

THE ALAMO ENDOWMENT

Audited Financial Statements

June 30, 2019

AKIN, DOHERTY, KLEIN & FEUGE, P.C.
Certified Public Accountants

THE ALAMO ENDOWMENT
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Alamo Endowment
Austin, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of The Alamo Endowment which comprise the statements of financial position as of June 30, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the audited 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 U.S. generally accepted accounting principles. This includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with U. S. generally accepted auditing standards. 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Alamo Endowment as of June 30, 2019 and 2018, and the results of its activities, functional expenses, and cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.



Akin, Doherty, Klein & Feuge, P.C.

San Antonio, Texas

November 8, 2019

THE ALAMO ENDOWMENT
Statements of Financial Position
June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ -	\$ 142,188
Due from related affiliates	-	71,436
Prepaid expenses	-	1,500
Deposits	-	2,105
Total current assets	<u>-</u>	<u>217,229</u>
Furniture and Equipment, net	<u>-</u>	<u>13,367</u>
Total Assets	<u><u>\$ -</u></u>	<u><u>\$ 230,596</u></u>
 LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ -	\$ 1,371
Due to related affiliates	-	73,351
Total current liabilities	<u>-</u>	<u>74,722</u>
Net Assets:		
Without donor restrictions:		
Available for operations	-	124,874
Designated for programs	-	31,000
Total net assets	<u>-</u>	<u>155,874</u>
Total Liabilities and Net Assets	<u><u>\$ -</u></u>	<u><u>\$ 230,596</u></u>

See notes to audited financial statements.

THE ALAMO ENDOWMENT
Statements of Activities
Years Ended June 30, 2019 and 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>Year Ended June 30, 2019</u>			
Revenue and Other Support			
Contributions and donations	\$ -	\$ -	\$ -
Other revenue	15,176	-	15,176
Total revenue and other support	<u>15,176</u>	<u>-</u>	<u>15,176</u>
Expenses			
Program services	16,028	-	16,028
Management and general	17,877	-	17,877
Fundraising	1,873	-	1,873
Total expenses	<u>35,778</u>	<u>-</u>	<u>35,778</u>
Change in Net Assets	(20,602)	-	(20,602)
Net assets transferred to Remember the Alamo Foundation	(135,272)	-	(135,272)
Net assets at beginning of year	<u>155,874</u>	<u>-</u>	<u>155,874</u>
Net Assets at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Year Ended June 30, 2018</u>			
Revenue and Other Support			
Contributions and donations	\$ 31,015	\$ -	\$ 31,015
Other revenue	118,382	-	118,382
Total revenue and other support	<u>149,397</u>	<u>-</u>	<u>149,397</u>
Expenses			
Program services	65,080	-	65,080
Management and general	69,232	-	69,232
Fundraising	11,841	-	11,841
Total expenses	<u>146,153</u>	<u>-</u>	<u>146,153</u>
Change in Net Assets	3,244	-	3,244
Net assets transferred to Remember the Alamo Foundation	-	-	-
Net assets at beginning of year	<u>152,630</u>	<u>-</u>	<u>152,630</u>
Net Assets at End of Year	<u>\$ 155,874</u>	<u>\$ -</u>	<u>\$ 155,874</u>

See notes to audited financial statements.

THE ALAMO ENDOWMENT
Statements of Functional Expenses
Years Ended June 30, 2019 and 2018

	Program Services	Management and General	Fundraising	Total
<u>Year Ended June 30, 2019</u>				
Salaries and benefits	\$ -	\$ -	\$ -	\$ -
Alamo master plan expenses	4,862	-	-	4,862
Special projects	11,166	-	-	11,166
Legal and professional fees	-	12,887	-	12,887
Office expenses	-	722	-	722
Dues and subscriptions	-	450	-	450
Public relations and marketing	-	-	1,873	1,873
Equipment rental	-	-	-	-
Other expenses	-	10	-	10
Depreciation	-	3,808	-	3,808
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Expenses	<u>\$ 16,028</u>	<u>\$ 17,877</u>	<u>\$ 1,873</u>	<u>\$ 35,778</u>
 <u>Year Ended June 30, 2018</u>				
Salaries and benefits	\$ 40,991	\$ 14,927	\$ -	\$ 55,918
Alamo master plan expenses	24,089	-	-	24,089
Special projects	-	-	-	-
Legal and professional fees	-	29,820	-	29,820
Office expenses	-	12,882	-	12,882
Dues and subscriptions	-	83	-	83
Public relations and marketing	-	-	11,841	11,841
Equipment rental	-	5,671	-	5,671
Other expenses	-	-	-	-
Depreciation	-	5,849	-	5,849
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Expenses	<u>\$ 65,080</u>	<u>\$ 69,232</u>	<u>\$ 11,841</u>	<u>\$ 146,153</u>

See notes to audited financial statement.

THE ALAMO ENDOWMENT
Statements of Cash Flows
Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Operating Activities		
Change in net assets	\$ (20,602)	\$ 3,244
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	3,808	5,849
Change in operating assets and liabilities:		
Due from related affiliates	(30,000)	13,061
Accounts payable	(1,371)	(40,257)
Due to related affiliates	<u>(58,760)</u>	<u>69,009</u>
Net cash (used) provided by operating activities	(106,925)	50,906
Investing Activities		
Cash transfers to Remember the Alamo Foundation	<u>(35,263)</u>	-
Net cash (used) by investing activities	<u>(35,263)</u>	-
Net change in cash and cash equivalents	(142,188)	50,906
Cash and cash equivalents at beginning of year	<u>142,188</u>	<u>91,282</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ -</u></u>	<u><u>\$ 142,188</u></u>
Supplemental Disclosures		
Cash paid for interest	\$ -	\$ -
Cash paid for income taxes	-	-
Non-cash Investing Activities		
Net assets and liabilities transferred to Remember the Alamo Foundation	100,009	-

See notes to audited financial statements.

THE ALAMO ENDOWMENT
Notes to Audited Financial Statements
June 30, 2019 and 2018

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization: The Alamo Endowment (“the Endowment”) began operations on June 11, 2013 as a Texas 501(c)3 non-profit tax-exempt corporation. The Endowment was organized by the State of Texas General Land Office (GLO) to raise funds, provide resources, and support in order to advance the preservation, management, education, maintenance, operation and restoration of the Alamo shrine. The GLO contracted with The Alamo Endowment to assist in managing the operations of the Alamo, pursuant to a management contract between the Endowment and Alamo Trust, Inc. (“Alamo Trust”), a related affiliate.

Current Operations: On June 14, 2019, the Board of Directors approved a series of transactions that provided for and resulted in: (i) the Endowment no longer being the sole member of Alamo Trust, (ii) Alamo Trust and Remember the Alamo Foundation (“RTAF”) no longer being supporting organizations of the Endowment, and (iii) the formal transition of the Alamo Trust and RTAF from the control of the GLO to operating as separate not-for-profit organizations independent from Alamo Endowment and the GLO.

Concurrent with the above, the Board also approved the transfer of its remaining assets and liabilities to RTAF. This transfer included cash of \$35,263 (\$31,000 donor restricted), accounts receivable of \$101,437, fixed assets of \$9,559, other assets of \$3,605 and accounts payable of \$14,592, which totals to \$135,272 of net assets. Transferred amounts must continue to be expended in accordance with the donor’s original intent and purpose, and RTAF management has acknowledged this obligation. Alamo Trust will provide accounting, legal, audit, and tax compliance support to the Endowment to complete the transactions noted as (i), (ii), and (iii) in the preceding paragraph.

Alamo Endowment is expected to continue as an Organization, under the direction of GLO, but with limited operations as currently contemplated.

Basis of Presentation: The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U. S. generally accepted accounting principles (GAAP). Net assets, support and revenues, and expenses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in the general operations and not subject to donor restrictions. **Contributions gifted for recurring programs and mission of the Endowment generally are not considered “restricted” under GAAP**, though for internal reporting the Endowment tracks such contributions to verify the disbursement matches the intent. Assets restricted solely through the actions of the Board are reported as net assets without donor restrictions, board designated.

Net Assets With Donor Restrictions – Net assets subject to donor imposed restrictions that are more restrictive than the Endowment’s mission and purpose. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Revenue Recognition: Revenue is recognized when earned. Revenues from public donations are recognized in the period which they are received. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. Contributions received with donor restrictions whose restrictions are met in the same reporting period are generally reported as unrestricted support in the same reporting year.

THE ALAMO ENDOWMENT
Notes to Audited Financial Statements
June 30, 2019 and 2018

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Functional Allocation of Expenses: The costs of providing the services and other activities of the Endowment have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. These expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits which are allocated on the basis of time and effort.

Cash and Cash Equivalents: Cash and cash equivalents consist of petty cash, demand deposits and other cash accounts held by financial institutions with a maturity of three months or less.

Furniture and Equipment: Furniture and equipment is stated at cost. Depreciation is recorded using the straight-line method over the estimated life of the related assets, which generally range from three to seven years.

Advertising: Advertising (public relations and marketing) are expensed as incurred.

Income Taxes: The Endowment is a non-profit organization exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code and is not a "private foundation"; accordingly, donors of money and/or property are entitled to the maximum charitable contribution deduction allowed by law. The Endowment is not subject to Texas margin tax. Management is not aware of any tax positions that would have a significant impact on its financial position. Its tax returns since inception remain subject to examination.

Concentrations of Credit Risk: The Endowment has concentrations of credit risk with respect to its cash and cash equivalents. The Endowment periodically assesses the financial condition of the institutions.

Subsequent Events: Subsequent events have been evaluated by management through the date of the independent auditor's report. Material subsequent events are disclosed in Note F.

Use of Estimates: The preparation of the financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

New Accounting Pronouncements: In May 2014, the Financial Accounting Standards Board (FASB) issued a new accounting pronouncement regarding revenue recognition effective for reporting periods beginning after December 15, 2018. Management does not expect the new standard to have a significant impact to its financial position, results of operations and related disclosures.

In February 2016, the FASB issued a new accounting pronouncement regarding lease accounting for reporting periods beginning after December 15, 2020. A lessee will be required to recognize on the balance sheet the assets and liabilities for leases with lease terms of more than 12 months. Management does not expect the new standard to have a significant impact to its financial position, results of operations and related disclosures.

In June 2018, the FASB issued a new accounting pronouncement clarifying the scope and guidance for contributions received, effective for periods beginning after December 15, 2018 with early adoption permitted. The update assists organizations in 1) evaluating whether transactions should be accounted for as contributions or exchange transactions and 2) determine whether contributions are conditional. Management does not expect the new standard to have a significant impact to its financial position, results of operations and related disclosures.

THE ALAMO ENDOWMENT
Notes to Audited Financial Statements
June 30, 2019 and 2018

NOTE B – FURNITURE AND EQUIPMENT

Furniture and equipment consist of the following at June 30:

	<u>2019</u>	<u>2018</u>
Furniture and equipment	\$ -	\$ 19,966
Software	-	8,457
Less accumulated depreciation	-	<u>(15,056)</u>
	<u>\$ -</u>	<u>\$ 13,367</u>

NOTE C – DUE FROM/TO RELATED AFFILIATES

Due from/to related affiliates at June 30, 2018 represent amounts previously due from/to Alamo Trust Inc. and Remember the Alamo Foundation. As the assets and liabilities of the Endowment were transferred and assumed by Remember the Alamo Foundation, there are no due from/to balances reported at June 30, 2019.

NOTE D – NET ASSETS

Net assets include the following at June 30:

	<u>2019</u>	<u>2018</u>
Without donor restrictions, designated for programs:		
Cannon conservation	\$ -	\$ 10,000
Ultraviolet photography	-	10,000
Mexico City research	-	6,000
Education programs	-	<u>5,000</u>
	<u>\$ -</u>	<u>\$ 31,000</u>

NOTE E – OPERATING LEASES

The Endowment leased office equipment from a third party through June 30, 2018. Lease agreements previously held by the Endowment were assumed by Alamo Trust, Inc. effective July 1, 2018. Rent expense totaled \$5,671 for the year ended June 30, 2018 and \$0 for the year ended June 30, 2019.

THE ALAMO ENDOWMENT
Notes to Audited Financial Statements
June 30, 2019 and 2018

NOTE F – LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

Accounting Standards Update 2016-14 requires management to discuss its financial resources that are available as of year-end and which may be utilized for operations over the next twelve-month period. The Alamo Endowment was established by the GLO to raise funds, provide resources, and support for preserving the Alamo Shrine. As described in Note A, the assets and liabilities of the Endowment were transferred and assumed by Remember the Alamo Foundation. As such, the Endowment's on-going operating costs are expected to be limited.

NOTE G – SUBSEQUENT EVENT

On July 25, 2019, the GLO executed a Management Services Contract with Alamo Trust which assigned the rights and responsibilities of The Alamo Endowment, under its prior management contract with the GLO, to Alamo Trust.