Enactus

Consolidated Financial Report
December 31, 2017

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Independent Auditor's Report

Board of Directors
Enactus

We have audited the accompanying consolidated financial statements of Enactus, which comprise the consolidated statement of financial position as of December 31, 2017, the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements (collectively, 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Enactus as of December 31, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters
Our audit was conducted for the purpose of forming an opinion on the financial statements as of and for the year ended December 31, 2017, as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is 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 as of and for the year ended December 31, 2017, 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 as of and for the year ended December 31, 2017, is fairly stated in all material respects in relation to the financial statements as a whole. The supplementary information as of and for the year ended December 31, 2016, was audited by other auditors, whose report dated April 7, 2017, expressed an unmodified opinion on such information in relation to the financial statements as a whole.

The financial statements of Enactus as of and for the year ended December 31, 2016, were audited by other auditors, whose report dated April 7, 2017, expressed an unmodified opinion on those statements.

RSM US LLP

Kansas City, Missouri
June 14, 2018

Enactus

Consolidated Statements of Financial Position
December 31, 2017 and 2016

	2017	2016
Assets		
Cash and cash equivalents	**$ 341,264**	$ 567,499
Accrued interest and other receivables	**160,800**	222,794
Prepaid expenses	**184,015**	309,475
Investments	**2,483,530**	2,157,351
Contributions receivable, net of allowance and discount; $141,355—2017 and $77,004—2016	**3,829,650**	3,430,914
Property and equipment, net	**6,200,184**	6,300,861
Other	**135,402**	107,744
Total assets	**$ 13,334,845**	$ 13,096,638
Liabilities and Net Assets		
Liabilities:		
Line of credit	**$ 2,809,870**	$ 1,367,880
Accounts payable	**864,392**	319,713
Funds held for affiliates	**263,602**	616,338
Accrued expenses	**202,931**	192,531
Accrued incentive salaries	**-**	3,599
Long-term debt	**31,275**	104,359
Total liabilities	**4,172,070**	2,604,420
Net assets:		
Unrestricted	**2,541,816**	4,452,827
Temporarily restricted	**4,999,756**	4,418,188
Permanently restricted	**1,621,203**	1,621,203
Total net assets	**9,162,775**	10,492,218
Total liabilities and net assets	**$ 13,334,845**	$ 13,096,638

See notes to consolidated financial statements.

Enactus

Consolidated Statement of Activities
Year Ended December 31, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, gains and other support:				
Contributions	$ 6,028,430	$ 6,717,393	$ -	$ 12,745,823
In-kind contributions	214,341	-	-	214,341
Investment return	-	198,593	-	198,593
Other	182,036	26,434	-	208,470
Net assets released from restrictions	6,360,852	(6,360,852)	-	-
Total revenues, gains and other support	12,785,659	581,568	-	13,367,227
Expenses and losses:				
Program services	11,397,734	-	-	11,397,734
Management and general	968,874	-	-	968,874
Fundraising	2,293,516	-	-	2,293,516
Provision for uncollectible contributions	27,999	-	-	27,999
Total expenses and losses	14,688,123	-	-	14,688,123
Loss on disposal of property and equipment	8,547	-	-	8,547
Change in net assets	(1,911,011)	581,568	-	(1,329,443)
Net assets, beginning of year	4,452,827	4,418,188	1,621,203	10,492,218
Net assets, end of year	$ 2,541,816	$ 4,999,756	$ 1,621,203	$ 9,162,775

See notes to consolidated financial statements.

Enactus

Consolidated Statement of Activities
Year Ended December 31, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, gains and other support:				
Contributions	$ 9,427,954	$ 3,834,649	$ -	$ 13,262,603
In-kind contributions	95,263	-	-	95,263
Investment return	7,759	139,928	-	147,687
Other	68,160	-	-	68,160
Net assets released from restrictions	4,585,654	(4,585,654)	-	-
Total revenues, gains and other support	14,184,790	(611,077)	-	13,573,713
Expenses and losses:				
Program services	11,918,037	-	-	11,918,037
Management and general	851,300	-	-	851,300
Fundraising	1,878,276	-	-	1,878,276
Provision for uncollectible contributions	23,200	-	-	23,200
Total expenses and losses	14,670,813	-	-	14,670,813
Gain on disposal of property and equipment	(5,245)	-	-	(5,245)
Change in net assets	(480,778)	(611,077)	-	(1,091,855)
Net assets, beginning of year	4,933,605	5,029,265	1,621,203	11,584,073
Net assets, end of year	$ 4,452,827	$ 4,418,188	$ 1,621,203	$ 10,492,218

See notes to consolidated financial statements.

Enactus

Consolidated Statements of Cash Flows
Years Ended December 31, 2017 and 2016

	2017	2016
Cash flows from operating activities:		
Change in net assets	$ (1,329,443)	$ (1,091,855)
Items not requiring (providing) cash:		
Depreciation	284,846	297,734
Net gain on investments	(162,151)	(91,370)
(Gain) loss on disposition of fixed assets	8,547	(5,245)
Changes in:		
Accrued interest and other receivables	61,994	(173,598)
Prepaid supplies	-	800
Prepaid expenses	125,460	16,467
Contributions receivable	(398,736)	396,428
Accounts payable and accrued expenses	551,480	(159,175)
Other assets	(27,658)	(7,759)
Funds held for affiliates	(352,736)	616,338
Net cash used in operating activities	(1,238,397)	(201,235)
Cash flows from investing activities:		
Proceeds from sale of property and equipment	793	8,261
Purchase of property and equipment	(193,509)	(49,189)
Purchase of investments	(1,801,622)	(620,194)
Proceeds from sale of investments	1,637,594	1,510,857
Net cash (used in) provided by investing activities	(356,744)	849,735
Cash flows from financing activities:		
Principal payments on note payable	(73,084)	(70,383)
Net borrowings (payments) on line of credit	1,441,990	(286,949)
Net cash provided by (used in) by financing activities	1,368,906	(357,332)
(Decrease) increase in cash and cash equivalents	(226,235)	291,168
Cash and cash equivalents, beginning of year	567,499	276,331
Cash and cash equivalents, end of year	$ 341,264	$ 567,499
Supplemental disclosures of cash flow information:		
Interest paid	$ 74,112	$ 47,627
Property and equipment acquisitions in accounts payable	$ -	$ 52,137

See notes to consolidated financial statements.

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

Nature of operations: Enactus (the Organization) is an international nonprofit 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 (Headquarters) and USA and controlled affiliates, Enactus China, Enactus Mexico, Enactus India, Enactus Brazil and Enactus Italy. All significant interorganization balances and transactions have been eliminated in consolidation. Enactus Italy was launched in 2016. Due to the size of Enactus Italy in relation to the consolidated financial statements, the operations of Enactus Italy are included within Enactus Headquarters and U.S. operations throughout the consolidated financial statements and supplemental schedules. Enactus China, Enactus Mexico, Enactus Brazil and Enactus Italy have a fiscal year-end of December 31, and Enactus India has a fiscal year-end of March 31.

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, 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 December 31, 2017 and 2016, a portion of the Organization's cash equivalents consisted of money market funds held by a broker, which are not Federal Deposit Insurance Corporation (FDIC) insured.

At December 31, 2017 and 2016, the Organization's cash accounts held in the United States did not exceed the federally insured limits.

At December 31, 2017 and 2016, cash and cash equivalents outside of the United States approximated $663,712 and $551,601, respectively, and are not insured.

Management monitors the accounts to minimize risk of loss. The Organization has not experienced any losses in such accounts.

Investments and investment return: Investments in equity securities having a readily determinable fair value and investments in all debt securities are carried at fair value. Other investments are valued at the lower of cost (or fair value at the 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.

Note 1. Nature of Operations and Summary of Significant Accounting Policies (Continued)

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 consolidated statements 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.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Building	39 years
Building improvements	15-20 years
Furniture, fixtures and equipment	3-7 years

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 December 31, 2017 and 2016.

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 December 31, 2017 and 2016, these adjustments resulted in a net increase and decrease to net assets of $74,054 and $86,052, 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.

Note 1. Nature of Operations and Summary of Significant Accounting Policies (Continued)

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.

In-kind contributions: In addition to receiving cash contributions, the Organization receives in-kind contributions of event facilities, professional services, 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 consolidated financial statements and similarly increase contribution revenue by a like amount. For the years ended December 31, 2017 and 2016, $214,341 and $95,263 of in-kind contributions were received, respectively.

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. No such unrelated business income tax was incurred during 2017 or 2016. The Organization follows the standard for evaluation of uncertain tax positions and has determined no liability should be recorded for uncertain tax positions.

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 2014.

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

Recent accounting pronouncements: In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which simplifies and improves how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance, and cash flows. Among other changes, the ASU replaces the three current classes of net assets with two new classes, “net assets with donor restrictions” and “net assets without donor restrictions,” and expands disclosures about the nature and amount of any donor restrictions. The new standard is effective for the Organization on January 1, 2018. The Organization is currently evaluating the impact the adoption of this guidance will have on its consolidated financial statements.

Note 1. Nature of Operations and Summary of Significant Accounting Policies (Continued)

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. This guidance will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. The new standard is effective for the Organization on January 1, 2019. The standard permits the use of either the retrospective or cumulative effect transition method.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, Leases. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal year 2020. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Organization is currently evaluating the impact of the pending adoption of the new standard on its consolidated financial statements.

Note 2. Investments and Investment Return

Investments at December 31, 2017 and 2016, consist of the following:

	2017	2016
Government agency securities and bonds	$ 404,372	$ 400,292
Corporate debt securities	431,785	278,646
Mutual funds	235,186	381,254
Investment in fixed deposit	719,326	541,291
Equity securities:		
Consumer discretionary	85,529	60,633
Consumer staples	49,735	51,801
Energy and utilities	72,667	55,642
Finance	113,862	96,912
Health care	101,051	57,183
Industrials	81,192	63,795
Information technology	148,813	112,679
Other	40,012	57,223
	$ 2,483,530	$ 2,157,351

Total investment return consists of the following at December 31, 2017 and 2016:

	2017	2016
Interest and dividend income	$ 36,442	$ 56,317
Net realized and unrealized gains on investments reported at fair value	162,151	91,370
	$ 198,593	$ 147,687

Note 2. Investments and Investment Return (Continued)

The Organization incurred investment expenses of $8,774 and $11,453 during the years ended December 31, 2017 and 2016, respectively. At December 31, 2017 and 2016, the Organization's investment balance included an investment in fixed deposit in Indian currency carried at cost with a carrying value of $719,326 and $541,291, respectively.

Note 3. Contributions Receivable

Contributions receivable consist of the following at December 31, 2017 and 2016:

	2017	2016
Due within one year	$ 2,851,794	$ 3,082,079
Due in one to three years	1,119,211	425,836
	3,971,005	3,507,915
Less:		
Allowance for uncollectible contributions	83,996	55,997
Unamortized discount	57,359	21,004
	$ 3,829,650	$ 3,430,914

Contributions receivable are considered unrestricted if the contribution supports current-year events or operations and temporarily restricted if the contribution supports events or operations in future years. The discount rate was 4.25 percent and 3.75 percent for 2017 and 2016, respectively.

Note 4. Property and Equipment

Property and equipment at December 31, 2017 and 2016, consist of the following:

	2017	2016
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	1,624,458	1,550,542
Vehicle	21,377	17,519
Projects in process	156,868	74,741
	10,230,272	10,070,371
Less accumulated depreciation	4,030,088	3,769,510
	$ 6,200,184	$ 6,300,861

Note 5. Funds Held for Affiliates

The Organization raises funds on behalf of international affiliates. When contributions are received, an asset and a corresponding liability are recorded, with no effect on overall net assets. Upon disbursement, the asset and liability are reduced. At December 31, 2017 and 2016, the Organization held funds totaling $263,602 and $616,338, respectively, for various international affiliates.

Note 6. Line of Credit

The Organization has a $3,000,000 revolving bank line of credit. The line of credit bears interest at the prime rate with a minimum rate of 3.75 percent and a maximum rate of no more than allowed under applicable law and expires on July 7, 2018. The interest rate was 4.25 percent on December 31, 2017, 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 December 31, 2017 and 2016, there was $2,809,870 and $1,367,880 borrowed against this line, respectively.

Note 7. Long-Term Debt

	2017	2016
Note payable, bank (A)	$ 31,275	$ 104,359

(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 percent 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.

Note 8. Net Assets

Temporarily restricted net assets: Temporarily restricted net assets at December 31, 2017 and 2016, are available for the following purposes:

	2017	2016
Enactus HQ and USA programs	$ 3,841,131	$ 3,375,881
Mexico programs	205,953	297,795
China programs	386,980	523,917
India programs	408,176	176,456
Brazil programs	157,516	44,139
	$ 4,999,756	$ 4,418,188

Permanently restricted net assets: Permanently restricted net assets at December 31, 2017 and 2016, are restricted to the following:

	2017	2016
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

Note 8. Net Assets (Continued)

Net assets released from restrictions: Net assets were released from donor restrictions by incurring expenses satisfying the country programs for which the funds were restricted for as specified by donors. Total net asset released from restriction were $6,360,852 and $4,585,654 for the years ended December 31, 2017 and 2016, respectively.

Note 9. Defined Contribution Plan

The Organization has a defined contribution plan covering substantially all employees. Employer contributions are 3 percent of wages and then up to an additional 3 percent match of employee contributions. For the years ended December 31, 2017 and 2016, contribution expense was $192,477 and $188,813, respectively.

Note 10. 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 U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

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 both December 31, 2017 and 2016, was as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ 11,911	$ 1,621,203	$ 1,633,114

Note 10. Endowment (Continued)

Changes in endowment net assets for the year ended December 31, 2017, were as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ -	$ 11,911	$ 1,621,203	$ 1,633,114
Investment return:				
Investment income	-	36,442	-	36,442
Net appreciation	-	162,665	-	162,665
Total investment return	-	199,107	-	199,107
Appropriation of endowment assets for expenditure	-	(81,060)	-	(81,060)
Endowment net assets, end of year	$ -	$ 129,958	$ 1,621,203	$ 1,751,161

Changes in endowment net assets for the year ended December 31, 2016, were as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ -	$ 814,162	$ 1,621,203	$ 2,435,365
Investment return:				
Investment income	-	48,557	-	48,557
Net appreciation	-	91,370	-	91,370
Total investment return	-	139,927	-	139,927
Appropriation of endowment assets for expenditure	-	(942,178)	-	(942,178)
Endowment net assets, end of year	$ -	$ 11,911	$ 1,621,203	$ 1,633,114

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 U.S. 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.

Note 10. Endowment (Continued)

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 11. Disclosures About Fair Value of Assets

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: Inputs are quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs are 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: Inputs are unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities.

Note 11. Disclosures About Fair Value of Assets (Continued)

Recurring measurements: The following table presents the fair value measurements of assets recognized in the accompanying consolidated statement 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 December 31, 2017:

		Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investment in fixed deposit	$ 719,326	$ 719,326	$ -	$ -
Equity securities:				
Consumer discretionary	85,529	85,529	-	-
Consumer staples	49,735	49,735	-	-
Energy and utilities	72,667	72,667	-	-
Finance	113,862	113,862	-	-
Health care	101,051	101,051	-	-
Industrials	81,192	81,192	-	-
Information technology	148,813	148,813	-	-
Other	40,012	40,012	-	-
Corporate debt securities	431,785	-	431,785	-
Mutual funds	235,186	235,186	-	-
Government agency securities	404,372	-	404,372	-
	$ 2,483,530	$ 1,647,373	$ 836,157	$ -

The following table presents the fair value measurements of assets recognized in the accompanying consolidated statement 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 December 31, 2016:

		Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investment in fixed deposit	$ 541,291	$ 541,291	$ -	$ -
Equity securities:				
Consumer discretionary	60,633	60,633	-	-
Consumer staples	51,801	51,801	-	-
Energy and utilities	55,642	55,642	-	-
Finance	96,912	96,912	-	-
Health care	57,183	57,183	-	-
Industrials	63,795	63,795	-	-
Information technology	112,679	112,679	-	-
Other	57,223	57,223	-	-
Corporate debt securities	278,646	-	278,646	-
Mutual funds	381,254	381,254	-	-
Government agency securities	400,292	-	400,292	-
	$ 2,157,351	$ 1,478,413	$ 678,938	$ -

Note 11. Disclosures About Fair Value of Assets and Liabilities (Continued)

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 consolidated 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 years ended December 31, 2017 and 2016.

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 12. Significant Estimates, Concentrations and Commitments

U.S. GAAP requires 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 changes could materially affect the amounts reported in the accompanying consolidated statements of financial position.

Note 13. 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.

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
	Malaysia
	Philippines
	Singapore
	Korea
Eurasia	Russia
	Ukraine
North America	Canada
	Mexico
	Puerto Rico
	United States of America
Western Europe	France
	Germany
	Ireland
	Italy
	Netherlands
	United Kingdom
South America	Brazil
	Guatemala

Note 14. Subsequent Events

Subsequent events have been evaluated through June 14, 2018, which is the date the consolidated financial statements were available to be issued.

Supplementary Information

Enactus

Consolidating Schedule—Statement of Financial Position Information
December 31, 2017

	Enactus HQ and USA	Enactus China	Enactus Mexico	Enactus Brazil	Enactus India	Eliminations	Total
Assets							
Cash and cash equivalents	$ 35,418	$ 213,744	$ 53,619	$ 21,048	$ 17,435	$ -	$ 341,264
Accrued interest and other receivables	160,800	-	-	-	-	-	160,800
Prepaid expenses	177,385	6,630	-	-	-	-	184,015
Investments	1,764,204	-	-	-	719,326	-	2,483,530
Contributions receivable, net of allowance	4,017,379	1,187,159	-	65,668	8,045	(1,448,601)	3,829,650
Property and equipment, net	6,171,354	2,692	17,542	5,361	3,235	-	6,200,184
Other	134,178	1,224	-	-	-	-	135,402
Total assets	$ 12,460,718	$ 1,411,449	$ 71,161	$ 92,077	$ 748,041	$ (1,448,601)	$ 13,334,845
Liabilities and Net Assets							
Liabilities:							
Line of credit	$ 2,809,870	$ -	$ -	$ -	$ -	$ -	$ 2,809,870
Accounts payable	1,323,193	253,772	290,852	247,852	197,324	(1,448,601)	864,392
Assets held for affiliate	263,602	-	-	-	-	-	263,602
Accrued expenses	170,768	22,761	6,457	2,945	-	-	202,931
Long-term debt	31,275	-	-	-	-	-	31,275
Total liabilities	4,598,708	276,533	297,309	250,797	197,324	(1,448,601)	4,172,070
Net assets:							
Unrestricted	1,241,055	1,134,914	(226,150)	(158,720)	550,717	-	2,541,816
Temporarily restricted	4,999,756	-	-	-	-	-	4,999,756
Permanently restricted	1,621,203	-	-	-	-	-	1,621,203
Total net assets	7,862,014	1,134,914	(226,150)	(158,720)	550,717	-	9,162,775
Total liabilities and net assets	$ 12,460,722	$ 1,411,447	$ 71,159	$ 92,077	$ 748,041	$ (1,448,601)	$ 13,334,845

Enactus

Consolidating Schedule—Statement of Financial Position Information
December 31, 2016

	Enactus HQ and USA	Enactus China	Enactus Mexico	Enactus Brazil	Enactus India	Eliminations	Total
Assets							
Cash and cash equivalents	$ 38,212	$ 298,991	$ 131,772	$ 47,991	$ 50,533	$ -	$ 567,499
Accrued interest and other receivables	221,570	1,224	-	-	-	-	222,794
Prepaid expenses	204,661	96,988	-	6,415	1,411	-	309,475
Investments	1,616,060	-	-	-	541,291	-	2,157,351
Contributions receivable, net of allowance	3,997,054	548,541	17,000	15,800	24,636	(1,172,117)	3,430,914
Property and equipment, net	6,275,346	6,974	9,910	5,248	3,383	-	6,300,861
Other	107,744	-	-	-	-	-	107,744
Total assets	$ 12,460,647	$ 952,718	$ 158,682	$ 75,454	$ 621,254	$ (1,172,117)	$ 13,096,638
Liabilities and Net Assets							
Liabilities:							
Line of credit	$ 1,367,880	$ -	$ -	$ -	$ -	$ -	$ 1,367,880
Accounts payable	157,058	152,742	516,037	285,354	380,639	(1,172,117)	319,713
Assets held for affiliate	616,338	-	-	-	-	-	616,338
Accrued expenses	192,531	-	-	-	-	-	192,531
Accrued incentive salaries	-	-	-	-	3,599	-	3,599
Long-term debt	104,359	-	-	-	-	-	104,359
Total liabilities	2,438,166	152,742	516,037	285,354	384,238	(1,172,117)	2,604,420
Net assets:							
Unrestricted	3,983,090	799,976	(357,355)	(209,900)	237,016	-	4,452,827
Temporarily restricted	4,418,188	-	-	-	-	-	4,418,188
Permanently restricted	1,621,203	-	-	-	-	-	1,621,203
Total net assets	10,022,481	799,976	(357,355)	(209,900)	237,016	-	10,492,218
Total liabilities and net assets	$ 12,460,647	$ 952,718	$ 158,682	$ 75,454	$ 621,254	$ (1,172,117)	$ 13,096,638

Enactus

Consolidating Schedule—Statement of Activities Information
Year Ended December 31, 2017

	Enactus HQ and USA	Enactus China	Enactus Mexico	Enactus Brazil	Enactus India	Eliminations	Total
Revenues, gains and other support:							
Contributions	$ 8,778,760	$ 2,263,324	$ 694,135	$ 555,994	$ 453,610	$ -	$ 12,745,823
In-kind contributions	26,194	-	-	150,794	37,353	-	214,341
Investment return	199,107	(514)	-	-	-	-	198,593
Other	93,289	(59,473)	40,120	59,563	74,971	-	208,470
Total revenues, gains and other support	9,097,350	2,203,337	734,255	766,351	565,934	-	13,367,227
Expenses and losses:							
Program services	8,324,957	1,743,657	478,825	643,376	206,919	-	11,397,734
Management and general	901,570	10,704	36,064	11,280	9,256	-	968,874
Fundraising	2,005,658	110,524	80,761	60,515	36,058	-	2,293,516
Provision for uncollectible contributions	25,000	2,999	-	-	-	-	27,999
Total expenses and losses	11,257,185	1,867,884	595,650	715,171	252,233	-	14,688,123
Loss on disposal of property and equipment	632	515	7,400	-	-	-	8,547
Change in net assets	(2,160,467)	334,938	131,205	51,180	313,701	-	(1,329,443)
Net assets, beginning of year	10,022,481	799,976	(357,355)	(209,900)	237,016	-	10,492,218
Net assets, end of year	$ 7,862,014	$ 1,134,914	$ (226,150)	$ (158,720)	$ 550,717	$ -	$ 9,162,775

Enactus

Consolidating Schedule—Statement of Activities Information
Year Ended December 31, 2016

	Enactus HQ and USA	Enactus China	Enactus Mexico	Enactus Brazil	Enactus India	Eliminations	Total
Revenues, gains and other support:							
Contributions	$ 9,584,942	$ 1,652,293	$ 976,739	$ 451,842	$ 596,787	$ -	$ 13,262,603
In-kind contributions	-	-	-	40,263	55,000	-	95,263
Investment return	147,687	-	-	-	-	-	147,687
Other	15,613	7,934	1,277	161	43,175	-	68,160
Total revenues, gains and other support	9,748,242	1,660,227	978,016	492,266	694,962	-	13,573,713
Expenses and losses:							
Program services	8,282,444	1,814,212	953,089	466,222	402,070	-	11,918,037
Management and general	329,881	133,157	132,127	127,490	128,645	-	851,300
Fundraising	1,558,396	123,691	98,470	53,391	44,328	-	1,878,276
Provision for uncollectible contributions	20,000	1,000	-	1,200	1,000	-	23,200
Total expenses and losses	10,190,721	2,072,060	1,183,686	648,303	576,043	-	14,670,813
Gain on disposal of property and equipment	(5,245)	-	-	-	-	-	(5,245)
Change in net assets	(437,234)	(411,833)	(205,670)	(156,037)	118,919	-	(1,091,855)
Net assets, beginning of year	10,459,715	1,211,809	(151,685)	(53,863)	118,097	-	11,584,073
Net assets, end of year	$ 10,022,481	$ 799,976	$ (357,355)	$ (209,900)	$ 237,016	$ -	$ 10,492,218