

**ALAMO TRUST, INC. AND
REMEMBER THE ALAMO FOUNDATION**

CONSOLIDATED FINANCIAL STATEMENTS
August 31, 2023

ALAMO TRUST, INC. AND
REMEMBER THE ALAMO FOUNDATION
San Antonio, Texas

CONSOLIDATED FINANCIAL STATEMENTS
August 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Alamo Trust, Inc., and Remember the Alamo Foundation
San Antonio, Texas

Opinion

We have audited the consolidated financial statements of Alamo Trust, Inc. and Remember the Alamo Foundation, which comprise the consolidated statement of financial position as of August 31, 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the 14-months then ended, and the related notes to the financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Alamo Trust, Inc. and Remember the Alamo Foundation as of August 31, 2023, and the changes in their net assets and their cash flows for the 14-months then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Alamo Trust, Inc. and Remember the Alamo Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Alamo Trust, Inc. and Remember the Alamo Foundation's ability to continue as a going concern for one year from the date the consolidated financial statements are available to be issued.

(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Alamo Trust, Inc. and Remember the Alamo Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Alamo Trust, Inc. and Remember the Alamo Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedules on pages 17-18 are presented for purposes of additional analysis and are 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 other 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.



Crowe LLP

Austin, Texas
December 29, 2023

ALAMO TRUST, INC. AND REMEMBER THE ALAMO FOUNDATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
August 31, 2023

ASSETS

Cash and cash equivalents	\$ 5,396,205
Investments	24,415,626
Alamo Master Plan reimbursement receivable	
Texas General Land Office (GLO)	13,139,055
City of San Antonio	6,400,035
Accounts receivable, due from GLO:	2,227,650
Other receivables	23,850
Pledges receivable, net	14,470,448
Property and equipment, net	181,533
Prepaid expenses and other assets	155,368
Right of use assets	<u>345,313</u>
 Total assets	 <u><u>\$ 66,755,083</u></u>

LIABILITIES AND NET ASSETS

Liabilities	
Accounts payable	\$ 6,202,709
Accrued expenses	8,822,347
Deferred revenue	348,259
Right of use liabilities	<u>348,146</u>
Total liabilities	15,721,461
 Net assets	
Without donor restrictions	10,464,031
With donor restrictions	<u>40,569,591</u>
Total net assets	<u>51,033,622</u>
 Total liabilities and net assets	 <u><u>\$ 66,755,083</u></u>

See accompanying notes to consolidated financial statements.

ALAMO TRUST, INC. AND REMEMBER THE ALAMO FOUNDATION
CONSOLIDATED STATEMENT OF ACTIVITIES
For the 14-months ended August 31, 2023

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
Revenue and other support			
Contributions and donations	\$ 1,914,463	\$ 32,698,529	\$ 34,612,992
Membership revenue	143,250	-	143,250
Public tours	4,399,440	-	4,399,440
Rental revenues	737,273	-	737,273
Gift shop revenues	4,372,692	-	4,372,692
Facilities sublease revenues	55,856	-	55,856
State and city reimbursements	47,402,900	7,758,642	55,161,542
In-kind donations	3,552	-	3,552
Other revenue	477,670	-	477,670
Net assets released from restrictions	6,082,427	(6,082,427)	-
Total revenue and other support	65,589,523	34,374,744	99,964,267
Expenses			
Program services			
Alamo Plan	44,993,546	-	44,993,546
Other programs	13,723,582	-	13,723,582
Management and general	948,529	-	948,529
Fundraising	683,311	-	683,311
Total expenses	60,348,968	-	60,348,968
Change in net assets	5,240,555	34,374,744	39,615,299
Net assets at beginning of year	5,223,476	6,194,847	11,418,323
Net assets at end of year	\$ 10,464,031	\$ 40,569,591	\$ 51,033,622

See accompanying notes to consolidated financial statements.

ALAMO TRUST, INC. AND REMEMBER THE ALAMO FOUNDATION
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the 14-months ended August 31, 2023

	<u>Program Services</u>		<u>Supporting Services</u>		<u>Total</u>
	<u>Alamo Plan</u>	<u>Other Programs</u>	<u>Management and General</u>	<u>Fundraising</u>	
Contracted services	\$ 38,479,533	\$ 5,539,377	\$ 142,762	\$ 206,004	\$ 44,367,676
Salaries and benefits	3,989,446	5,107,201	602,308	405,837	10,104,792
Advertising	16,570	132,792	7,010	35,760	192,132
Bad debt	-	560,001	-	-	560,001
Bank fees	-	36,015	6,886	1,792	44,693
Collection acquisitions and restoration	288,671	49,174	-	-	337,845
Communications	13,953	110,105	29,698	2,935	156,691
Depreciation	-	24,823	-	-	24,823
Fundraising and development	-	74	-	745	819
General and administrative	206,002	373,142	20,762	6,007	605,913
Insurance	-	128,626	7,747	1,260	137,633
Rentals, equipment, and operating	1,822,405	587,549	42,746	4,854	2,457,554
Repairs and maintenance	10,529	256,433	2,705	-	269,667
Supplies	166,437	167,199	13,957	2,240	349,833
Travel	-	240,728	71,948	15,877	328,553
Utilities	-	410,343	-	-	410,343
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenses	<u>\$ 44,993,546</u>	<u>\$ 13,723,582</u>	<u>\$ 948,529</u>	<u>\$ 683,311</u>	<u>\$ 60,348,968</u>

See accompanying notes to consolidated financial statements.

ALAMO TRUST, INC. AND REMEMBER THE ALAMO FOUNDATION
CONSOLIDATED STATEMENT OF CASH FLOWS
For the 14-months ended August 31, 2023

Cash flows from operating activities	
Change in net assets	\$ 39,615,299
Adjustments to reconcile change in net assets to net cash from operating activities:	
Depreciation	24,823
Realized investment gains	(76,225)
Change in operating assets and liabilities:	
Alamo Master Plan reimbursement receivables	(14,616,818)
Accounts receivable, due from GLO	3,567,811
Pledges receivable, net	(12,107,379)
Other receivables	829,129
Prepaid expenses and other assets	(140,553)
Accounts payable	2,144,884
Accounts payable, due to GLO	(7,783)
Accrued expenses	4,513,679
Deferred revenue	348,259
Operating lease assets and liabilities, net	2,833
Net cash from operating activities	<u>24,097,959</u>
Cash flows from investing activities	
Purchases of property and equipment	(64,242)
Purchases of investments	(27,155,906)
Sales of investments	2,816,505
Net cash from investing activities	<u>(24,403,643)</u>
Cash flows from financing activities	
Payments on GLO management contract advance	(2,336,289)
Net cash from financing activities	<u>(2,336,289)</u>
Net change in cash and cash equivalents	(2,641,973)
Cash and cash equivalents at beginning of year	<u>8,038,178</u>
Cash and cash equivalents at end of year	<u><u>\$ 5,396,205</u></u>

See accompanying notes to consolidated financial statements.

ALAMO TRUST, INC. AND REMEMBER THE ALAMO FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
August 31, 2023

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Alamo Trust, Inc. (“ATI”) began operations as Alamo Complex Management on July 11, 2015 with the transfer of \$533,237 in net assets from The Daughters of the Republic of Texas, the previous manager of the Alamo shrine. Under a management contract with the Texas General Land Office (GLO), ATI manages and operates the day-to-day activities of the Alamo shrine, including personnel, education, grounds, maintenance, security, events, and programming.

Remember the Alamo Foundation (the “Foundation” or “RTAF”) began operations on July 6, 2015. The Foundation was created for charitable and educational purposes, and is committed to fundraising for the Alamo shrine, as well as the development of a long-range plan for the Alamo shrine and the adjacent property surrounding the current Alamo footprint.

Both ATI and RTAF are Texas corporations recognized as 501(c)(3) tax exempt entities by the Internal Revenue Service.

Change in Fiscal Year End: The Board of Directors of ATI approved a prospective change in its fiscal year, effective beginning July 1, 2022, from a fiscal year-ending June 30 to August 31. These financial statements present this transition by reporting on the 14 months ended August 31, 2023. ATI believes this change will provide numerous benefits, including aligning its report period with programs and operations, and consistency with the GLO’s year-end.

Basis of Consolidation: The consolidated financial statements include Alamo Trust, Inc., and Remember the Alamo Foundation, and are collectively referred to as the “Organization”. All balances and transactions between the consolidating entities have been eliminated.

The Alamo Shrine: The Alamo Shrine (the “Alamo”) and its footprint in San Antonio is a Texas historical landmark and is owned by the citizens of the state of Texas and provided oversight by the GLO.

Alamo Plan: The effort to preserve and restore the Alamo is called the Alamo Plan. It is the ongoing effort to restore dignity and reverence to the Alamo and to tell its full story through the following four (4) pillars: 1) ensure the preservation of the three-hundred (300) year old Church and Long Barrack, 2) recapture as much of the original mission site and battlefield footprint as possible, 3) create a Visitor Center & Museum along with redeveloping the Upper and Lower Paseo green spaces, and 4) renovate and restore the grounds and gardens, including the addition of the Alamo Collections Center and the Alamo Education Center. This transformational Alamo Plan construction and renovation project will be fulfilled through a combination of public and private dollars and managed by ATI with support from RTAF fundraising and grant revenues.

Basis of Presentation: The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with United States generally accepted accounting principles (GAAP). All significant inter-organization balances and transactions have been eliminated. Net assets, revenues and support, 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 that are not subject to donor-imposed stipulations and may be expended for any purpose in performing the primary objectives of the Organization. Assets restricted solely through the actions of the Board are reported as net assets without donor restrictions, designated for programs and mission.
- *Net Assets With Donor Restrictions* – Net assets subject to donor-imposed restrictions by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

(Continued)

ALAMO TRUST, INC. AND REMEMBER THE ALAMO FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
August 31, 2023

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Revenue Recognition: Revenues from annual memberships, which are nonrefundable, are comprised of an exchange element based on the value of benefits provided, which include an annual event for members. Revenues from memberships are recognized over the period covered by their membership, and the value of the event obligation is recognized at the time the event occurs. Revenue from public tours are recognized at the time of tour (the performance obligation), generally occurring immediately after purchase. Revenues from venue rentals are recognized based on the terms of rental and usage agreements and are generally recognized on the date the venue is rented, and venue deposits are deferred until the event occurs. Revenues from gift shop sales are recognized at the time of each sale. Revenues from facility subleases are recognized over the period of the lease terms.

Contributions: Contributions are reported as support and revenue when received. Such amounts are reported as support with or without donor restrictions, depending on the existence and/or nature of any donor restriction. Contributions that are restricted by the donor are reported as an increase in net assets with donor restrictions in the reporting period in which the support is recognized. When a time or purpose restriction expires, net assets with donor restrictions for time or purpose are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Contributions received with restrictions whose restrictions are met in the same reporting period are generally reported as unrestricted support. Conditional promises to give – that is those with a measurable performance or other barrier and a right of return – are not recognized until the conditions upon which they depend have been met.

Gifts of equipment and other similar assets are reported at estimated fair value as support without restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used are reported as support with restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

Functional Allocation of Expenses: The costs of providing the services and other activities of the Organization have been summarized on a functional basis in the consolidated statement 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 estimates 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.

Accounts Receivable: Account receivable are stated at outstanding principal, net of an allowance for doubtful accounts. The allowance is determined based on an account-by-account review as well as historical trends. Accounts are charged off when collection efforts have failed, and the account is deemed uncollectible. No allowance was deemed necessary for the 14-months ended August 31, 2023. Interest is not generally charged on accounts receivable.

(Continued)

ALAMO TRUST, INC. AND REMEMBER THE ALAMO FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
August 31, 2023

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

Pledges Receivable: Pledges receivable represent amounts receivable from individual donors for the Foundation. For the 14-months ended August 31, 2023, the Organization had pledges receivable of \$14,470,448. Pledges receivable are stated at the amount management expects to collect, net of discounts for the present value of amounts to be received later than one year after the date of the statement of financial position.

Investments: Investments are reported at their fair value based on quoted market prices in the consolidated statement of financial position. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments. These investments are initially recorded at cost if they were purchased or at their fair value on the date of the gift if they were received as a donation. Realized and unrealized gains and losses are included in other revenues on the consolidated statement of activities.

Property 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.

Leases: At the inception of an arrangement, the Organization determines if an arrangement is a lease based on all relevant facts and circumstances. Leases are classified as operating or finance leases at the lease commencement date. Operating leases are included in operating right-of-use (“ROU”) assets and operating lease liabilities in the consolidated statement of financial position. Lease expense for operating leases is recognized on a straight-line basis over the lease term. Leases with a term of 12 months or less (short-term leases) are not recorded on the consolidated statement of financial position.

ROU assets represent the Organization’s right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. ROU assets and lease liabilities are recognized at the lease commencement date based on the estimated present value of lease payments over the lease term. ROU assets are adjusted by the unamortized balance of lease incentives and accrued rent.

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

Income Taxes: Each entity included in this consolidation is a non-profit organization exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code, and are not “private foundations”; accordingly, donors of money and/or property are entitled to the maximum charitable contribution deduction allowed by law. The Organization 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 for the last four years remain subject to examination.

Donated Services: ATI benefits from the assistance of many volunteers. In accordance with GAAP, the value of contributed services received are recognized if they (a) create or enhance a nonfinancial asset or (b) required specialized skills, provided by individuals possessing those skills, that would be purchased if they were not donated. Volunteer hours totaled approximately 8,000 for the 14-months ended August 31, 2023. However, since the volunteer assistance received by ATI does not meet the above criteria, a value is not assigned and recognized in these financial statements.

Retirement Plan: The Organization provides a 401(k) plan (the Plan) for its full-time employees. Employees are automatically enrolled in the Plan on the first of the month following date of hire, regardless of age or time of service. Employees may contribute up to 100% of their compensation, subject to certain limitations of the IRS. The Organization contributed matching and discretionary contributions of \$144,014 during the 14-months ended August 31, 2023.

(Continued)

ALAMO TRUST, INC. AND REMEMBER THE ALAMO FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
August 31, 2023

NOTE 1 – NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)

State Reimbursements: ATI provides services under management contract relationships with the City of San Antonio (COSA) and the GLO, and is therefore, considered a vendor with respect to these services. State reimbursements under these vendor relationships are not subject to the State Single Audit requirements.

Use of Estimates: The preparation of the 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 at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Recently Implemented Accounting Pronouncements: In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. The ASU requires most leases to be recognized on the statements of financial position as lease assets and lease liabilities and will require both quantitative and qualitative disclosures regarding key information about leasing arrangements. Lessor accounting is largely unchanged. The ASU is effective for the Organization in the 14-months ended August 31, 2023. The impact of this pronouncement was considered at Note 8 and resulted in recording \$345,313 of right-of-use (ROU) assets and \$348,147 in ROU liabilities at 14-months ended August 31, 2023. Adoption of this standard did not have a material impact on the Organization's results or operations or cash flows.

NOTE 2 – LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

The Organization's financial assets available within one year of the date of the statement of financial position for general expenditure are as follows:

Financial assets available for expenditure at fiscal year-end:	
Cash and cash equivalents	\$ 5,396,205
Accounts receivable, due from GLO	2,227,650
Other receivables	<u>23,850</u>
Total financial assets available for general expenditure within one year	<u>\$ 7,647,705</u>

The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves as necessary to provide reasonable assurance that long-term obligations will be met. In order to determine these reserves, the Organization's Board of Directors analyzes the current year budgeted to actual amounts and the approved forecast for the upcoming year.

(Continued)

ALAMO TRUST, INC. AND REMEMBER THE ALAMO FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
August 31, 2023

NOTE 3 – FAIR VALUE MEASUREMENTS

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The fair value three tier hierarchy requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs that may be used to measure fair value are as follows:

- *Level 1* – Quoted market prices in active markets for identical assets or liabilities.
- *Level 2* – Inputs other than Level 1 inputs that are either directly or indirectly observable such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable; or other inputs not directly observable, but derived principally from, or corroborated by market data.
- *Level 3* – Unobservable inputs that are supported by little or no market activity.

There were no such investments at year-end.

ATI's investments valued at NAV included funds focused on securities issued by the U.S. Government or its agencies, certificates of deposit, repurchase agreements, commercial paper and municipal securities, totaling \$24,415,626 at August 31, 2023. These funds do not require a capital commitment. At August 31, 2023, these investments were available to be redeemed on demand.

The following summarizes the return on investments as of August 31, 2023:

Balance at July 1, 2022	\$ -
Purchases	27,155,906
Sales	(2,816,505)
Realized gains	<u>76,225</u>
Balance at August 31, 2023	<u>\$ 24,415,626</u>

NOTE 4 – PLEDGES RECEIVABLE

Pledges receivable consists of the following at August 31, 2023:

Pledges receivable	\$ 3,813,166
Amount to be collected one to five years	<u>11,572,668</u>
Total pledges receivable	15,385,834
Less: discount on pledges	<u>(915,386)</u>
Total pledges receivable, net	<u>\$ 14,470,448</u>

Management performed a risk-based analysis and determined the appropriate discount rate for this pledge was 4.09%.

(Continued)

ALAMO TRUST, INC. AND REMEMBER THE ALAMO FOUNDATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
August 31, 2023

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consists of the following at August 31, 2023:

Furniture and equipment	\$ 49,972
Software	200,507
Total property and equipment	<u>250,479</u>
Less accumulated depreciation	<u>(68,946)</u>
Property and equipment, net	<u><u>\$ 181,533</u></u>

Depreciation expense for the 14-months ended August 31, 2023 amounted to \$24,823.

NOTE 6 – NET ASSETS WITH RESTRICTIONS

Net assets with restrictions include the following at August 31, 2023:

Net assets with donor restrictions	
Alamo Plan	\$ 29,198,121
Education Center	5,105,866
Exhibit Hall Collections Building	666,806
Garden Courtyard	2,000,000
Sacristy	89,156
Diorama restoration	500,000
Visitor Center	345,909
Other	<u>2,663,733</u>
Total net asset with donor restrictions	<u><u>\$ 40,569,591</u></u>

NOTE 7 – NET ASSETS RELEASED FROM RESTRICTIONS

Net assets released from restrictions during the 14-months ended August 31, 2023, were as follows:

Net asset releases	
Alamo Plan	\$ 1,050,000
Education Center	105,400
Exhibit Hall Collections Building	1,700,000
Garden Courtyard	1,000,000
Sacristy	150,000
Visitor Center	100,000
Terrace Club	1,000,000
Other	<u>977,027</u>
Total net asset releases	<u><u>\$ 6,082,427</u></u>

(Continued)

NOTE 8 – COMMITMENTS AND CONTINGENCIES

Alamo Plaza Grounds Operating Sublease: Pursuant to a city ordinance, the City of San Antonio and the GLO entered into a Ground Lease and Management Agreement commencing January 1, 2019. Under this Agreement, the GLO subleases certain rights and interests of certain property in the Alamo Plaza to ATI at the nominal annual amount of \$10. The GLO may elect to terminate this sublease, with or without cause, at any time with 60 days written notice. No amount has been recognized in these financial statements as either contribution revenue or lease expense as the estimated fair value of the lease is not readily determinable.

Legal Contingencies: The Organization is occasionally involved in litigation, claims and assessments arising in the normal course of business. Although as of the date of this report the Organization is involved in several suits and claims, management does not believe any such matters will have a material impact on its financial condition.

Cooperative Agreement on October 15, 2015: This Agreement made between the GLO, COSA and ATI is to preserve and honor the historic Alamo Complex site and develop a reverent, educational atmosphere which more accurately and appropriately interprets the 1836 battle. Through this Agreement, ATI has been given the authority by the GLO and COSA to manage and direct obligation for the development, design, construction and implementation of a comprehensive interpretive plan, the Alamo Plan in San Antonio, Texas.

Amended and Restated Ground Lease and Management Agreement executed on June 1, 2021: COSA owns Alamo Plaza, the streets surrounding the Alamo Church and Plaza, the Cenotaph, and the areas surrounding the Cenotaph. Therefore, this Agreement made between COSA and the GLO is for the GLO to lease certain properties from COSA, including Alamo Plaza and portions of the original 1836 battlefield site in furtherance of the Alamo Plan. The original Ground Lease and Management Agreement executed on October 18, 2018, contemplated the leasing of said premises from January 1, 2019, through December 31, 2068, and the dates remain in effect under the Amended Agreement which in essence simply updated the Alamo Plan.

Memorandum of Understanding executed on July 24, 2019: This Agreement made between the GLO and ATI memorializes ATI's commitment to organize and implement a state-wide capital campaign to raise private donations with a campaign goal of \$150,000,000, of which \$15,000,000 would be retained and managed as an endowment to be utilized in the future to pay for the maintenance and upkeep of the new Alamo Visitor Center and Museum.

Memorandum of Understanding executed on July 30, 2019: This Agreement made between COSA and ATI memorializes COSA's and ATI's agreements within the Cooperative and Ground Lease and Management Agreements, as well as provides assurance for the payment/reimbursement to ATI from COSA's appropriated aggregate of \$38,000,000 comprised of (i) \$17,000,000 in Certificates of Obligations from the 2016 capital budget, (ii) \$13,700,000 Million Dollars from the 2017 Bond Program for the Alamo Area Streets in a Street, Bridges and Sidewalks Improvements Proposition, and (iii) \$7,300,000 from the 2017 Bond Program for Alamo Area Streets in a Street, Bridges and Sidewalks Improvements Proposition (Bond Funds) to the cost of constructing improvement on the leased premises described in said Agreement consistent with the Alamo Plan. This MOU shall remain in effect until January 1, 2024, or until termination of the Cooperative Agreement by ATI, or until termination of the Lease Agreement, whichever of these events occurs first.

(Continued)

NOTE 8 – COMMITMENTS AND CONTINGENCIES (Continued)

Amended and Restated Management Services Contract executed on December 19, 2022: This Agreement made between the GLO and ATI sets forth that will manage and operate the Alamo in San Antonio, Texas on behalf of the GLO. The original Management Services Contract executed on July 25, 2019, contemplated said day-to-day management and operations of the Alamo by ATI as provider. The effective date of this management under the Amended Contract now extends to June 30, 2027, and states that if ATI is in compliance with the Contract, it will automatically extend for successive 5 year periods. Through this contract ATI agreed to engage in a statewide fundraising effort to solicit private donations to fund the construction of the new Visitors Center and Museum (VCM), and an endowment to assist the GLO in the long-term success and economic viability of the Alamo as a Museum.

Under Amendment #1 of the original Management Services Contract executed on February 10, 2021, the GLO funded an advance amount of \$2,586,289 to ATI, representing February through July 2021 revenues that would normally be realized by ATI, less 10%, prior to the COVID-19 pandemic. These funds were used solely for the Alamo's operational expenses.

Under Amendment #2 of the original Management Services Contract executed on August 25, 2021, the GLO funded an amount of \$3,035,000, providing \$1,500,000 of funding to be spent towards projected operating expenditures, as well as \$1,535,000 for salaries specified for up to 4 calendar years after the effective date.

Under Amendment #3 of the original Management Services Contract executed on March 1, 2022, ATI was to return to the GLO \$250,000 by February 28, 2022, and \$2,336,289 by February 28, 2023, of the advance amount under Amendment #1. ATI has fulfilled these two returns of funds to the GLO, and no further obligations remain under this Amendment #3.

During the fiscal year ended August 31, 2023, the GLO continued to support the Alamo Plan and assists ATI in funding its operations and maintenance costs.

Commitments for Construction: At August 31, 2023, ATI had commitments of approximately \$37,000,000 for Alamo Plan costs, including design, architect, engineering, construction and acquisition of property and equipment, all of which are expected to be incurred during the next 4 to 5 years. As of the date of issuance, ATI \$307,500,000 of commitments related to the Alamo Plan. Also, in connection with the Alamo Plan expansion, during the 14-months ended August 31, 2023, the GLO appropriated \$400,000,000 toward the Alamo Plan projects. This \$400,000,000, in addition to approximately \$8,000,000 already received and another \$26,500,000 in funds still available from prior appropriations, plus approximately \$15,000,000 from Bexar County, approximately \$17,000,000 remaining from the City of San Antonio, and \$23,000,000 from donor funds raised, are all planned sources of funds to fulfill these commitments.

Payments from the City and State (through the GLO) are contingent upon ATI submitting documentation showing expenses are for approved/allowable expenses. With a pre-approved Memorandum of Understanding, the City of San Antonio will pay for expenses in advance of payment to vendors by ATI. Receipt of funds from the GLO is contingent upon ATI first paying for allowable expenses and then submitting proper documentation, including proof of payment to request reimbursement of those expenses. Funds from the County are released in the amount of \$5,000,000 per year, contingent upon ATI having at least \$5,000,000 per year in matching funds (including donations and State funding). Donor funds are still being raised and are ultimately contingent upon pledge payments received.

Additionally, RTAF continues to work on goal to raise a total of \$150,000,000 from donors, with approximately \$35,500,000 raised through August 31, 2023, and another \$7,650,000 raised through the date of issuance. Funds available from pledges is contingent on donor pledge payments.

(Continued)

NOTE 8 – COMMITMENTS AND CONTINGENCIES (Continued)

Alamo Plaza Lease: Under a separate agreement, the GLO leases to ATI the premises in the Alamo Plaza, including the Crockett, Old Palace, and Woolworth buildings. On August 1, 2020, the lease was restated to include approximately 9,645 usable square feet in the Crockett Block, which consists generally of La Vista Terrace on the roof of the Crockett Building, certain related interior space on the third floor of the Palace Building, and seven suites on the first and second floor of the Crockett Building. The restated lease expires December 31, 2023. These premises are anticipated to be redeveloped into the Alamo Museum, in accordance with the Alamo Plan. The GLO leases these premises for \$1 per year, with an initial term of 50 years. The lease includes two options to extend the term for 25 years and 24 years consecutively. No amount has been recognized in these financial statements as either contribution revenue or lease expense as the estimated fair value of the lease is not readily determinable.

NOTE 9 – CONCENTRATIONS OF CREDIT RISK

The Organization has concentrations of credit risk with respect to its cash and cash equivalents. The Organization maintains cash deposits with major banks which, from time-to-time, may exceed federally insured limits. The Organization periodically assesses the financial condition of the institutions and believes the risk of any loss is minimal.

NOTE 10 – LEASES

ATI leases office and museum tour equipment from third parties. Maturities of lease liabilities were as follows as of August 31, 2023:

2024	\$	82,315
2025		130,384
2026		<u>135,447</u>
Total	<u>\$</u>	<u>348,146</u>

ATI's lease agreements do not provide an implicit rate, as such ATI elected to use the risk-free rate based on the information available at the adoption date in determining the present value of lease payments. The weighted-average remaining lease term in years is 2.7. The weighted average discount rate is 4.33%.

Fixed lease payments are recognized as operating lease cost on a straight-line basis over the lease term. ROU assets are periodically evaluated for impairment. ATI's net lease cost was \$255,545 for the 14-months ended August 31, 2023.

NOTE 11 – SUBSEQUENT EVENTS

Management has performed an analysis of the activities and transactions subsequent to August 31, 2023, to determine the need for any adjustments or disclosures to the consolidated financial statements for 14-months ended August 31, 2023. Management has performed their analysis through December 29, 2023, the date the consolidated financial statements were available to be issued. As discussed in Note 8, the Organization had entered into an additional \$270,500,000 of contracts related to the Alamo Plan as of the date of issuance.

SUPPLEMENTARY INFORMATION

ALAMO TRUST, INC. AND REMEMBER THE ALAMO FOUNDATION
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
August 31, 2023

	<u>Alamo Trust, Inc.</u>	<u>Remember the Alamo Foundation</u>	<u>Eliminations</u>	<u>Consolidated Total</u>
ASSETS				
Cash and cash equivalents	\$ 3,198,100	\$ 2,198,105	\$ -	\$ 5,396,205
Investments	10,714,389	13,701,237		24,415,626
Alamo Master Plan reimbursement receivable:				
Texas General Land Office (GLO)	13,139,055	-	-	13,139,055
City of San Antonio	6,400,035	-	-	6,400,035
Accounts receivable, due from GLO	2,227,650	-	-	2,227,650
Other receivables	23,850	-	-	23,850
Pledges receivable, net	-	14,470,448	-	14,470,448
Accounts receivable, intercompany	805,004	20,085	(825,089)	-
Property and equipment, net	175,222	6,311	-	181,533
Right of use assets	345,313	-	-	345,313
Prepaid expenses and other assets	<u>118,742</u>	<u>36,626</u>	<u>-</u>	<u>155,368</u>
 Total assets	 <u>\$ 37,147,360</u>	 <u>\$ 30,432,812</u>	 <u>\$ (825,089)</u>	 <u>\$ 66,755,083</u>
LIABILITIES AND NET ASSETS				
Liabilities				
Accounts payable	\$ 6,190,832	\$ 11,877	\$ -	\$ 6,202,709
Accounts payable, intercompany	20,085	805,004	(825,089)	-
Accrued expenses	8,822,347	-	-	8,822,347
Deferred revenue	-	348,259	-	348,259
Right of use liabilities	<u>348,146</u>	<u>-</u>	<u>-</u>	<u>348,146</u>
Total liabilities	15,381,410	1,165,140	(825,089)	15,721,461
Net assets				
Without donor restrictions	7,665,360	2,798,671	-	10,464,031
With donor restrictions	<u>14,100,590</u>	<u>26,469,001</u>	<u>-</u>	<u>40,569,591</u>
Total net assets	<u>21,765,950</u>	<u>29,267,672</u>	<u>-</u>	<u>51,033,622</u>
 Total liabilities and net assets	 <u>\$ 37,147,360</u>	 <u>\$ 30,432,812</u>	 <u>\$ (825,089)</u>	 <u>\$ 66,755,083</u>

ALAMO TRUST, INC. AND REMEMBER THE ALAMO FOUNDATION
CONSOLIDATING STATEMENT OF ACTIVITIES
August 31, 2023

	Alamo Trust, Inc.	Remember the Alamo Foundation	Eliminations	Consolidated Total
Revenue and other support				
Contributions and donations	\$ 17,178	\$ 34,595,814	\$ -	\$ 34,612,992
Membership revenue	-	143,250	-	143,250
Public tours	4,399,440	-	-	4,399,440
Rental revenues	737,273	-	-	737,273
Gift shop revenues	4,372,692	-	-	4,372,692
Facilities sublease revenues	55,856	-	-	55,856
State and city reimbursements	55,161,542	-	-	55,161,542
In-kind donations	3,552	-	-	3,552
Related party revenues	11,247,360	-	(11,247,360)	-
Other revenue	229,804	247,866	-	477,670
Total revenue and other support	<u>76,224,697</u>	<u>34,986,930</u>	<u>(11,247,360)</u>	<u>99,964,267</u>
Expenses				
Program services				
Alamo Plan	44,793,546	11,447,360	(11,247,360)	44,993,546
Other programs	13,579,777	143,805	-	13,723,582
Management and general	884,028	64,501	-	948,529
Fundraising	416,314	266,997	-	683,311
Total expenses	<u>59,673,665</u>	<u>11,922,663</u>	<u>(11,247,360)</u>	<u>60,348,968</u>
Change in net assets	16,551,032	23,064,267	-	39,615,299
Net assets at beginning of year	<u>5,214,918</u>	<u>6,203,405</u>	<u>-</u>	<u>11,418,323</u>
Net assets at end of year	<u>\$ 21,765,950</u>	<u>\$ 29,267,672</u>	<u>\$ -</u>	<u>\$ 51,033,622</u>