

THE ALAMO ENDOWMENT

Audited Financial Statements

June 30, 2016

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
San Antonio, 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, 2016 and 2015, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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, 2016 and 2015, 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
September 23, 2016

THE ALAMO ENDOWMENT
Statements of Financial Position
June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 991,997	\$ 996,128
Pledges receivable, net	105,000	255,000
Inventory	1,500	1,500
Total current assets	<u>1,098,497</u>	<u>1,252,628</u>
Furniture and Equipment, net	<u>10,077</u>	<u>13,399</u>
Total Assets	<u><u>\$ 1,108,574</u></u>	<u><u>\$ 1,266,027</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 56,115	\$ 12,341
Net Assets:		
Unrestricted	947,459	998,686
Temporarily restricted	105,000	255,000
Total Net Assets	<u>1,052,459</u>	<u>1,253,686</u>
Total Liabilities and Net Assets	<u><u>\$ 1,108,574</u></u>	<u><u>\$ 1,266,027</u></u>

See notes to audited financial statements.

THE ALAMO ENDOWMENT
Statement of Activities
Year Ended June 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue and Other Support			
Contributions and pledges	\$ 45,812	\$ -	\$ 45,812
Interest income	122	-	122
Total revenue and other support	<u>45,934</u>	<u>-</u>	<u>45,934</u>
Expenses			
Program services	-	-	-
Management and general	247,161	-	247,161
Fundraising	-	-	-
Total expenses	<u>247,161</u>	<u>-</u>	<u>247,161</u>
Change in Net Assets	(201,227)	-	(201,227)
Net assets released from restrictions	150,000	(150,000)	-
Net assets at beginning of year	<u>998,686</u>	<u>255,000</u>	<u>1,253,686</u>
Net Assets at End of Year	<u>\$ 947,459</u>	<u>\$ 105,000</u>	<u>\$ 1,052,459</u>

See notes to audited financial statements.

THE ALAMO ENDOWMENT
Statement of Activities
Year Ended June 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenue and Other Support			
Contributions and pledges	\$ 551,332	\$ 255,000	\$ 806,332
Contributions, in kind	6,527	-	6,527
Special events, net of expenses of \$82,137	348,013	-	348,013
Interest income	59	-	59
Total revenue and other support	<u>905,931</u>	<u>255,000</u>	<u>1,160,931</u>
Expenses			
Program services	-	-	-
Management and general	21,334	-	21,334
Fundraising	-	-	-
Total expenses	<u>21,334</u>	<u>-</u>	<u>21,334</u>
Change in Net Assets	884,597	255,000	1,139,597
Net assets released from restrictions	31,000	(31,000)	-
Net assets at beginning of year	<u>83,089</u>	<u>31,000</u>	<u>114,089</u>
Net Assets at End of Year	<u>\$ 998,686</u>	<u>\$ 255,000</u>	<u>\$ 1,253,686</u>

See notes to audited financial statements.

THE ALAMO ENDOWMENT
Statements of Functional Expenses
Years Ended June 30, 2016 and 2015

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
<i>Year Ended June 30, 2016</i>				
Office expenses	\$ -	\$ 60,295	\$ -	\$ 60,295
Professional fees	-	178,130	-	178,130
Marketing and promotion	-	5,262	-	5,262
Other expenses	-	152	-	152
Depreciation	-	3,322	-	3,322
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses	<u>\$ -</u>	<u>\$ 247,161</u>	<u>\$ -</u>	<u>\$ 247,161</u>
 <i>Year Ended June 30, 2015</i>				
Office expenses	\$ -	\$ 4,346	\$ -	\$ 4,346
Professional fees	-	16,468	-	16,468
Other expenses	-	200	-	200
Depreciation	-	320	-	320
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenses	<u>\$ -</u>	<u>\$ 21,334</u>	<u>\$ -</u>	<u>\$ 21,334</u>

See notes to audited financial statements.

THE ALAMO ENDOWMENT
Statements of Cash Flows
Years Ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Operating Activities		
Change in net assets	\$ (201,227)	\$ 1,139,597
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	3,322	320
In-kind contributions of furniture and inventory	-	(6,527)
Change in operating assets and liabilities:		
Pledges receivable	150,000	(224,000)
Prepaid expenses	-	8,000
Accounts payable	43,774	12,341
Deferred revenue	-	(2,450)
Net cash provided (used) by operating activities	<u>(4,131)</u>	<u>927,281</u>
Investing Activities		
Purchases of furniture and equipment	-	(8,692)
Net cash (used) by investing activities	<u>-</u>	<u>(8,692)</u>
Net change in cash and cash equivalents	(4,131)	918,589
Cash and cash equivalents at beginning of year	<u>996,128</u>	<u>77,539</u>
Cash and Cash Equivalents at End of Year	<u>\$ 991,997</u>	<u>\$ 996,128</u>
Supplemental Disclosures		
Cash paid for interest	\$ -	\$ -
Cash paid for income taxes	-	-
Non-cash donated goods	-	6,527

See notes to audited financial statements.

THE ALAMO ENDOWMENT
Notes to Audited Financial Statements
June 30, 2016 and 2015

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 Commissioner of the State of Texas General Land Office (GLO) has the authority to nominate members of the Board of Directors. The Endowment was created for charitable and educational purposes to assist the GLO in the preservation, management, education, maintenance, operation and restoration of the Alamo Complex. Under a management agreement executed between The Alamo Endowment and Alamo Complex Management (ACM), the Endowment delegated to ACM the day-to-day management of The Alamo, including personnel, education, grounds, maintenance, security, events and programming.

Alamo Complex Management and Remember the Alamo are considered related parties to the Endowment. Both are 501(c)3 organizations with Boards appointed by the GLO and which also have as an overarching mission the historical preservation of The Alamo in San Antonio, Texas.

Basis of Presentation: The accompanying financial statements are prepared on the accrual basis of accounting in accordance with U. S. generally accepted accounting principles.

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:

Unrestricted: Net assets that are not subject to donor-imposed restrictions.

Temporarily Restricted: Net assets subject to donor-imposed restrictions that fall outside the normal and reoccurring management and preservation of The Alamo, and will be met by actions of the Endowment and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted: Net assets subject to donor-imposed stipulations that they be maintained permanently by the Endowment. Generally, the donors of these assets permit the Endowment to use all or part of the income earned on any related investments for general or specific purposes. There were no permanently restricted net assets as of June 30, 2016 and 2015.

Revenue Recognition: Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by donor stipulation or by law.

Contributions: Contributions are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit their use to something outside the normal and reoccurring management and preservation of The Alamo. When the donor restriction is satisfied (as to either time or purpose), temporarily restricted net assets are reclassified as unrestricted net assets and reported in the accompanying statement of activities as net assets released from restrictions. All unconditional contributions are included in revenue of unrestricted net assets at the time they are received.

Gifts of equipment and other similar assets are reported at estimated fair value as unrestricted support 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 restricted support. 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.

Special Events: Costs associated with Special Events are netted against the related revenue.

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

THE ALAMO ENDOWMENT
Notes to Audited Financial Statements
June 30, 2016 and 2015

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – continued

Pledges Receivable: Pledges receivable are reported at outstanding principal, net of an allowance for doubtful accounts. The allowance is generally determined based on an account by account review and historical trends. An allowance was not required at June 30, 2016 and 2015.

Inventory: Inventory consists of goods donated to the Endowment for the purpose of auctioning or raffling at special events. These donations are recorded at fair value as of the date of the donation and are reported as in-kind contributions in the Statement of Activities and inventory in the Statement of Financial Position.

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

Joint Costs: Special event expenses totaled \$-0- in 2016 and \$82,137 in 2015 and are considered joint costs, and are netted against special event revenue.

Advertising: Advertising, including marketing and promotion, are expensed as incurred and totaled \$5,262 in 2016 and \$450 in 2015.

Income Taxes: The Endowment is a non-profit organization exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code. The Endowment 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 and pledges receivable. The Endowment maintains cash deposits with major banks which, from time-to-time, may exceed federally insured limits. The Endowment periodically assesses the financial condition of the institutions and believes the risk of any loss is minimal. Concentrations of credit risk with respect to pledges receivable are limited since amounts are generally due from a large number of individual donors or corporations.

Subsequent Events: Subsequent events have been evaluated by management through the date of the independent auditor's report. There are no material subsequent events to disclose in a separate footnote to these financial statements.

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, 2019. 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 is currently evaluating the effect this pronouncement will have on the financial statements and related disclosures.

In August 2016, the FASB issued a new accounting pronouncement regarding reporting and disclosure requirements for not-for-profit organizations, effective for periods beginning after December 15, 2017, with early application permitted. Management is currently evaluating the effect this pronouncement will have on the financial statements and related disclosures.

THE ALAMO ENDOWMENT
Notes to Audited Financial Statements
June 30, 2016 and 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

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.

NOTE B – PLEDGES RECEIVABLE

Pledges receivable are as follows at June 30:

	<u>2016</u>	<u>2015</u>
Receivable in less than one year	\$ 105,000	\$ 150,000
Receivable in one to five years	<u>-</u>	<u>105,000</u>
Total pledges receivable	<u>\$ 105,000</u>	<u>\$ 255,000</u>

NOTE C – FURNITURE AND EQUIPMENT

Furniture and equipment consist of the following at June 30:

	<u>2016</u>	<u>2015</u>
Furniture and equipment	\$ 13,719	\$ 13,719
Less accumulated depreciation	<u>(3,642)</u>	<u>(320)</u>
Net furniture and equipment	<u>\$ 10,077</u>	<u>\$ 13,399</u>

NOTE D – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following at June 30:

	<u>2016</u>	<u>2015</u>
Purpose and time restricted:		
Pledges receivable	\$ 105,000	\$ 255,000