

**CITIZENS DEVELOPMENT CENTER, (DBA ACHIEVE)
AND CDC FOUNDATION**

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEAR ENDED AUGUST 31, 2017

**CITIZENS DEVELOPMENT CENTER, (DBA ACHIEVE)
AND CDC FOUNDATION
TABLE OF CONTENTS
YEAR ENDED AUGUST 31, 2017**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	3
CONSOLIDATED STATEMENT OF ACTIVITIES	4
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES	5
CONSOLIDATED STATEMENT OF CASH FLOWS	6
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS	7
SUPPLEMENTARY INFORMATION	
CITIZENS DEVELOPMENT CENTER, (DBA ACHIEVE) - STATEMENT OF FINANCIAL POSITION	16
CITIZENS DEVELOPMENT CENTER, (DBA ACHIEVE) - STATEMENT OF ACTIVITIES	17
CITIZENS DEVELOPMENT CENTER, (DBA ACHIEVE) - STATEMENT OF FUNCTIONAL EXPENSES	18
CITIZENS DEVELOPMENT CENTER, (DBA ACHIEVE) - STATEMENT OF CASH FLOWS	19
CDC FOUNDATION - STATEMENT OF FINANCIAL POSITION	20
CDC FOUNDATION - STATEMENT OF ACTIVITIES	21
CDC FOUNDATION - STATEMENT OF FUNCTIONAL EXPENSES	22
CDC FOUNDATION - STATEMENT OF CASH FLOWS	23

INDEPENDENT AUDITORS' REPORT

Board of Directors
Citizens Development Center, (dba Achieve)
and CDC Foundation
Dallas, Texas

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Citizens Development Center, (dba Achieve) and CDC Foundation ("CDC"), which comprise the consolidated statement of financial position as of August 31, 2017, and the related consolidated statements of activities, functional expenses and cash flows for the year 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 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.

Board of Directors
Citizens Development Center, dba Achieve
and CDC Foundation

Opinion

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

Other Matter – Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The information beginning on page 16 is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements.

The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole



CliftonLarsonAllen LLP

Fort Worth, Texas
May 23, 2018

**CITIZENS DEVELOPMENT CENTER, (DBA ACHIEVE)
AND CDC FOUNDATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2017**

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 285,793
Accounts Receivable, Net of Allowance of \$16,172	236,519
Promises to Give	19,000
Mineral Royalties Receivable	25,678
Prepaid Expenses	13,855
Inventory	9,325
Interest Receivable	1,330
Total Current Assets	<u>591,500</u>

LAND, PROPERTY, AND EQUIPMENT

Land, Property, and Equipment - Net of Accumulated Depreciation	791,375
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NONCURRENT ASSETS

Investments - Marketable Securities	<u>406,289</u>
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Total Assets	<u><u>\$ 1,789,164</u></u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$ 19,871
Accrued Expenses	51,044
Deferred Revenue	42,007
Total Current Liabilities	<u>112,922</u>

NONCURRENT LIABILITIES

Deferred Revenue	<u>7,527</u>
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Total Liabilities	120,449
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NET ASSETS

Unrestricted	1,637,469
Temporarily Restricted	31,246
Total Net Assets	<u>1,668,715</u>

Total Liabilities and Net Assets	<u><u>\$ 1,789,164</u></u>
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See accompanying Notes to Consolidated Financial Statements.

**CITIZENS DEVELOPMENT CENTER, (DBA ACHIEVE)
AND CDC FOUNDATION
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2017**

	Unrestricted	Temporarily Restricted	Total
REVENUES AND OTHER SUPPORT			
Grants and Contracts	\$ 1,092,847	\$ -	\$ 1,092,847
United Way	151,354	-	151,354
Sales to Public	742,553	-	742,553
Contributions and Foundation Grants	109,660	16,988	126,648
Fundraising and Special Events, Net of Related Expenses of \$69,746	90,196	-	90,196
Miscellaneous	3,151	-	3,151
Interest and Dividends, Net of Advisory Fees of \$4,207	6,046	-	6,046
Royalties on Oil and Gas, Net of Direct Expenses of \$680	57,716	-	57,716
Capital Gain Income on Investments	77,902	-	77,902
Realized and Unrealized Loss on Investments, net of Amortization and Accretion	(48,446)	-	(48,446)
Net Assets Released From Restrictions	16,094	(16,094)	-
Total Revenues and Other Support	<u>2,299,073</u>	<u>894</u>	<u>2,299,967</u>
EXPENSES			
Program Services			
Work Center	1,485,864	-	1,485,864
Employment	393,977	-	393,977
Total Program Services	<u>1,879,841</u>	<u>-</u>	<u>1,879,841</u>
Supporting Services			
Development	113,291	-	113,291
Management and General	239,443	-	239,443
Total Supporting Services	<u>352,734</u>	<u>-</u>	<u>352,734</u>
Total Expenses	<u>2,232,575</u>	<u>-</u>	<u>2,232,575</u>
CHANGE IN NET ASSETS	66,498	894	67,392
Net Assets - Beginning of Year	<u>1,570,971</u>	<u>30,352</u>	<u>1,601,323</u>
NET ASSETS - END OF YEAR	<u>\$ 1,637,469</u>	<u>\$ 31,246</u>	<u>\$ 1,668,715</u>

See accompanying Notes to Consolidated Financial Statements.

**CITIZENS DEVELOPMENT CENTER, (DBA ACHIEVE)
AND CDC FOUNDATION
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2017**

	Program Services		Supporting Services		Total
	Work Center	Employment	Development	Management and General	
Contract Labor	\$ 18,654	-	\$ -	\$ 13,200	\$ 31,854
Fringe Benefits	104,952	24,521	2,565	19,320	151,358
Payroll Taxes	73,089	21,169	6,002	9,276	109,536
Staff Salaries	732,321	281,155	78,274	127,246	1,218,996
Wages Consumers	231,675	-	-	-	231,675
Total Compensation	1,160,691	326,845	86,841	169,042	1,743,419
Bank and Merchant Fees	-	-	-	3,451	3,451
Bad Debt Expense	-	-	-	25,152	25,152
Consulting	1,800	600	-	1,200	3,600
Depreciation	52,463	2,247	518	3,632	58,860
Direct Materials	19,435	-	-	-	19,435
Employee Appreciation/Goodwill	1,780	214	91	797	2,882
Employee Recruiting and Screenings	11,144	1,010	-	45	12,199
Equipment Lease	9,530	571	143	897	11,141
Insurance - Commercial	39,813	1,249	474	1,868	43,404
Interest	-	-	-	486	486
Legal and Professional Fees	4,975	-	-	13,350	18,325
Marketing and Public Relations	-	169	17,763	501	18,433
Membership Dues and Fees	2,267	199	1,195	1,099	4,760
Office Supplies	16,009	2,506	2,024	3,732	24,271
Payroll Processing Fees	13,967	334	83	398	14,782
Postage and Shipping	8,429	248	262	311	9,250
Printing	31	61	915	88	1,095
Property Taxes	-	-	-	113	113
Repair and Maintenance - Equipment	379	-	-	-	379
Repair and Maintenance - Facility	43,059	744	343	2,624	46,770
Repair and Maintenance - Vehicles	22,424	-	-	-	22,424
Special Events	-	-	69,746	-	69,746
Technology Supplies and Expenses	7,950	5,159	875	4,449	18,433
Telephone and Internet	5,921	2,702	844	1,815	11,282
Training	5,094	4,521	537	1,904	12,056
Transportation	25,494	43,968	92	1,599	71,153
Utilities	33,209	630	291	890	35,020
Direct Costs Netted Against Special Events Revenues in the Statement of Activities	1,485,864	393,977	183,037	239,443	2,302,321
			(69,746)	(69,746)	(69,746)
Total Expenses	\$ 1,485,864	\$ 393,977	\$ 113,291	\$ 239,443	\$ 2,232,575

See accompanying Notes to Consolidated Financial Statements.

**CITIZENS DEVELOPMENT CENTER, DBA ACHIEVE
AND CDC FOUNDATION
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED AUGUST 31, 2017**

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	\$ 67,392
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	58,860
Donated Property and Equipment	(3,000)
Realized and Unrealized Gain on Investments	(29,456)
(Increase) Decrease In Operating Assets:	
Accounts Receivable	(23,212)
Promises to Give	(18,500)
Mineral Royalties Receivable	(19,820)
Prepaid Expenses	(2,807)
Inventory	4,153
Interest Receivable	(1,330)
Increase (Decrease) in Operating Liabilities:	
Accounts Payable	12,310
Accrued Expenses	7,265
Deferred Revenue	(19,625)
Net Cash Provided by Operating Activities	<u>32,230</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of Property and Equipment	(5,431)
Purchases of Investments	(316,473)
Proceeds from Sales of Investments	<u>336,863</u>
Net Cash Provided by Investing Activities	14,959
NET INCREASE IN CASH AND CASH EQUIVALENTS	47,189
Cash and Cash Equivalents - Beginning of Year	<u>238,604</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 285,793</u></u>
NONCASH INVESTING AND FINANCING ACTIVITIES	
Interest Paid	<u><u>\$ 486</u></u>

See accompanying Notes to Consolidated Financial Statements.

**CITIZENS DEVELOPMENT CENTER, (DBA ACHIEVE)
AND CDC FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2017**

NOTE 1 ORGANIZATION AND OPERATIONS

Citizens Development Center, (dba Achieve) (the Center) and CDC Foundation (the Foundation) are both nonprofit corporations and are located in Dallas, Texas (collectively referred to as the Organization). The Center was founded in 1951 as a school for children with physical and mental disabilities. In the 1960's employment services were developed from the work-activity programs that had been developed for adolescents. The Foundation was formed and incorporated on June 25, 1970, to receive and maintain funds for the sole benefit of or to aid in the performance of the function of the Center. During the year ended August 31, 2016, the Organization filed to change their name to Achieve, though this name was not in use until subsequent to year end. The Organization's mission is to empower men and women with disabilities to achieve their highest level of employability and ultimately their highest level of independence. Programs include vocational training and employment services to adults with mental or physical challenges. The Organization is primarily supported by donations of properties, investments, other assets, and industrial sales. The Center receives funding from several state administered programs on a fee for service basis, of which some have federal funding.

The Organization's main programs and services include the following:

Work Center – Provides intensive vocational support and structure to adults with severe disabilities who have been unable to secure or maintain employment or who choose to work in a protected environment. Individuals in the Work Center program come to work daily and participate in a supervised group setting where they perform packaging and assembly jobs for local businesses. This work serves as a teaching tool and is coupled with behavior management techniques and activities to improve the individuals' self-esteem and social skills. Clients achieve their highest level of independence in a protected environment where they are accepted, respected and free from the discrimination they may face in a corporate work environment.

Employment – Provides intensive, hands-on intervention to help individuals with disabilities secure and maintain community employment and reach lifelong employability – the capacity to hold rewarding employment over one's lifetime. The program teaches clients job seeking skills, teaches and assists with resume development and job application completion, and instructs and guides individuals how to answer interview questions. The Center utilizes a hands-on approach to secure job leads, negotiate with potential employers and advocate for clients. Once the client has been placed in a job, the organization's staff coaches the client in their new job tasks, literally working side-by-side with the individual. The Organization provides support for the lifetime of the job.

Development – Dedicated to building relationships with partners and friends of the Center to promote the work center and employment programs. Development has two events: the "Dash for Dignity", which is held in the fall of each year and "Top Golf" held in May of each year.

**CITIZENS DEVELOPMENT CENTER, (DBA ACHIEVE)
AND CDC FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2017**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Organization is presented to assist in understanding the Organization's consolidated financial statements. The consolidated financial statements and notes are representations of the Organization's management who are responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America (U.S. GAAP) and have been consistently applied in the preparation of the consolidated financial statements.

Principles of Consolidation

The consolidated financial statements include the Center and the Foundation. The Foundation is a separate legal entity with its own accounting records and its financial position and net assets have been included in the accompanying consolidated financial statements due to the Center having an economic interest in and sharing certain common Board Members with the Foundation. All significant intercompany transactions have been eliminated in the consolidated financial statements.

Financial Statement Presentation

The consolidated financial statements of the Organization have been prepared in accordance with U.S. GAAP. The Organization is required by U.S. GAAP to report information regarding its consolidated financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows. The Organization prepares its financial statements on the accrual basis of accounting. Consequently, revenue is recognized when earned and expenses when obligations are incurred.

Use of Estimates

The preparation of consolidated financial statements in conformity with 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Federal Income Tax

The Center and the Foundation are nonprofit organizations that are exempt from federal income taxes under Internal Revenue Code Section 501(c)(3); therefore, no provision for federal income taxes has been included in the consolidated financial statements. Taxes are paid on net income earned from sources unrelated to the exempt purposes. There was no net income from unrelated business for the year ended August 31, 2017. Each entity files as a tax-exempt organization. The Organization's tax returns are subject to review and examination by federal and state authorities.

**CITIZENS DEVELOPMENT CENTER, (DBA ACHIEVE)
AND CDC FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2017**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

The Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. The Organization places its cash with high-credit quality financial institutions and periodically maintains deposits in amounts that exceed FDIC insurance coverage. Management believes the risk of incurring material losses related to this credit risk is remote.

Accounts Receivable

The Organization's receivables consist principally of amounts due from customers utilizing the work center, contracts with local organizations for employment services, day habilitation services and mineral royalties receivable. The Organization utilizes the allowance method for recognition of bad debts. Based on management's assessment of the collectability of these amounts, allowance for doubtful accounts was \$16,172 as of August 31, 2017.

Promises To Give

The Organization's promises to give consist of contributions for the Dash for Dignity fundraising event. The Organization utilizes the allowance method for recognition of bad debts. Based on management's assessment of the collectability of these amounts, no allowance for doubtful accounts was deemed necessary as of August 31, 2017.

Investments

Investments at August 31, 2017 consist of corporate bonds, municipal bonds, equity securities, real estate investment trusts, U.S. treasury securities, government sponsored securities and asset-backed securities. They are recorded on the consolidated financial statements at their fair value. The fair value of a financial instrument is the amount that would be received to sell an asset in an orderly transaction between market participants at the measurement date.

Property and Equipment

Expenditures for property and equipment in excess of \$1,000 which have a useful life of one year or more are capitalized and recorded on the Organization's books at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Expenditures for repairs and maintenance are charged to operating expenses as incurred. Depreciation using the straight-line method is provided over the following estimated useful lives:

Building and Improvements	5 - 30 years
Furniture, Fixtures, and Equipment	3 - 10 years
Communications and Technology	3 - 10 years
Transportation Equipment	5 years

**CITIZENS DEVELOPMENT CENTER, (DBA ACHIEVE)
AND CDC FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2017**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of Long-Lived Assets

The Organization periodically reviews the carrying value of its long-lived assets, including property and equipment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. To the extent fair value of long-lived assets is less than the carrying amount an impairment loss is recognized. The fair value of a long-lived asset is determined based upon the estimated future cash flows attributable to the asset.

Mineral Interests

The Organization is the beneficiary of certain mineral interests. These mineral interests are carried at the lower of cost or market. Cost was reflected at zero as of August 31, 2017.

Net Assets

Net assets and revenues, expenses, gains, and losses are classified based on the existence or an absence of donor-imposed restrictions. Accordingly, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The fund groups are reported in the three classes of net assets as follows:

Unrestricted Net Assets – These funds have no external restrictions and can be used for any purpose designated by the Board.

Temporarily Restricted Net Assets – These funds generally represent funds for which the donor has limited the use of the funds by stipulating how or when the funds are to be used. The restrictions are satisfied either by passage of time or by actions of the Organization. As of August 31, 2017, the Organization had \$31,246 of temporarily restricted net assets.

Permanently Restricted Net Assets – These are funds that have been restricted by the donor and cannot be satisfied by the passage of time or by actions of the Organization. As of August 31, 2017, the Organization had no permanently restricted net assets.

**CITIZENS DEVELOPMENT CENTER, (DBA ACHIEVE)
AND CDC FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2017**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Contributions and grant revenue are recognized when received and are recorded as unrestricted, temporarily restricted, or permanently restricted net assets depending on the existence or nature of any donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose of the contribution 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.

Revenue for sales to the public and sponsorships/registrations to the Dash for Dignity event are recognized when earned, which is generally when shipped to the customer or after the event takes place.

Donated Materials and Services

Donated materials and equipment are reflected as contributions in the accompanying consolidated financial statements at their estimated values at the date of receipt. Donated services are recognized as contributions if the services (a) create or enhance non-financial assets, or (b) require specialized skills, and are performed by people with those skills, and would otherwise be purchased by the Organization. Many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific program functions, fundraising solicitations, and various other activities that are not recognized as contributions in the consolidated financial statements, because of the recognition criteria under U.S. GAAP were not met.

Functional Allocation of Expenses

Program activities include items which are directly related to the Organization or are essential support elements of those programs. The cost of providing the program services and other activities has been summarized on a functional basis in the consolidated statement of activities. Accordingly, certain costs have been allocated among program and supporting services as shown in the Consolidated Statement of Functional Expenses.

Advertising and Public Relations

Advertising and public relations costs are expensed as incurred in their entirety on the date at which the advertising commences, except for direct response advertising, which can be written-off over the period during which the benefits are expected. Total advertising and public relations costs for the year ended August 31, 2017 were \$18,433.

**CITIZENS DEVELOPMENT CENTER, (DBA ACHIEVE)
AND CDC FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2017**

NOTE 3 FAIR VALUE MEASUREMENT

FASB Accounting Standards Codification 820, *Fair Value Measurements and Disclosures*, (“ASC 820”) provides the framework for measuring and reporting fair value. The fair value 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) and the lowest priority to unobservable inputs (Level 3). The three levels of the fair value hierarchy are described as follows:

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 asset or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

As required by U.S. GAAP, financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Organization’s assessment of the significance of a particular input to the fair value measurement requires judgment, and may affect the valuation of fair value assets and liabilities and their placement with the fair value hierarchy levels.

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

Investments consist of the following at August 31:

	2017			
	Level 1	Level 2	Level 3	Total
Investments:				
Corporate Bonds	\$ -	\$ 97,990	\$ -	\$ 97,990
Municipal Bonds	-	92,927	-	92,927
Equity Securities	152,170	-	-	152,170
Real Estate Investment Trusts	9,115	-	-	9,115
U.S. Treasury Securities	-	20,446	-	20,446
Government Sponsored Securities	-	4,005	-	4,005
Asset-Backed Securities	-	29,636	-	29,636
Total Investments	<u>\$ 161,285</u>	<u>\$ 245,004</u>	<u>\$ -</u>	<u>\$ 406,289</u>

**CITIZENS DEVELOPMENT CENTER, (DBA ACHIEVE)
AND CDC FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2017**

NOTE 4 LAND, PROPERTY, AND EQUIPMENT

Property and equipment as of August 31, 2017 consisted of the following:

Land	\$ 346,320
Building and Improvements	2,028,362
Furniture, Fixtures, and Equipment	699,182
Communications and Technology	25,283
Transportation Equipment	165,868
Total Property and Equipment	<u>3,265,015</u>
Less: Accumulated Depreciation	<u>(2,473,640)</u>
Net Property and Equipment	<u><u>\$ 791,375</u></u>

The Organization's depreciation expense for the year ended August 31, 2017 was \$58,860.

NOTE 5 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are subject to restrictions imposed by the Organization or donor that may or will be met by actions of the Board and/or passage of time. When the restriction expires (i.e., when a stipulated time restriction ends or the Board fulfills the purpose for which the net assets were restricted), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. In August of 1983, the CDC Foundation established the Kinney Dumas Memorial Fund. Contributions given in memory of Kinney Dumas will be used to provide flowers, plants, and maintenance of the garden and for the atrium of the Organization's corporate office. The monies are held in a bank account with a financial institution and have been recorded by the Organization as cash and cash equivalents. Funds restricted in the Center consist of \$16,988 restricted for the Development Director's salary as of August 31, 2017. Temporarily restricted net assets in the Kinney Dumas Memorial Fund as of August 31, 2017 were \$14,258.

The Kinney Dumas Memorial Fund was endowed as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor Restricted Endowments in Which Principal May be Distributed for Specified Purposes	\$ -	\$ 14,258	\$ -	\$ 14,258
Total	<u>\$ -</u>	<u>\$ 14,258</u>	<u>\$ -</u>	<u>\$ 14,258</u>

**CITIZENS DEVELOPMENT CENTER, (DBA ACHIEVE)
AND CDC FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2017**

NOTE 5 TEMPORARILY RESTRICTED NET ASSETS (CONTINUED)

The Kinney Dumas Memorial Fund activity during the year ended August 31, 2017 was as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment Net Assets - August 31, 2016	\$ -	\$ 14,258	\$ -	\$ 14,258
Investment Income (Loss)	-	-	-	-
Total	-	14,258	-	14,258
Appropriation of Endowment Assets for Expenditure	-	-	-	-
Endowment Net Assets - August 31, 2017	<u>\$ -</u>	<u>\$ 14,258</u>	<u>\$ -</u>	<u>\$ 14,258</u>

NOTE 6 RETIREMENT PLAN

The Organization has a 403(b) retirement plan administered by a third party which has been in place for several years. All full-time employees who have completed at least one year of service are eligible to participate in the plan. Employees may contribute the maximum amount allowed by law. As of August 1, 2012, the plan was amended to allow eligible employees to receive a match of 100% of the employees' contribution up to 2% of compensation. Contributions to the plan by the Organization were \$8,007 for the year ended August 31, 2017.

NOTE 7 DEFERRED REVENUE

Deferred revenue of \$33,795 relates to the annual Dash for Dignity and will be recognized during the year ending August 31, 2018.

During the year ended August 31, 2014, the Organization received a Community Development Block Grant from the City of Dallas. This grant is structured as a secured, forgivable, no-interest loan to the Organization. Upon the Organization's successful completion of the project funded by the grant, the City will cancel the note. The outstanding balance of this note at August 31, 2017 is \$15,739. Revenue will be recognized over the period the City has recourse, which is 5 years or 60 months rather than over the life of the assets because from an economic viewpoint, the majority of the benefit will be received in the first 5 years.

Amounts will be recognized for the years ending August 31 as follows:

<u>Year Ending August 31,</u>	<u>Amount</u>
2018	\$ 8,211
2019	7,528
Total	<u>\$ 15,739</u>

**CITIZENS DEVELOPMENT CENTER, (DBA ACHIEVE)
AND CDC FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2017**

NOTE 8 OPERATING LEASES

The Organization leases certain office equipment through a noncancelable operating lease. The lease requires minimum lease payments of annual totals of \$4,740 through 2020 and \$1,975 in 2021.

NOTE 9 DONATED PROPERTY AND GOODS

A number of local individuals and businesses have donated goods to the Organization as production items for one of its annual fundraising events, "Dash for Dignity". These donations have been recorded at the estimated fair value of the goods. Goods donated for use at special events are recorded as special events revenue with an offset to the special events expense account. For the year ended August 31, 2017, the Organization received \$13,468 in goods donated for Dash, which is shown net with Fundraising and Special Events on the consolidated statement of activities.

During the year ended August 31, 2017, a local organization donated approximately \$4,565 in new signage to reflect the Organization's name change. These donations have been recorded at their estimated fair value and are shown with Contributions and Foundation Grants in the consolidated statement of activities. Property valued at approximately \$3,000 was capitalized and is shown with Land, Property and Equipment in the consolidated statement of financial position, and the remaining \$1,565 is recorded as Repairs and Maintenance – Facility in the consolidated statement of functional expenses.

NOTE 10 SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 23, 2018, which is the date that the consolidated financial statements were available to be issued.

**CITIZENS DEVELOPMENT CENTER, (DBA ACHIEVE)
STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2017**

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$	222,930
Accounts Receivable, Net of Allowance of \$16,172		236,519
Promises to Give		19,000
Prepaid Expenses		13,855
Inventory		9,325
Due from Foundation		1,982
Total Current Assets		503,611

LAND, PROPERTY, AND EQUIPMENT

Land, Property, and Equipment - Net of Accumulated Depreciation		791,375
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Total Assets		\$ 1,294,986
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$	19,871
Accrued Expenses		51,044
Deferred Revenue		42,007
Total Current Liabilities		112,922

NONCURRENT LIABILITIES

Deferred Revenue		7,527
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Total Liabilities		120,449
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NET ASSETS

Unrestricted		1,157,549
Temporarily Restricted		16,988
Total Net Assets		1,174,537

Total Liabilities and Net Assets		\$ 1,294,986
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**CITIZENS DEVELOPMENT CENTER, (DBA ACHIEVE)
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2017**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES AND OTHER SUPPORT			
Grants and Contracts	\$ 1,092,847	\$ -	\$ 1,092,847
United Way	151,354	-	151,354
Sales to Public	742,553	-	742,553
Contributions and Foundation Grants	109,627	16,988	126,615
Fundraising and Special Events, Net	90,196	-	90,196
Miscellaneous	3,151	-	3,151
Interest and Dividends, Net	18	-	18
Foundation Income	95,000	-	95,000
Net Assets Released From Restriction	16,094	(16,094)	-
Total Revenues and Other Support	<u>2,300,840</u>	<u>894</u>	<u>2,301,734</u>
EXPENSES			
Program Services			
Work Center	1,485,864	-	1,485,864
Employment	393,977	-	393,977
Total Program Services	<u>1,879,841</u>	<u>-</u>	<u>1,879,841</u>
Supporting Services			
Development	113,291	-	113,291
Management and General	239,443	-	239,443
Total Supporting Services	<u>352,734</u>	<u>-</u>	<u>352,734</u>
Total Expenses	<u>2,232,575</u>	<u>-</u>	<u>2,232,575</u>
CHANGE IN NET ASSETS	68,265	894	69,159
Net Assets - Beginning of Year	<u>1,089,284</u>	<u>16,094</u>	<u>1,105,378</u>
NET ASSETS - END OF YEAR	<u>\$ 1,157,549</u>	<u>\$ 16,988</u>	<u>\$ 1,174,537</u>

**CITIZENS DEVELOPMENT CENTER, (DBA ACHIEVE)
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2017**

	Program Services			Supporting Services			Total
	Work Center	Employment	Program Total	Development	Management and General	Supporting Total	
Contract Labor	\$ 18,654	\$ -	\$ 18,654	\$ -	\$ 13,200	\$ 13,200	\$ 31,854
Fringe Benefits	104,952	24,521	129,473	2,565	19,320	21,885	151,358
Payroll Taxes	73,089	21,169	94,258	6,002	9,276	15,278	109,536
Staff Salaries	732,321	281,155	1,013,476	78,274	127,246	205,520	1,218,996
Wages Consumers	231,675	-	231,675	-	-	-	231,675
Total Compensation	1,160,691	326,845	1,487,536	86,841	169,042	255,883	1,743,419
Bank and Merchant Fees	-	-	-	-	3,451	3,451	3,451
Bad Debt Expense	-	-	-	-	25,152	25,152	25,152
Consulting	1,800	600	2,400	-	1,200	1,200	3,600
Depreciation	52,463	2,247	54,710	518	3,632	4,150	58,860
Direct Materials	19,435	-	19,435	-	-	-	19,435
Employee Appreciation/Goodwill	1,780	214	1,994	91	797	888	2,882
Employee Recruiting and Screenings	11,144	1,010	12,154	-	45	45	12,199
Equipment Lease	9,530	571	10,101	143	897	1,040	11,141
Insurance – Commercial	39,813	1,249	41,062	474	1,868	2,342	43,404
Interest	-	-	-	-	486	486	486
Legal and Professional Fees	4,975	-	4,975	-	13,350	13,350	18,325
Marketing and Public Relations	-	169	169	17,763	501	18,264	18,433
Membership Dues and Fees	2,267	199	2,466	1,195	1,099	2,294	4,760
Office Supplies	16,009	2,506	18,515	2,024	3,732	5,756	24,271
Payroll Processing Fees	13,967	334	14,301	83	398	481	14,782
Postage and Shipping	8,429	248	8,677	262	311	573	9,250
Printing	31	61	92	915	88	1,003	1,095
Property Tax	-	-	-	-	113	113	113
Repair and Maintenance - Equipment	379	-	379	-	-	379	379
Repair and Maintenance - Facility	43,059	744	43,803	343	2,624	2,967	46,770
Repair and Maintenance - Vehicles	22,424	-	22,424	-	-	-	22,424
Special Events	-	-	-	69,746	-	69,746	69,746
Technology Supplies and Expenses	7,950	5,159	13,109	875	4,449	5,324	18,433
Telephone and Internet	5,921	2,702	8,623	844	1,815	2,659	11,282
Training	5,094	4,521	9,615	537	1,904	2,441	12,056
Transportation	25,494	43,968	69,462	92	1,599	1,691	71,153
Utilities	33,209	630	33,839	291	890	1,181	35,020
Total Gross Expenses	1,485,864	393,977	1,879,841	183,037	239,443	422,480	2,302,321
Direct Costs Netted Against Special Events	-	-	-	(69,746)	-	(69,746)	(69,746)
Revenues in the Statement of Activities	-	-	-	-	-	-	-
Total Expenses	\$ 1,485,864	\$ 393,977	\$ 1,879,841	\$ 113,291	\$ 239,443	\$ 352,734	\$ 2,232,575

**CITIZENS DEVELOPMENT CENTER, (DBA ACHIEVE)
STATEMENT OF CASH FLOWS
YEAR ENDED AUGUST 31, 2017**

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	\$ 69,159
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	58,860
Donated Property and Equipment	(3,000)
(Increase) Decrease in Operating Assets:	
Accounts Receivable	(23,212)
Promises to Give	(18,500)
Prepaid Expenses	(2,807)
Inventory	4,153
Due From Foundation	(680)
Increase (Decrease) in Operating Liabilities:	
Accounts Payable	12,310
Accrued Expenses	7,265
Deferred Revenue	(19,625)
Net Cash Provided by Operating Activities	<u>83,923</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of Property and Equipment	<u>(5,431)</u>
Net Cash Used by Investing Activities	(5,431)
NET INCREASE IN CASH AND CASH EQUIVALENTS	78,492
Cash and Cash Equivalents - Beginning of Year	<u>144,438</u>
CASH AND CASH EQUIVALENTS - End of Year	<u><u>\$ 222,930</u></u>
NONCASH INVESTING AND FINANCING ACTIVITIES	
Interest Paid	<u><u>\$ 486</u></u>

**CDC FOUNDATION
STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2017**

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$	62,863
Mineral Royalties Receivable		25,678
Interest Receivable		1,330
Total Current Assets		89,871

NONCURRENT ASSETS

Investments - Marketable Securities		406,289
Total Assets	\$	496,160

LIABILITIES AND NET ASSETS

LIABILITIES

Due to Citizens Development Center	\$	1,982
Total Liabilities		1,982

NET ASSETS

Unrestricted		479,920
Temporarily Restricted		14,258
Total Net Assets		494,178
Total Liabilities and Net Assets	\$	496,160

**CDC FOUNDATION
STATEMENT OF ACTIVITIES
YEAR ENDED AUGUST 31, 2017**

	Unrestricted	Temporarily Restricted	Total
REVENUES AND OTHER SUPPORT			
Royalties on Oil and Gas, Net of Direct Expenses of \$680	\$ 57,716	\$ -	\$ 57,716
Interest and Dividends, Net of Advisory Fees and Bond Premiums	6,028	-	6,028
Capital Gain Income on Investments	77,902	-	77,902
Realized and Unrealized Loss on Investments, net of Amortization and Accretion	(48,446)	-	(48,446)
Contributions	33	-	33
Net Assets Released From Restrictions	-	-	-
Total Revenues and Other Support	93,233	-	93,233
EXPENSES			
Program Services - Mission and Benevolence	95,000	-	95,000
Total Expenses	95,000	-	95,000
CHANGE IN NET ASSETS	(1,767)	-	(1,767)
Net Assets - Beginning of Year	481,687	14,258	495,945
NET ASSETS - END OF YEAR	\$ 479,920	\$ 14,258	\$ 494,178

**CDC FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED AUGUST 31, 2017**

	<u>Program Services Missions and Benevolence</u>	<u>Total</u>
Mission Expenses	<u>\$ 95,000</u>	<u>\$ 95,000</u>
Total Expenses	<u><u>\$ 95,000</u></u>	<u><u>\$ 95,000</u></u>

**CDC FOUNDATION
STATEMENT OF CASH FLOWS
YEAR ENDED AUGUST 31, 2017**

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	\$ (1,767)
Adjustments to Reconcile Change in Net Assets to Net Cash Used by Operating Activities:	
Realized and Unrealized Gain on Investments	(27,803)
(Increase) Decrease in Operating Assets:	
Mineral Royalties Receivable	(19,820)
Interest Receivable	(1,330)
Increase (Decrease) in Operating Liabilities:	
Due to CDC, Inc.	680
Net Cash Used by Operating Activities	<u>(50,040)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of Investments	(318,126)
Proceeds from Sales of Investments	<u>336,863</u>
Net Cash Provided by Operating Activities	18,737
NET DECREASE IN CASH AND CASH EQUIVALENTS	(31,303)
Cash and Cash Equivalents - Beginning of Year	<u>94,166</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 62,863</u></u>