>281,243</u>	<u>292,210</u>
<b>The Georgetown Project Endowment</b>		
Balance, January 1,	\$ 45,342	\$ -
Contributions	110,300	45,792
Allocation of gain on investment	(6,755)	-
Fees	(669)	(450)
Balance, December 31,	<u>148,218</u>	<u>45,342</u>
<b>Friends of Georgetown Public Library</b>		
Balance, January 1,	\$ 76,539	\$ 54,217
Contributions	15,000	15,000
Allocation of gain on investment	(2,375)	7,914
Fees	(890)	(592)
Balance, December 31,	<u>88,274</u>	<u>76,539</u>

**CHISHOLM TRAIL COMMUNITIES FOUNDATION AND ITS AFFILIATE  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2018 (Audited) AND 2017 (Reviewed)**

	2018 (Audited)	2017 (Reviewed)
<b>Boys and Girls Club of Georgetown</b>		
Balance, January 1,	\$ 282,336	\$ 250,183
Contributions	-	-
Distributions	(282,336)	-
Allocation of gain on investment	-	34,770
Fees	-	(2,617)
Balance, December 31,	-	282,336
<b>Worship Place</b>		
Balance, January 1,	\$ 231,036	\$ 110,310
Contributions	-	100,000
Distributions	(228,327)	-
Allocation of gain on investment	(2,132)	22,388
Fees	(577)	(1,662)
Balance, December 31,	-	231,036
Total	\$ 598,009	\$ 1,010,867

**Note 10: Endowment Funds**

Under FASB ASC 958, *Not-for-Profit Entities*, net assets associated with endowment funds, including funds designated by the Foundation to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation has interpreted the UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

As a result of this interpretation, the Foundation classifies as net assets with donor restrictions (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 net assets with donor restrictions is classified as net assets without donor restrictions.

The Foundation's approved spending policy was created to protect the values of the endowments. Distribution of funds is determined by the Board of Directors. To achieve the objectives of the endowments, the Foundation has adopted an investment policy that attempts to maximize total return consistent with an acceptable level of risk. Endowment assets are invested in a well-diversified asset mix that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make distributions, as needed, while growing the fund. Accordingly, the



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**Note 10: Endowment Funds (continued)**

Foundation expects its endowment assets, over time, to produce an average rate of return in-line with the Foundation's investment policy. Actual returns in any given year may vary. Investment risk is measured in terms of the total endowment fund; investments assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

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

The Foundation has determined that no donor-restricted endowment funds exist. Rather the endowment funds are voluntary board designated funds which are classified as net assets without donor restrictions on the financials.

Changes in endowment net assets are as follows for the years ended December 31,

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, January 1, 2017	\$ 541,449	\$ -	\$ 541,449
Investment return:			
Net realized and unrealized gains	74,967	-	74,967
Investment fees	(6,530)	-	(6,530)
Grants to others	(8,000)	-	(8,000)
Contributions	53,563	-	53,563
Endowment net assets, December 31, 2017	<u>\$ 655,449</u>	<u>\$ -</u>	<u>\$ 655,449</u>
Endowment net assets, January 1, 2018	\$ 655,449	\$ -	\$ 655,449
Investment return:			
Net realized and unrealized gains	(15,953)	-	(15,953)
Investment fees	(6,691)	-	(6,691)
Grants to others	(86,005)	-	(86,005)
Contributions	14,537	-	14,537
Endowment net assets, December 31, 2018	<u>\$ 561,337</u>	<u>\$ -</u>	<u>\$ 561,337</u>

**Note 11: Cost Allocation**

The financial statements report certain categories of expenses that are attributable to both program and administrative functions. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Wages and payroll tax expense is allocated based on hours worked for each employee reported on the employee's timecard.

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**Note 12: Property and Equipment**

Property and equipment consist of the following:

	2018 <u>(Audited)</u>	2017 <u>(Reviewed)</u>
Land	\$ 240,100	\$ 240,100
Buildings	450,010	450,010
Property and Equipment	<u>65,395</u>	<u>55,971</u>
	755,505	746,081
Accumulated Depreciation	<u>(152,434)</u>	<u>(137,418)</u>
	<u>\$ 603,071</u>	<u>\$ 608,663</u>

**Note 13: Liquidity and Availability of Financial Assets**

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for the general use because of contractual restrictions within one year of the balance sheet date.

	2018 <u>(Audited)</u>	2017 <u>(Reviewed)</u>
Financial assets at year-end	\$ 7,993,631	\$ 8,050,024
Less those unavailable for general expenditures within one year, due to:		
Restricted for grants, scholarships, relief payments, and capital expenditures	<u>45,000</u>	<u>57,000</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 7,948,631</u>	<u>\$ 7,993,024</u>

**Note 14: Subsequent Events**

The Foundation has evaluated events through September 20, 2019, the date which the consolidated financial statements were available to be issued.