

**Texas Business Hall of Fame Foundation**

Financial Statements  
and Independent Auditors' Report  
for the years ended December 31, 2019 and 2018

# Texas Business Hall of Fame Foundation

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**Independent Auditors' Report**

To the Board of Directors of  
Texas Business Hall of Fame Foundation:

We have audited the accompanying financial statements of Texas Business Hall of Fame Foundation, which comprise the statements of financial position as of December 31, 2019 and 2018 and the related statements of activities, of functional expenses, and of 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 accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility** – Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform our audits 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Opinion** – In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Texas Business Hall of Fame Foundation as of December 31, 2019 and 2018 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Blazek & Vetterling*

July 21, 2020

## Texas Business Hall of Fame Foundation

Statements of Financial Position as of December 31, 2019 and 2018

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	<u>2019</u>	<u>2018</u>
ASSETS		
Cash ( <i>Note 3</i> )	\$ 323,748	\$ 129,163
Other assets	20,841	10,147
Contributions receivable, net ( <i>Note 4</i> )	1,817,178	1,510,419
Cash restricted for scholarships ( <i>Note 3</i> )	514,921	665,000
Investments ( <i>Note 5</i> )	<u>4,567,611</u>	<u>4,142,205</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 7,244,299</u></b>	<b><u>\$ 6,456,934</u></b>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	<u>\$ 16,556</u>	<u>\$ 13,648</u>
Net assets:		
Without donor restrictions	3,632,299	3,298,673
With donor restrictions ( <i>Notes 6 and 8</i> )	<u>3,595,444</u>	<u>3,144,613</u>
Total net assets	<u>7,227,743</u>	<u>6,443,286</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 7,244,299</u></b>	<b><u>\$ 6,456,934</u></b>

*See accompanying notes to financial statements.*

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## Texas Business Hall of Fame Foundation

Statement of Activities for the year ended December 31, 2019

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	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE:			
Annual awards dinner	\$ 1,278,950		\$ 1,278,950
Direct donor benefits of annual awards dinner	(149,458)		(149,458)
Contributions	116,348	\$ 707,886	824,234
Net investment return	<u>541,473</u>	<u>188,145</u>	<u>729,618</u>
Total revenue	1,787,313	896,031	2,683,344
Net assets released from restrictions:			
Program expenditures	<u>445,200</u>	<u>(445,200)</u>	<u>                    </u>
Total	<u>2,232,513</u>	<u>450,831</u>	<u>2,683,344</u>
EXPENSES:			
Program services:			
Scholars	801,509		801,509
Hall of Fame honoree recognitions	<u>551,460</u>		<u>551,460</u>
Total program services	1,352,969		1,352,969
Management and general	243,194		243,194
Fundraising	<u>302,724</u>		<u>302,724</u>
Total expenses	<u>1,898,887</u>		<u>1,898,887</u>
CHANGES IN NET ASSETS	333,626	450,831	784,457
Net assets, beginning of year	<u>3,298,673</u>	<u>3,144,613</u>	<u>6,443,286</u>
Net assets, end of year	<u>\$ 3,632,299</u>	<u>\$ 3,595,444</u>	<u>\$ 7,227,743</u>

*See accompanying notes to financial statements.*

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## Texas Business Hall of Fame Foundation

Statement of Activities for the year ended December 31, 2018

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	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL
REVENUE:			
Annual awards dinner	\$ 1,342,100		\$ 1,342,100
Direct donor benefits of annual awards dinner	(206,443)		(206,443)
Contributions	128,961	\$ 1,402,182	1,531,143
Net investment return	<u>(230,273)</u>	<u>(18,306)</u>	<u>(248,579)</u>
Total revenue	1,034,345	1,383,876	2,418,221
Net assets released from restrictions:			
Program expenditures	<u>310,371</u>	<u>(310,371)</u>	
Total	<u>1,344,716</u>	<u>1,073,505</u>	<u>2,418,221</u>
EXPENSES:			
Program services:			
Scholars	799,650		799,650
Hall of Fame honoree recognitions	<u>552,690</u>		<u>552,690</u>
Total program services	1,352,340		1,352,340
Management and general	251,748		251,748
Fundraising	<u>270,408</u>		<u>270,408</u>
Total expenses	<u>1,874,496</u>		<u>1,874,496</u>
CHANGES IN NET ASSETS	(529,780)	1,073,505	543,725
Net assets, beginning of year	<u>3,828,453</u>	<u>2,071,108</u>	<u>5,899,561</u>
Net assets, end of year	<u>\$ 3,298,673</u>	<u>\$ 3,144,613</u>	<u>\$ 6,443,286</u>

*See accompanying notes to financial statements.*

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## Texas Business Hall of Fame Foundation

### Statement of Functional Expenses for the year ended December 31, 2019

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	<u>SCHOLARS</u>	<u>HALL OF FAME</u>	<u>TOTAL PROGRAM SERVICES</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUNDRAISING</u>	<u>TOTAL 2019 EXPENSES</u>
Professional fees	\$ 147,214	\$ 441,216	\$ 588,430	\$ 58,166	\$ 136,554	\$ 783,150
Scholarships and awards	566,000		566,000			566,000
Salaries and related expenses	30,541	30,541	61,082	152,704	91,623	305,409
Meeting facilities, food, and beverage	21,256	33,275	54,531			54,531
Travel	16,925	14,469	31,394	8,815	6,265	46,474
Printing and duplication	833	7,876	8,709	189	23,629	32,527
Communications and marketing	8,072	7,880	15,952	3,194	9,113	28,259
Supplies and equipment	6,985	14,221	21,206	2,543	1,871	25,620
Software and website				5,912	13,794	19,706
Rental and storage	1,505	1,505	3,010	7,522	5,339	15,871
Bank and credit card fees					13,106	13,106
Other	<u>2,178</u>	<u>477</u>	<u>2,655</u>	<u>4,149</u>	<u>1,430</u>	<u>8,234</u>
Total expenses	<u>\$ 801,509</u>	<u>\$ 551,460</u>	<u>\$ 1,352,969</u>	<u>\$ 243,194</u>	<u>\$ 302,724</u>	1,898,887
Direct donor benefits of annual awards dinner						<u>149,458</u>
Total						<u>\$ 2,048,345</u>

*See accompanying notes to financial statements.*

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## Texas Business Hall of Fame Foundation

### Statement of Functional Expenses for the year ended December 31, 2018

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	<u>SCHOLARS</u>	<u>HALL OF FAME</u>	<u>TOTAL PROGRAM SERVICES</u>	<u>MANAGEMENT AND GENERAL</u>	<u>FUNDRAISING</u>	<u>TOTAL 2018 EXPENSES</u>
Professional fees	\$ 167,609	\$ 476,590	\$ 644,199	\$ 128,287	\$ 148,641	\$ 921,127
Scholarships and awards	565,598		565,598			565,598
Salaries and related expenses	21,664	21,665	43,329	108,323	64,994	216,646
Meeting facilities, food, and beverage	12,854	28,683	41,537			41,537
Travel	13,753	9,786	23,539	2,447	1,038	27,024
Printing and duplication	1,273	9,478	10,751	49	28,434	39,234
Communications and marketing	8,091	43	8,134	215	8,176	16,525
Supplies and equipment	3,744	4,574	8,318	2,542	1,869	12,729
Software and website				92	4,044	4,136
Rental and storage	1,248	1,247	2,495	6,237	4,243	12,975
Bank and credit card fees					7,097	7,097
Other	<u>3,816</u>	<u>624</u>	<u>4,440</u>	<u>3,556</u>	<u>1,872</u>	<u>9,868</u>
Total expenses	<u>\$ 799,650</u>	<u>\$ 552,690</u>	<u>\$ 1,352,340</u>	<u>\$ 251,748</u>	<u>\$ 270,408</u>	1,874,496
Direct donor benefits of annual awards dinner						<u>206,443</u>
Total						<u>\$ 2,080,939</u>

*See accompanying notes to financial statements.*

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## Texas Business Hall of Fame Foundation

### Statements of Cash Flows for the years ended December 31, 2019 and 2018

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	<u>2019</u>	<u>2018</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Changes in net assets	\$ 784,457	\$ 543,725
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Net realized and unrealized (gain) loss on investments	(702,852)	283,137
Changes in operating assets and liabilities:		
Other assets	(10,694)	(147)
Contributions receivable	(306,759)	217,190
Accounts payable	<u>2,908</u>	<u>(19,693)</u>
Net cash provided (used) by operating activities	<u>(232,940)</u>	<u>1,024,212</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sales and maturities of investments	373,975	780,333
Purchase of investments	(400,817)	(2,130,549)
Net change in money market mutual funds held as investments	<u>304,288</u>	<u>51,878</u>
Net cash provided (used) by investing activities	<u>277,446</u>	<u>(1,298,338)</u>
<b>NET CHANGE IN CASH</b>	<b>44,506</b>	<b>(274,126)</b>
Cash, beginning of year	<u>794,163</u>	<u>1,068,289</u>
Cash, end of year	<u>\$ 838,669</u>	<u>\$ 794,163</u>
<i>Reconciliation of cash balances:</i>		
Cash	\$ 323,748	\$ 129,163
Cash restricted for scholarships	<u>514,921</u>	<u>665,000</u>
Total cash	<u>\$ 838,669</u>	<u>\$ 794,163</u>

*See accompanying notes to financial statements.*

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## Texas Business Hall of Fame Foundation

Notes to Financial Statements for the years ended December 31, 2019 and 2018

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### NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization – Texas Business Hall of Fame Foundation (the Foundation) was organized in July 1982 as a nonprofit corporation in Texas to recognize Texas business leaders for their personal and professional accomplishments, to provide scholarships for outstanding students, and to perpetuate and inspire the values of entrepreneurial spirit, personal integrity, and community leadership. The Foundation’s activities include awarding scholarships and hosting an annual fundraising and awards dinner.

Federal income tax status – The Foundation is exempt from federal income tax under §501(c)(3) of the Internal Revenue Code and is classified as a public charity under §170(b)(1)(A)(vi).

Contributions receivable that are expected to be collected within one year are reported at net realizable value. Amounts expected to be collected in future years are discounted, if material, to estimate the present value of future cash flows. An allowance for contributions receivable is provided when it is believed balances may not be collected in full.

Investments are reported at fair value. Net investment return consists of interest and dividends, realized and unrealized gains and losses, net of external and direct internal investment expenses.

Net asset classification – Net assets, revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions, as follows:

- *Net assets without donor restrictions* are not subject to donor-imposed restrictions even though their use may be limited in other respects such as by contract or board designation.
- *Net assets with donor restrictions* are subject to donor-imposed restrictions. Restrictions may be temporary in nature, such as those that will be met by the passage of time or use for a purpose specified by the donor, or may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Net assets are released from restrictions when the stipulated time has elapsed, or purpose has been fulfilled, or both. Donor-restricted endowment earnings are released when scholarships are awarded.

Annual awards dinner revenue is the total amount paid by sponsors and attendees of the event, includes elements of both contributions and exchange transactions, and is recognized when the dinner occurs. Direct donor benefit costs represent the cost of goods and services provided to attendees of the dinner.

Contributions are recognized as revenue at fair value when an unconditional commitment is received from the donor. Contributions received with donor stipulations that limit their use are classified as *with donor restrictions*. Conditional contributions are subject to one or more barriers that must be overcome before the Foundation is entitled to receive or retain funding. Conditional contributions are recognized as revenue at fair value when the conditions have been met. Contributions received before conditions have been met are reported as deferred revenue.

The Foundation received a conditional contribution of \$480,000 for event sponsorships for 2020, 2021, and 2022 that has not been recognized at December 31, 2019 because the events have not occurred.

Donated materials and services – Donated materials are recognized at fair value when an unconditional commitment is received from the donor. The related expense is recognized as the item is used. Contributions of services are recognized when services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Scholarships are recognized as expense when the Foundation approves an unconditional commitment to a scholarship recipient. Any commitments made but not yet funded are reported as scholarships payable.

Functional allocation of expenses – Expenses are reported by their functional classification. Program services are the direct conduct or supervision of activities that fulfill the purposes for which the organization exists. Fundraising activities include the solicitation of contributions of money, securities, materials, facilities, other assets, and time. Management and general activities are not directly identifiable with specific program or fundraising activities. Expenses that are attributable to more than one activity are allocated among the activities benefitted. Professional fees, salaries and related costs are allocated on the basis of estimated time and effort expended. Occupancy costs, depreciation, technology, communications, general supplies, and insurance costs are allocated in proportion to salaries and related costs.

Estimates – Management must make estimates and assumptions to prepare financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, the amounts of reported revenue and expenses, and the allocation of expenses among various functions. Actual results could vary from the estimates that were used.

## NOTE 2 – LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of December 31 comprise the following:

	<u>2019</u>	<u>2018</u>
Financial assets:		
Cash	\$ 323,748	\$ 129,163
Contributions receivable, net	1,817,178	1,510,419
Cash restricted scholarships	514,921	665,000
Investments	<u>4,567,611</u>	<u>4,142,205</u>
Total financial assets	7,223,458	6,446,787
Less financial assets not available for general expenditure:		
Donor-restricted endowment assets	(1,125,663)	(981,694)
Restricted by donors for use in future periods or for future projects	<u>(1,994,901)</u>	<u>(1,817,863)</u>
Total financial assets available for general expenditure	<u>\$ 4,102,894</u>	<u>\$ 3,647,230</u>

Financial assets available for general expenditures include amounts expected to be appropriated by the Board of Directors from donor restricted assets and endowment earnings during the upcoming year. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Foundation considers all expenditures related to its ongoing activities of providing scholarships and events that inspire the values of entrepreneurial spirit, personal integrity, and community leadership, to be general expenditures.

The Foundation is substantially supported by the annual dinner and contributions and regularly monitors liquidity required to meet its operating needs while striving to maximize the investment of available funds. Disruptions caused by the COVID-19 pandemic are expected to have an adverse effect on future resources. The 38<sup>th</sup> Annual Legends event was postponed, and contributions continue to lag behind original budget projections. The Foundation is exploring additional fundraising options and alternative budget projections. As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due. Donor restricted funds are invested for long-term appreciation and current income but, except for endowment assets to be maintained in perpetuity, remain available to be spent as provided for in the donor agreement.

### NOTE 3 – CASH

Cash consists of the following:

	<u>2019</u>	<u>2018</u>
Demand deposits	\$ 838,669	\$ 794,163
Less: Cash restricted for scholarships	<u>(514,921)</u>	<u>(665,000)</u>
Total cash	<u>\$ 323,748</u>	<u>\$ 129,163</u>

Bank deposits exceed the federally insured limit per depositor per institution.

### NOTE 4 – CONTRIBUTIONS RECEIVABLE

Contributions receivable at December 31, 2019 are expected to be collected as follows:

Receivable in one year	\$ 420,145
Receivable in one to five years	715,000
Receivable thereafter	<u>835,000</u>
Total contributions receivable	1,970,145
Discount to net present value at rates ranging from 1.58% to 2.15%	<u>(152,967)</u>
Contributions receivable, net	<u>\$ 1,817,178</u>

At December 31, 2019 and 2018, approximately 76% and 94%, respectively, of contributions receivable are from one contributor.

## NOTE 5 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

Generally accepted accounting principles require that certain assets and liabilities be reported at fair value and establish a hierarchy that prioritizes inputs used to measure fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The three levels of the fair value hierarchy are as follows:

- *Level 1* – Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the reporting date.
- *Level 2* – Inputs are other than quoted prices included in Level 1, which are either directly observable or can be derived from or corroborated by observable market data at the reporting date.
- *Level 3* – Inputs are not observable and are based on the reporting entity’s assumptions about the inputs market participants would use in pricing the asset or liability.

Assets measured at fair value at December 31, 2019 are as follows:

	<u>LEVEL 1</u>	<u>LEVEL 2</u>	<u>LEVEL 3</u>	<u>TOTAL</u>
Investments:				
Communities Foundation of Texas fund (a)			\$ 2,640,127	\$ 2,640,127
Exchange-traded funds	\$ 826,765			826,765
Fixed-income mutual funds	571,064			571,064
Money market mutual funds	286,199			286,199
Equity mutual funds:				
International	111,337			111,337
Domestic large-cap	91,556			91,556
Domestic small-cap	<u>40,563</u>			<u>40,563</u>
Total assets measured at fair value	<u>\$ 1,927,484</u>	<u>\$ 0</u>	<u>\$ 2,640,127</u>	<u>\$ 4,567,611</u>

Assets measured at fair value at December 31, 2018 are as follows:

	<u>LEVEL 1</u>	<u>LEVEL 2</u>	<u>LEVEL 3</u>	<u>TOTAL</u>
Investments:				
Communities Foundation of Texas fund (a)			\$ 2,248,002	\$ 2,248,002
Exchange-traded funds	\$ 592,382			592,382
Fixed-income mutual funds	522,168			522,168
Money market mutual funds	590,487			590,487
Equity mutual funds:				
International	87,472			87,472
Domestic large-cap	69,510			69,510
Domestic small-cap	<u>32,184</u>			<u>32,184</u>
Total assets measured at fair value	<u>\$ 1,894,203</u>	<u>\$ 0</u>	<u>\$ 2,248,002</u>	<u>\$ 4,142,205</u>

- (a) The principal investment objective of the Communities Foundation of Texas (CFT) fund is to provide long-term, charitable support. The corpus should grow over time to exceed the effects of grant-making and inflation. The asset allocation can include less liquid assets that should earn a premium over publicly-traded assets. The current target allocation for the CFT fund, including a mix of actively and passively-managed assets, is 45-65% diversified equity, 10-25% fixed income, 10-30% alternatives, 0-10% real assets and 0-10% cash equivalents. The Foundation may redeem its interest in the fund, minus any fees or expenses due, on the trade date plus three days following approval by the Foundation's Vice President of Finance.

Valuation methods used for assets measured at fair value are as follows:

- *Communities Foundation of Texas fund* is reported at estimated net asset values, as provided by CFT.
- *Exchange-traded funds* are valued at the closing price reported on the active market on which the individual securities are traded.
- *Mutual funds* are valued at the reported net asset value of shares held.

These valuation methods may produce a fair value that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate, the use of different methods or assumptions could result in a different fair value measurement at the reporting date.

Changes in Level 3 assets measured at fair value during the years ended December 31, 2019 and 2018 are as follows:

Balance at December 31, 2017	\$ 1,181,896
Purchases	1,203,699
Sales	(12,537)
Realized gain	50,048
Unrealized loss	<u>(175,104)</u>
Balance at December 31, 2018	2,248,002
Sales	(63,577)
Realized gain	39,199
Unrealized gain	<u>416,503</u>
Balance at December 31, 2019	<u>\$ 2,640,127</u>

Investments are exposed to various risks such as interest rate, market and credit risks. Because of these risks, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position and statement of activities.

## NOTE 6 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted as follows:

	<u>2019</u>	<u>2018</u>
Subject to expenditure for specified purpose:		
Scholarships	\$ 2,027,033	\$ 2,156,169
Veterans scholarships	438,868	
High school entrepreneurial awards	3,880	
Scholar survey	<u>        </u>	<u>6,750</u>
Total subject to expenditure for specified purpose	2,469,781	2,162,919
Endowments:		
Texas Legends Endowment:		
Accumulated net investment return	125,663	(18,306)
Required to be maintained in perpetuity	<u>1,000,000</u>	<u>1,000,000</u>
Total net assets with donor restrictions	<u>\$ 3,595,444</u>	<u>\$ 3,144,613</u>

## NOTE 7 – JOINT COST ALLOCATION

In 2019 and 2018, the Foundation held an annual induction dinner that included fundraising components, as well as, program components. The cost of producing the dinner included a total of \$367,770 and \$389,281 for joint staging, decorating, audio/visual and video production costs in 2019 and 2018, respectively, which are not specifically attributable to particular components of the activities (joint costs). These joint costs were allocated as follows:

	<u>2019</u>	<u>2018</u>
Fundraising	\$ 73,554	\$ 77,856
Hall of Fame honoree recognitions	<u>294,216</u>	<u>311,425</u>
Total joint costs	<u>\$ 367,770</u>	<u>\$ 389,281</u>

## NOTE 8 – ENDOWMENT

The Foundation's endowment consists of a donor-restricted fund established to support scholarships. Donor-restricted endowment funds are subject to the Texas Uniform Prudent Management of Institutional Funds Act (TUPMIFA). The Foundation's Board of Directors has interpreted TUPMIFA as allowing the Foundation to appropriate for expenditure or accumulate as much of an endowment fund as the Foundation determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund was established, subject to explicit donor stipulations.

Donor-restricted endowment net assets are classified as *net assets with donor restrictions* until awarded as scholarships. The Foundation identifies contributions to the endowment plus any donor-stipulated accumulations as *required to be maintained in perpetuity*. However, TUPMIFA does not preclude the Foundation from spending below the amount required to be maintained in perpetuity subject to prudent standards. An endowment fund is *underwater* if the fair value of the fund’s investments fall below the amount required to be maintained in perpetuity because of declines in the fair value of investments and/or continued appropriation and spending in accordance with prudent measures. The endowment was underwater by \$18,306 at December 31, 2018 because of declines in the fair value of investments.

Changes in the donor-restricted endowment fund are as follows:

	<u>WITH DONOR RESTRICTIONS</u>		<u>TOTAL</u>
	<u>ACCUMULATED NET INVESTMENT RETURN</u>	<u>REQUIRED TO BE MAINTAINED IN PERPETUITY</u>	
Endowment net assets, December 31, 2017	\$ 0	\$ 0	\$ 0
Contribution		1,000,000	1,000,000
Net investment return	<u>(18,306)</u>	<u>                    </u>	<u>(18,306)</u>
Endowment net assets, December 31, 2018	(18,306)	1,000,000	981,694
Net investment return	188,145		188,145
Appropriations	<u>(44,176)</u>	<u>                    </u>	<u>(44,176)</u>
Endowment net assets, December 31, 2019	<u>\$ 125,663</u>	<u>\$ 1,000,000</u>	<u>\$ 1,125,663</u>

#### Spending Policies and Investment Return Objectives

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by the endowment in such a manner as to preserve and enhance the net asset value. The Executive Committee provides investment guidance for, and monitors the growth and maintenance of, the endowment fund.

Distributions of up to 4.5% may be approved on an annual basis based upon the average market value of the investments as of December 31 of the preceding year.

#### **NOTE 9 – COMMITMENTS**

The Executive Committee of the Foundation appointed International Meeting Managers, Inc. to provide advisory and administrative services, scholarship program administration, and event planning services related to the Foundation’s annual dinner and other events. Fees for these services were \$380,000 in 2019 and \$435,600 in 2018. As of December 31, 2019, outstanding commitments under the contract, due in 2020 and 2021, totaled \$559,550.



## **NOTE 10 – SUBSEQUENT EVENTS**

On March 11, 2020, the Director-General of the World Health Organization declared a pandemic related to the global outbreak of the new coronavirus COVID-19 and on March 13, 2020, a national emergency was declared in the United States. The potential impact of this event is discussed in Note 2.

Management has evaluated subsequent events through July 21, 2020, which is the date that the financial statements were available for issuance. As a result of this evaluation, no other events were identified that are required to be disclosed or would have a material impact on reported net assets or changes in net assets.

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