

Enactus

Independent Auditor's Report and Consolidated Financial Statements

August 31, 2015 and 2014

Enactus
August 31, 2015 and 2014

Independent Auditor's Report 1

Consolidated Financial Statements

Statements of Financial Position..... 3
Statements of Activities 4
Statements of Cash Flows..... 5
Notes to Financial Statements 6

Other Information

Consolidating Schedule – Statement of Financial Position Information 21
Consolidating Schedule – Statement of Activities Information 23

Independent Auditor's Report

Board of Directors
Enactus
Springfield, Missouri

We have audited the accompanying consolidated financial statements of Enactus, which comprise the consolidated statements of financial position as of August 31, 2015 and 2014, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Enactus as of August 31, 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.

Other Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the consolidated financial statements, and accordingly, we do not express an opinion or provide assurance on it.

BKD, LLP

Springfield, Missouri
March 9, 2016

Enactus
Consolidated Statements of Financial Position
August 31, 2015 and 2014

Assets

	2015	2014
Cash and cash equivalents	\$ 786,345	\$ 676,630
Accrued interest and other receivables	16,486	6,688
Prepaid supplies	14,000	28,000
Prepaid expenses	234,909	831,257
Investments	2,900,430	3,307,907
Contributions receivable, net of allowance; 2015 – \$50,000, 2014 – \$50,000	2,482,493	2,886,541
Property and equipment, net	6,598,306	6,937,608
Other	95,675	95,410
Total assets	\$ 13,128,644	\$ 14,770,041

Liabilities and Net Assets

Liabilities

Line of credit	\$ 1,389,365	\$ 2,000,000
Accounts payable	209,248	338,618
Accrued expenses	276,709	300,354
Accrued incentive salaries	50,715	31,515
Long-term debt	197,623	267,946
Total liabilities	2,123,660	2,938,433

Net Assets

Unrestricted	5,518,830	6,239,037
Temporarily restricted	3,864,951	3,971,368
Permanently restricted	1,621,203	1,621,203
Total net assets	11,004,984	11,831,608
Total liabilities and net assets	\$ 13,128,644	\$ 14,770,041

Enactus
Consolidated Statements of Activities
Years Ended August 31, 2015 and 2014

	2015			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Revenues, Gains and Other Support				
Contributions	\$ 6,378,912	\$ 6,971,953	\$ -	\$ 13,350,865
In-kind contributions	186,050	-	-	186,050
Investment return	265	9,572	-	9,837
Other	43,380	-	-	43,380
Net assets released from restrictions	7,046,281	(7,046,281)	-	-
	<u>13,654,888</u>	<u>(64,756)</u>	<u>-</u>	<u>13,590,132</u>
Total revenue, gains and other support				
Expenses and Losses				
Program services	11,865,606	-	-	11,865,606
Management and general	670,474	-	-	670,474
Fundraising	1,825,944	-	-	1,825,944
Provision for uncollectible contributions	-	41,661	-	41,661
	<u>14,362,024</u>	<u>41,661</u>	<u>-</u>	<u>14,403,685</u>
Total expenses and losses				
Loss on disposal of property and equipment	13,071	-	-	13,071
Change in Net Assets	(720,207)	(106,417)	-	(826,624)
Net Assets, Beginning of Year	<u>6,239,037</u>	<u>3,971,368</u>	<u>1,621,203</u>	<u>11,831,608</u>
Net Assets, End of Year	<u>\$ 5,518,830</u>	<u>\$ 3,864,951</u>	<u>\$ 1,621,203</u>	<u>\$ 11,004,984</u>

2014

Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$ 4,586,026	\$ 7,038,465	\$ -	\$ 11,624,491
780,786	-	-	780,786
14,216	393,653	-	407,869
74,989	-	-	74,989
8,832,549	(8,832,549)	-	-
<u>14,288,566</u>	<u>(1,400,431)</u>	<u>-</u>	<u>12,888,135</u>
12,598,910	-	-	12,598,910
591,499	-	-	591,499
1,641,871	-	-	1,641,871
<u>-</u>	<u>199,772</u>	<u>-</u>	<u>199,772</u>
<u>14,832,280</u>	<u>199,772</u>	<u>-</u>	<u>15,032,052</u>
<u>4,671</u>	<u>-</u>	<u>-</u>	<u>4,671</u>
(548,385)	(1,600,203)	-	(2,148,588)
<u>6,787,422</u>	<u>5,571,571</u>	<u>1,621,203</u>	<u>13,980,196</u>
<u>\$ 6,239,037</u>	<u>\$ 3,971,368</u>	<u>\$ 1,621,203</u>	<u>\$ 11,831,608</u>

Enactus
Consolidated Statements of Cash Flows
Years Ended August 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Operating Activities		
Change in net assets	\$ (826,624)	\$ (2,148,588)
Items not requiring (providing) cash		
Depreciation and amortization	353,318	369,287
Net (gain) loss on investments	58,743	(314,961)
Loss on disposal of property and equipment	13,071	4,671
Changes in		
Accounts receivable	(9,798)	5,294
Prepaid supplies	14,000	(832)
Prepaid expenses	596,348	(425,240)
Contributions receivable	404,048	661,659
Accounts payable and accrued expenses	(135,613)	(238,755)
Other assets	(265)	(14,349)
	<u>467,228</u>	<u>(2,101,814)</u>
Net cash provided by (used in) operating activities		
Investing Activities		
Purchase of property and equipment	(25,289)	(92,310)
Purchase of investments	(381,910)	(698,809)
Proceeds from sale of investments	730,644	886,477
	<u>323,445</u>	<u>95,358</u>
Net cash provided by investing activities		
Financing Activities		
Principal payments on note payable	(70,323)	(76,872)
Proceeds from borrowings on line of credit	2,571,256	4,025,000
Principal payments on line of credit	(3,181,891)	(2,025,000)
	<u>(680,958)</u>	<u>1,923,128</u>
Net cash provided by (used in) financing activities		
Increase (Decrease) in Cash and Cash Equivalents	109,715	(83,328)
Cash and Cash Equivalents, Beginning of Year	<u>676,630</u>	<u>759,958</u>
Cash and Cash Equivalents, End of Year	<u>\$ 786,345</u>	<u>\$ 676,630</u>
Supplemental Cash Flows Information		
Interest paid	\$ 100,692	\$ 82,936
Property and equipment acquisitions in accounts payable	\$ 1,798	\$ -

Enactus

Notes to Consolidated Financial Statements

August 31, 2015 and 2014

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Enactus (the “Organization”) is an international not-for-profit organization that brings together student, academic and business leaders who are committed to using the power of entrepreneurial action to enable progress around the world. Guided by faculty advisors and business experts, participating students form teams on their campuses to create and implement community projects that empower people to improve their quality of life and standard of living. The experience not only transforms lives, it helps students develop the kind of talent and perspective that are essential to becoming effective, values-driven leaders. An annual series of regional and national competitions provides a forum for teams to showcase the impact of their outreach efforts and to be evaluated by executives serving as judges. National champion teams advance to the prestigious World Cup. In addition to the community aspect of the program, special leadership and career initiatives create meaningful opportunities for cross-generational learning and exchange as well as the placement of students and alumni with companies in search of emerging talent. The Organization’s revenues and other support are derived through corporate and organizational partners, foundations, government agencies and individual donors. Originally founded in 1975 as Students In Free Enterprise, the Organization officially changed its name to “Enactus” in October 2012.

Principles of Consolidation

The consolidated financial statements include the accounts of Enactus HQ and USA and controlled affiliates, Enactus China, Enactus Mexico, Enactus India and Enactus Brazil. All significant interorganization balances and transactions have been eliminated in consolidation. Enactus China and Enactus Mexico have a fiscal year of December 31, Enactus India has a fiscal year of March 31 and Enactus Brazil has a fiscal year of August 31.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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, support, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all liquid investments with original maturities of three months or less to be cash equivalents. At August 31, 2015 and 2014, the Organization’s cash equivalents consisted of money market funds held by a broker, which are not FDIC insured.

Enactus

Notes to Consolidated Financial Statements

August 31, 2015 and 2014

At August 31, 2015, the Organization's cash accounts held in the United States did not exceed the federally insured limits.

At August 31, 2015 and 2014, cash and cash equivalents outside of the United States approximated \$597,000 and \$429,400, respectively, and are not insured.

Investments and Investment Return

Investments in equity securities having a readily determinable fair value and in all debt securities are carried at fair value. Other investments are valued at the lower of cost (or fair value at time of donation, if acquired by contribution) or fair value. Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in unrestricted net assets. Other investment return is reflected in the statement of activities as unrestricted, temporarily restricted or permanently restricted based upon the existence and nature of any donor or legally imposed restrictions.

The Organization maintains pooled investment accounts for its endowments. Investment income and realized and unrealized gains and losses from securities in the pooled investment accounts are allocated to the individual endowments based on the relationship of the fair value of the interest of each endowment to the total fair value of the pooled investments accounts, as adjusted for additions to or deductions from those accounts.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is charged to expense using the straight-line method over the estimated useful life of each asset. Assets under capital lease obligations are depreciated over the shorter of the lease term or their respective estimated useful lives.

Long-Lived Asset Impairment

The Organization evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the years ended August 31, 2015 and 2014.

Enactus
Notes to Consolidated Financial Statements
August 31, 2015 and 2014

Foreign Currency Translation

Assets and liabilities recorded in functional currencies other than U.S. dollars are translated into U.S. dollars at the year-end rate of exchange. Revenue and expense transactions are recorded using an average rate of exchange. The net currency translation and the gains and losses from foreign currency transactions are recorded in the change in net assets. At August 31, 2015 and 2014, these adjustments resulted in a net increase (decrease) to net assets of \$(74,739) and \$66,495, respectively.

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by the Organization has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by the Organization in perpetuity.

Contributions

Gifts of cash and other assets received without donor stipulations are reported as unrestricted revenue and net assets. Gifts received with a donor stipulation that limits their use are reported as temporarily or permanently restricted revenue and net assets. When a donor stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as temporarily restricted and then released from restriction.

Gifts of land, buildings, equipment and other long-lived assets are reported as unrestricted revenue and net assets unless explicit donor stipulations specify how such assets must be used, in which case the gifts are reported as temporarily or permanently restricted revenue and net assets. Absent explicit donor stipulations for the time long-lived assets must be held, expirations of restrictions resulting in reclassification of temporarily restricted net assets as unrestricted net assets are reported when the long-lived assets are placed in service.

Unconditional gifts expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are reported at the present value of estimated future cash flows technique. The resulting discount is amortized using the level-yield method and is reported as contribution revenue.

Conditional gifts depend on the occurrence of a specified future and uncertain event to bind the potential donor and are recognized as assets and revenue when the conditions are substantially met and the gift becomes unconditional.

Enactus
Notes to Consolidated Financial Statements
August 31, 2015 and 2014

In-Kind Contributions

In addition to receiving cash contributions, the Organization receives in-kind contributions of advertising, office supplies and other miscellaneous items from various donors. It is the policy of the Organization to record the estimated fair value of certain in-kind donations as an expense in its financial statements and similarly increase contribution revenue by a like amount. For the years ended August 31, 2015 and 2014, \$186,050 and \$780,786, respectively, were received in in-kind contributions.

Grants

Support funded by grants is recognized as the Organization performs the contracted services or incurs outlays eligible for reimbursement under the grant agreements. Grant activities and outlays could be subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

Income Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and similar provisions of state law. However, the Organization is subject to federal income tax on any unrelated business taxable income.

The Organization files tax returns in the U.S. federal jurisdiction. With a few exceptions, the Organization is no longer subject to U.S. federal examinations by tax authorities for years before 2012.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the statement of activities. Certain costs have been allocated among the program, management and general and fundraising categories based on the nature of the expense.

Reclassifications

Certain reclassifications have been made to the 2014 financial statements to conform to the 2015 financial statement presentation. These reclassifications had no effect on the change in net assets.

Enactus
Notes to Consolidated Financial Statements
August 31, 2015 and 2014

Note 2: Investments and Investment Return

Investments at August 31 consist of the following:

	2015	2014
Government agency securities and bonds	\$ 760,876	\$ 915,824
Corporate debt securities	520,439	619,076
Mutual funds	620,459	865,032
Investment in fixed deposit	145,043	-
Equity securities		
Consumer discretionary	145,279	101,149
Consumer staples	59,888	84,882
Energy and utilities	64,466	102,796
Finance	133,283	138,144
Health care	144,198	134,603
Industrials	74,539	103,721
Information technology	163,992	139,878
Other	67,968	102,802
	<u>\$ 2,900,430</u>	<u>\$ 3,307,907</u>

Total investment return is comprised of the following at August 31:

	2015	2014
Interest and dividend income	\$ 68,580	\$ 92,908
Net realized and unrealized gains (losses) on investments reported at fair value	<u>(58,743)</u>	<u>314,961</u>
	<u>\$ 9,837</u>	<u>\$ 407,869</u>

The Organization incurred investment expenses of \$15,122 and \$17,003 during the years ended August 31, 2015 and 2014, respectively.

Enactus
Notes to Consolidated Financial Statements
August 31, 2015 and 2014

Note 3: Contributions Receivable

Contributions receivable consist of the following at August 31:

	2015	2014
Due within one year	\$ 2,496,347	\$ 2,013,349
Due in one to three years	36,363	930,485
	<u>2,532,710</u>	<u>2,943,834</u>
Less		
Allowance for uncollectible contributions	50,000	50,000
Unamortized discount	217	7,293
	<u>217</u>	<u>7,293</u>
	<u>\$ 2,482,493</u>	<u>\$ 2,886,541</u>

Contributions receivable are considered temporarily restricted until collected as the time restriction has not yet been satisfied. Discounts ranged between 0.60% and 3.75% for 2015 and 2014, respectively.

Note 4: Property and Equipment

Property and equipment at August 31 consists of:

	2015	2014
Land	\$ 684,841	\$ 684,841
Land improvements	74,637	74,637
Buildings and leasehold improvements	7,668,091	7,668,091
Equipment, furniture and fixtures	1,575,847	2,101,554
Vehicle	55,519	55,519
	<u>10,058,935</u>	<u>10,584,642</u>
Less accumulated depreciation	3,460,629	3,647,034
	<u>3,460,629</u>	<u>3,647,034</u>
	<u>\$ 6,598,306</u>	<u>\$ 6,937,608</u>

Enactus
Notes to Consolidated Financial Statements
August 31, 2015 and 2014

Note 5: Line of Credit

The Organization has a \$4,000,000 revolving bank line of credit due on demand. The line of credit bears interest at the prime rate with a minimum rate of 3.75% and a maximum rate of no more than the allowed under applicable law and expires on April 10, 2016. The interest rate was 3.75% on August 31, 2015 and 2014, and interest is payable monthly. The line is collateralized by all of the Organization's property and equipment, accounts receivable, payment intangibles, life insurance policies, stock certificates, bonds, receipts, confirmations and other similar documents. At August 31, 2015 and 2014, there was \$1,389,365 and \$2,000,000 borrowed against this line, respectively.

Note 6: Long-Term Debt

	2015	2014
Note payable, bank (A)	\$ 197,623	\$ 264,592
Capital lease obligations (B)	-	3,354
	197,623	267,946
Less current maturities	69,509	66,970
	\$ 128,114	\$ 200,976

(A) Note payable in the original amount of \$344,827 that matures on May 28, 2018, bears interest at a fixed rate of 3.70% and is payable in monthly installments of \$6,313 including principal and interest. The loan is collateralized by all of the Organization's property and equipment, accounts receivable, payment intangibles, life insurance policies, stock certificates, bonds, receipts, confirmations and other similar documents.

(B) Capital leases include leases covering office equipment for up to five years which expired during the year ended August 31, 2015.

Aggregate annual maturities of the note payable at August 31, 2015, are:

2016	\$ 69,509
2017	72,179
2018	55,935
	\$ 197,623

Enactus
Notes to Consolidated Financial Statements
August 31, 2015 and 2014

Property and equipment include the following property under capital leases at August 31, 2015:

	2015	2014
Equipment	\$ 44,883	\$ 44,883
Less accumulated depreciation	44,883	41,529
	\$ -	\$ 3,354

Note 7: Net Assets

Temporarily Restricted Net Assets

Temporarily restricted net assets at August 31 are available for the following purposes or periods:

	2015	2014
For periods after August 31	\$ 3,493,816	\$ 3,455,755
Other projects	371,135	515,613
	\$ 3,864,951	\$ 3,971,368

Permanently Restricted Net Assets

Permanently restricted net assets at August 31 are restricted to:

	2015	2014
Investment in perpetuity, the income of which is expendable to support		
Sam M. Walton Free Enterprise Fellow	\$ 978,000	\$ 978,000
Jules and Gwen Knapp Scholarship	350,000	350,000
Jack Kahl/Sam M. Walton Free Enterprise Fellow of the Year	110,000	110,000
Rohrs Scholarship Endowment Fund	74,203	74,203
International Development Fund	27,000	27,000
Jack Shewmaker Spirit of SIFE Award Fund	32,000	32,000
SIFE Emerging Country Launch Fund	50,000	50,000
	\$ 1,621,203	\$ 1,621,203

Enactus
Notes to Consolidated Financial Statements
August 31, 2015 and 2014

Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	2015	2014
Time restrictions accomplished	\$ 7,046,281	\$ 8,455,898
Purpose restrictions accomplished		
Building	-	376,651
	\$ 7,046,281	\$ 8,832,549

Note 8: Defined Contribution Plan

The Organization has a defined contribution plan covering substantially all employees. Employer contributions are 3% of wages and then up to an additional 3% match of employee contributions. For the years ended August 31, 2015 and 2014, contribution expense was \$143,860 and \$175,301, respectively.

Note 9: Endowment

The Organization's endowment consists of approximately seven individual funds established for a variety of purposes. The endowment includes donor-restricted endowment funds. As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Enactus
Notes to Consolidated Financial Statements
August 31, 2015 and 2014

The Organization's governing body has interpreted the State of Missouri Prudent Management of Institutional Funds Act (SPMIFA) as requiring 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 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 donor-restricted endowment funds 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 SPMIFA. In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. Duration and preservation of the fund
2. Purposes of the Organization and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of the Organization
7. Investment policies of the Organization

The composition of net assets by type of endowment fund at August 31, 2015 and 2014, was:

	2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 814,162	\$ 1,621,203	\$ 2,435,365
	2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ -	\$ 814,162	\$ 1,621,203	\$ 2,435,365

Enactus
Notes to Consolidated Financial Statements
August 31, 2015 and 2014

Changes in endowment net assets for the years ended August 31, 2015 and 2014, were:

	2015			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment net assets, beginning of year	\$ -	\$ 814,162	\$ 1,621,203	\$ 2,435,365
Investment return				
Investment income	-	68,315	-	68,315
Net appreciation	-	(58,743)	-	(58,743)
Total investment return	-	9,572	-	9,572
Appropriation of endowment assets for expenditure	-	(9,572)	-	(9,572)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 814,162</u>	<u>\$ 1,621,203</u>	<u>\$ 2,435,365</u>
	2014			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment net assets, beginning of year	\$ -	\$ 814,162	\$ 1,621,203	\$ 2,435,365
Investment return				
Investment income	-	78,692	-	78,692
Net appreciation	-	314,961	-	314,961
Total investment return	-	393,653	-	393,653
Appropriation of endowment assets for expenditure	-	(393,653)	-	(393,653)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 814,162</u>	<u>\$ 1,621,203</u>	<u>\$ 2,435,365</u>

Enactus

Notes to Consolidated Financial Statements

August 31, 2015 and 2014

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the Organization is required to retain as a fund of perpetual duration pursuant to donor stipulation or SPMIFA. In accordance with GAAP, deficiencies of this nature, if any, would be reported in unrestricted net assets.

Endowment assets include those assets of donor-restricted endowment funds the Organization must hold in perpetuity or for donor-specified periods. The primary investment objectives are to preserve principal and provide income to cover expenses of those projects and programs endowed and to achieve this at a level of risk deemed acceptable. Risk is present in all types of securities and investment styles; some risk is necessary to produce long-term investment results that are sufficient to meet the funds' objectives. Endowment assets are invested in a portfolio that are diversified by both asset class, such as equity securities and fixed income and within asset classes to manage volatility. Allocations and performance targets are established and are reviewed by the Organization's Investment Committee and Investment Manager.

To satisfy its long-term rate of return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both current yield (investment income such as dividends and interest) and capital appreciation (both realized and unrealized). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

All endowments will follow spending requirements as intended by the donor and as reflected in the specific endowment agreement with a goal to maximize disbursements. If an individual endowment account does not have enough accumulated earnings to make the specified payments, the payments are made out of unrestricted net assets. Payouts will be reviewed and adjusted as deemed prudent by the Organization's Investment Committee.

Note 10: Disclosures About Fair Value of Assets and Liabilities

Fair value is 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. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities.
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities.

Enactus
Notes to Consolidated Financial Statements
August 31, 2015 and 2014

Recurring Measurements

The following table presents the fair value measurements of assets recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at August 31:

	Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
August 31, 2015				
Money market funds	\$ 160,184	\$ 160,184	\$ -	\$ -
Investment in fixed deposit	145,043	145,043	-	-
Equity securities				
Consumer discretionary	145,279	145,279	-	-
Consumer staples	59,888	59,888	-	-
Energy and utilities	64,466	64,466	-	-
Finance	133,283	133,283	-	-
Health care	144,198	144,198	-	-
Industrials	74,539	74,539	-	-
Information technology	163,992	163,992	-	-
Other	67,968	67,968	-	-
Corporate debt securities	520,439	-	520,439	-
Mutual funds	620,459	620,459	-	-
Government agency securities	760,876	-	760,876	-
August 31, 2014				
Money market funds	\$ 49,358	\$ 49,358	\$ -	\$ -
Equity securities				
Consumer discretionary	101,149	101,149	-	-
Consumer staples	84,882	84,882	-	-
Energy and utilities	102,796	102,796	-	-
Finance	138,144	138,144	-	-
Health care	134,603	134,603	-	-
Industrials	103,721	103,721	-	-
Information technology	139,878	139,878	-	-
Other	102,802	102,802	-	-
Corporate debt securities	619,076	-	619,076	-
Mutual funds	865,032	865,032	-	-
Government agency securities	915,824	-	915,824	-

Enactus
Notes to Consolidated Financial Statements
August 31, 2015 and 2014

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended August 31, 2015.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. The Organization has no investments classified as Level 3 within the hierarchy.

Note 11: Significant Estimates, Concentrations and Commitments

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Investments

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 and that such change could materially affect the amounts reported in the accompanying statements of financial position.

Note 12: Global Expansion

In addition to the Enactus program in the United States, there are Enactus programs in the nine global regions listed below, encompassing a total of 36 countries. Programs receive various levels of support from Enactus.

Enactus
Notes to Consolidated Financial Statements
August 31, 2015 and 2014

Global Region	Country	
Africa	Egypt	
	Ghana	
	Kenya	
	Morocco	
	Nigeria	
	Senegal	
	South Africa	
	Swaziland	
	Tunisia	
	Zimbabwe	
	Oceania	Australia
	Central and Eastern Europe	Poland
Central Asia	Azerbaijan	
	Kazakhstan	
	Kyrgyzstan	
	Tajikistan	
East Asia	China	
	India	
	Japan	
	Malaysia	
	Philippines	
	Singapore	
	Korea	
Eurasia	Russia	
	Ukraine	
North America	Canada	
	Mexico	
	Puerto Rico	
	United States of America	
Western Europe	France	
	Germany	
	Ireland	
	Netherlands	
	United Kingdom	
	South America	Brazil
Guatemala		

Note 13: Subsequent Events

Subsequent events have been evaluated through the date of the Independent Auditor's Report, which is the date the financial statements were available to be issued.

Other Information

Enactus
Consolidating Schedule – Statement of Financial Position Information
August 31, 2015

	Enactus HQ and USA	Enactus China	Enactus Mexico	Enactus Brazil	Enactus India	Eliminations	Total
Assets							
Cash and cash equivalents	\$ 470,416	\$ 144,782	\$ 5,780	\$ 28,615	\$ 136,752	\$ -	\$ 786,345
Accrued interest and other receivables	152,434	1,331	1,635	-	-	(138,914)	16,486
Prepaid supplies	14,000	-	-	-	-	-	14,000
Prepaid expenses	228,644	-	-	5,146	1,119	-	234,909
Investments	2,691,532	-	63,855	-	145,043	-	2,900,430
Contributions receivable, net of allowance	2,482,493	867,117	-	-	-	(867,117)	2,482,493
Property and equipment, net	6,557,506	14,543	13,681	6,745	5,831	-	6,598,306
Other	95,675	-	-	-	-	-	95,675
	<u>\$ 12,692,700</u>	<u>\$ 1,027,773</u>	<u>\$ 84,951</u>	<u>\$ 40,506</u>	<u>\$ 288,745</u>	<u>\$ (1,006,031)</u>	<u>\$ 13,128,644</u>
Liabilities and Net Assets							
Liabilities							
Line of credit	\$ 1,389,365	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,389,365
Accounts payable	747,355	78,804	228,544	57,117	103,459	(1,006,031)	209,248
Accrued expenses	246,913	-	-	29,796	-	-	276,709
Accrued incentive salaries	-	-	13,789	-	36,926	-	50,715
Long-term debt	197,623	-	-	-	-	-	197,623
	<u>2,581,256</u>	<u>78,804</u>	<u>242,333</u>	<u>86,913</u>	<u>140,385</u>	<u>(1,006,031)</u>	<u>2,123,660</u>
Net Assets							
Unrestricted	4,625,290	948,969	(157,382)	(46,407)	148,360	-	5,518,830
Temporarily restricted	3,864,951	-	-	-	-	-	3,864,951
Permanently restricted	1,621,203	-	-	-	-	-	1,621,203
	<u>10,111,444</u>	<u>948,969</u>	<u>(157,382)</u>	<u>(46,407)</u>	<u>148,360</u>	<u>-</u>	<u>11,004,984</u>
	<u>\$ 12,692,700</u>	<u>\$ 1,027,773</u>	<u>\$ 84,951</u>	<u>\$ 40,506</u>	<u>\$ 288,745</u>	<u>\$ (1,006,031)</u>	<u>\$ 13,128,644</u>

Enactus
Consolidating Schedule – Statement of Financial Position Information
August 31, 2014

	Enactus HQ and USA	Enactus China	Enactus Mexico	Enactus Brazil	Enactus India	Eliminations	Total
Assets							
Cash and cash equivalents	\$ 247,257	\$ 138,959	\$ 11,174	\$ 97,075	\$ 182,165	\$ -	\$ 676,630
Accrued interest and other receivables	1,472,340	3,083	871	-	-	(1,469,606)	6,688
Prepaid supplies	28,000	-	-	-	-	-	28,000
Prepaid expenses	724,570	98,321	-	8,366	-	-	831,257
Investments	3,307,907	-	-	-	-	-	3,307,907
Contributions receivable, net of allowance	2,858,366	750,287	-	-	-	(722,112)	2,886,541
Property and equipment, net	6,908,835	5,701	18,104	1,158	3,810	-	6,937,608
Other	95,410	-	-	-	-	-	95,410
Total assets	\$ 15,642,685	\$ 996,351	\$ 30,149	\$ 106,599	\$ 185,975	\$ (2,191,718)	\$ 14,770,041
Liabilities and Net Assets							
Liabilities							
Line of credit	\$ 2,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,000,000
Accounts payable	2,005,899	140,419	101,102	148,641	134,275	(2,191,718)	338,618
Accrued expenses	269,387	-	-	30,967	-	-	300,354
Accrued incentive salaries	331	-	11,304	19,332	548	-	31,515
Long-term debt	267,946	-	-	-	-	-	267,946
Total liabilities	4,543,563	140,419	112,406	198,940	134,823	(2,191,718)	2,938,433
Net Assets							
Unrestricted	5,506,551	855,932	(82,257)	(92,341)	51,152	-	6,239,037
Temporarily restricted	3,971,368	-	-	-	-	-	3,971,368
Permanently restricted	1,621,203	-	-	-	-	-	1,621,203
Total net assets	11,099,122	855,932	(82,257)	(92,341)	51,152	-	11,831,608
Total liabilities and net assets	\$ 15,642,685	\$ 996,351	\$ 30,149	\$ 106,599	\$ 185,975	\$ (2,191,718)	\$ 14,770,041

Enactus
Consolidating Schedule – Statement of Activities Information
Year Ended August 31, 2015

	Enactus HQ and USA	Enactus China	Enactus Mexico	Enactus Brazil	Enactus India	Eliminations	Total
Revenues, Gains and Other Support							
Contributions	\$ 9,596,614	\$ 1,838,227	\$ 876,140	\$ 536,062	\$ 503,822	\$ -	\$ 13,350,865
In-kind contributions	54,277	-	-	99,573	32,200	-	186,050
Investment return	9,837	-	-	-	-	-	9,837
Other	(858)	4,000	13,684	351	26,203	-	43,380
	<u>9,659,870</u>	<u>1,842,227</u>	<u>889,824</u>	<u>635,986</u>	<u>562,225</u>	<u>-</u>	<u>13,590,132</u>
Expenses and Losses							
Program services	8,447,388	1,667,986	852,968	516,229	381,035	-	11,865,606
Management and general	608,639	15,759	17,026	11,308	17,742	-	670,474
Fundraising	1,536,789	65,445	94,955	62,515	66,240	-	1,825,944
Provision for uncollectible contributions	41,661	-	-	-	-	-	41,661
	<u>10,634,477</u>	<u>1,749,190</u>	<u>964,949</u>	<u>590,052</u>	<u>465,017</u>	<u>-</u>	<u>14,403,685</u>
Loss on Disposal of Property and Equipment							
	<u>13,071</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,071</u>
Change in Net Assets							
	(987,678)	93,037	(75,125)	45,934	97,208	-	(826,624)
Net Assets, Beginning of Year							
	<u>11,099,122</u>	<u>855,932</u>	<u>(82,257)</u>	<u>(92,341)</u>	<u>51,152</u>	<u>-</u>	<u>11,831,608</u>
Net Assets, End of Year							
	<u>\$ 10,111,444</u>	<u>\$ 948,969</u>	<u>\$ (157,382)</u>	<u>\$ (46,407)</u>	<u>\$ 148,360</u>	<u>\$ -</u>	<u>\$ 11,004,984</u>

Enactus
Consolidating Schedule – Statement of Activities Information
Year Ended August 31, 2014

	Enactus HQ and USA	Enactus China	Enactus Mexico	Enactus Brazil	Enactus India	Eliminations	Total
Revenues, Gains and Other Support							
Contributions	\$ 8,217,219	\$ 1,906,846	\$ 646,699	\$ 530,952	\$ 322,775	\$ -	\$ 11,624,491
In-kind contributions	198,788	-	500,313	60,085	21,600	-	780,786
Investment return	407,869	-	-	-	-	-	407,869
Other	57,310	7,420	-	-	10,259	-	74,989
	<u>8,881,186</u>	<u>1,914,266</u>	<u>1,147,012</u>	<u>591,037</u>	<u>354,634</u>	<u>-</u>	<u>12,888,135</u>
Expenses and Losses							
Program services	9,114,277	1,671,755	976,288	522,733	313,857	-	12,598,910
Management and general	543,711	13,982	13,403	6,497	13,906	-	591,499
Fundraising	1,231,306	139,591	178,116	42,778	50,080	-	1,641,871
Provision for uncollectible contributions	199,772	-	-	-	-	-	199,772
	<u>11,089,066</u>	<u>1,825,328</u>	<u>1,167,807</u>	<u>572,008</u>	<u>377,843</u>	<u>-</u>	<u>15,032,052</u>
Loss on Disposal of Property and Equipment							
	<u>4,671</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,671</u>
Change in Net Assets							
	(2,212,551)	88,938	(20,795)	19,029	(23,209)	-	(2,148,588)
Net Assets, Beginning of Year							
	<u>13,311,673</u>	<u>766,994</u>	<u>(61,462)</u>	<u>(111,370)</u>	<u>74,361</u>	<u>-</u>	<u>13,980,196</u>
Net Assets, End of Year							
	<u>\$ 11,099,122</u>	<u>\$ 855,932</u>	<u>\$ (82,257)</u>	<u>\$ (92,341)</u>	<u>\$ 51,152</u>	<u>\$ -</u>	<u>\$ 11,831,608</u>