

**ALAMO HEIGHTS SCHOOL FOUNDATION**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2023**

**ALAMO HEIGHTS SCHOOL FOUNDATION**

**FINANCIAL STATEMENTS**

**Year Ended June 30, 2023**

**Table of Contents**

	<u>Page No.</u>
<b>Independent auditor's report</b> .....	1
<b>Financial statements</b>	
Statement of financial position .....	3
Statement of activities .....	4
Statement of functional expenses .....	5
Statement of cash flows .....	6
Notes to financial statements .....	7

# Schuh|Browne

CERTIFIED PUBLIC  
ACCOUNTANTS

## Independent Auditor's Report

Board of Directors  
Alamo Heights School Foundation

### Opinion

We have audited the accompanying financial statements of Alamo Heights School Foundation (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, the related statements of activities and functional expenses for the year ended June 30, 2023, and the statements of cash flows for the years ended June 30, 2023 and 2022, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Alamo Heights School Foundation as of June 30, 2023 and 2022, and the changes in net assets for the year ended June 30, 2023, and its cash flows for the years ended June 30, 2023 and 2022, 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. 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 Heights School 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 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Alamo Heights School Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 generally accepted auditing standards 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, including omissions, 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 financial statements.

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## **Auditor's Responsibilities for the Audit of the Financial Statements (Continued)**

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 Heights School 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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Alamo Heights School 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.

### **Report on Summarized Comparative Information**

We have previously audited Alamo Heights School Foundation's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 21, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Schub Browne, P.C.*

San Antonio, Texas  
September 20, 2023

**ALAMO HEIGHTS SCHOOL FOUNDATION**

**STATEMENT OF FINANCIAL POSITION**

**June 30, 2023 and 2022**

<b>ASSETS</b>	<u>2023</u>	<u>2022</u>
<b>Current assets:</b>		
Cash and cash equivalents	\$ 612,458	\$ 226,715
Pledges receivable, current, net	516,221	177,653
Prepaid assets	<u>37,569</u>	<u>47,366</u>
Total current assets	1,166,248	451,734
<b>Other assets:</b>		
Pledges receivable, long-term, net	1,114,766	476,493
Investments	<u>9,326,542</u>	<u>7,962,350</u>
Total assets	<u>\$ 11,607,556</u>	<u>\$ 8,890,577</u>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 6,625	\$ 3,520
Incubator Fund expenses payable	25,813	37,578
Accrued expenses	8,718	18,757
Scholarships payable	35,000	25,000
Deferred revenue	<u>151,073</u>	<u>107,254</u>
Total current liabilities	<u>227,229</u>	<u>192,109</u>
<b>Net assets:</b>		
Without donor restrictions	874,380	987,331
With donor restrictions	<u>10,505,947</u>	<u>7,711,137</u>
Total net assets	<u>11,380,327</u>	<u>8,698,468</u>
Total liabilities and net assets	<u>\$ 11,607,556</u>	<u>\$ 8,890,577</u>

The accompanying notes are an integral part  
of the financial statements.

**ALAMO HEIGHTS SCHOOL FOUNDATION**

**STATEMENT OF ACTIVITIES**

**Year Ended June 30, 2023**

(With Comparative Totals For Year Ended June 30, 2022)

	Without Donor Restrictions	With Donor Restrictions	Total	
			<u>2023</u>	<u>2022</u>
<b>Support, revenue and other:</b>				
Contributions - fundraising campaigns	\$ 427,473	\$ 2,861,960	\$ 3,289,433	\$ 1,556,859
Interest and dividends	64,708	129,354	194,062	348,810
Managed asset investment income	-	40,667	40,667	10,468
Managed asset realized gain (loss) on sale of investments	126,855	253,583	380,438	286,851
Managed asset unrealized gain (loss) on investments	(68,018)	(135,963)	(203,981)	(2,279,358)
Management fee	99,745	-	99,745	76,086
Corporate partnerships (net of expenses of \$13,698 for 2023 and \$20,099 for 2022)	136,302	-	136,302	115,901
Special events (net of expenses of of \$219,841 for 2023 and \$171,334 for 2022)	877,766	-	877,766	691,345
Net assets released from restriction	<u>558,442</u>	<u>(558,442)</u>	<u>-</u>	<u>-</u>
Total support, revenue and other	<u>2,223,273</u>	<u>2,591,159</u>	<u>4,814,432</u>	<u>806,962</u>
<b>Expenses:</b>				
Program services	1,500,333	-	1,500,333	1,201,328
General and administrative	329,455	-	329,455	273,486
Fundraising	<u>302,785</u>	<u>-</u>	<u>302,785</u>	<u>243,447</u>
Total expenses	<u>2,132,573</u>	<u>-</u>	<u>2,132,573</u>	<u>1,718,261</u>
Change in net assets	90,700	2,591,159	2,681,859	(911,299)
<b>Net assets at beginning of the year</b>	987,331	7,711,137	8,698,468	9,609,767
Net interfund transfers	<u>(203,651)</u>	<u>203,651</u>	<u>-</u>	<u>-</u>
<b>Net assets at end of year</b>	<u>\$ 874,380</u>	<u>\$ 10,505,947</u>	<u>\$ 11,380,327</u>	<u>\$ 8,698,468</u>

The accompanying notes are an integral part  
of the financial statements.

**ALAMO HEIGHTS SCHOOL FOUNDATION**

**STATEMENT OF FUNCTIONAL EXPENSES**

**Year Ended June 30, 2023**

(With Comparative Totals For Year Ended June 30, 2022)

	<u>Program</u>	<u>General and</u>		<u>Total</u>	
		<u>Administrative</u>	<u>Fundraising</u>	<u>2023</u>	<u>2022</u>
Salaries	\$ -	\$ 108,725	\$ 163,087	\$ 271,812	\$ 210,249
Payroll taxes	-	10,215	15,322	25,537	16,357
Employee benefits	-	11,279	16,918	28,197	20,845
Total salaries and related expenses	-	130,219	195,327	325,546	247,451
Advertising and marketing	-	-	94,673	94,673	80,886
Conferences and meetings	-	6,518	-	6,518	4,600
Grant distributions	1,466,083	-	-	1,466,083	1,176,328
Insurance	-	2,301	-	2,301	3,089
Management fees	-	139,218	-	139,218	122,447
Occupancy and rent	-	5,628	-	5,628	7,593
Office supplies	-	8,896	-	8,896	7,978
Professional services	-	26,073	-	26,073	24,400
Scholarship expense	34,250	-	-	34,250	25,000
Technology and I.T.	-	1,891	7,691	9,582	10,052
Taxes, fees, and other	-	8,711	5,094	13,805	8,437
Total expenses	<u>\$ 1,500,333</u>	<u>\$ 329,455</u>	<u>\$ 302,785</u>	<u>\$ 2,132,573</u>	<u>\$ 1,718,261</u>

The accompanying notes are an integral part  
of the financial statements.

**ALAMO HEIGHTS SCHOOL FOUNDATION**

**STATEMENT OF CASH FLOWS**

**Years Ended June 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
<b>Cash flow from operating activities:</b>		
Change in net assets	\$ 2,681,859	\$ (911,299)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Realized (gains) losses on sale of investments	(380,438)	(286,851)
Unrealized (gains) losses on investments	203,981	2,279,358
Contributions restricted for long-term purposes	(1,792,515)	(435,074)
Change in pledges receivable	(976,841)	(640,612)
Change in prepaid assets	9,797	(4,061)
Change in accounts payable	(8,660)	6,687
Change in accrued expenses	(10,039)	(2,358)
Change in scholarships payable	10,000	(10,000)
Change in deferred revenue	<u>43,819</u>	<u>73,897</u>
Net cash provided (used) by operating activities	<u>(219,037)</u>	<u>69,687</u>
 <b>Cash flows from investing activities:</b>		
Net change in investments	<u>(1,187,735)</u>	<u>(329,253)</u>
Net cash used by investing activities	<u>(1,187,735)</u>	<u>(329,253)</u>
 <b>Cash flows from financing activities:</b>		
Proceeds from contributions restricted for investment in perpetual endowment	<u>1,792,515</u>	<u>435,074</u>
Net cash provided by financing activities	<u>1,792,515</u>	<u>435,074</u>
 Net increase in cash	385,743	175,508
 <b>Cash at beginning of year</b>	<u>226,715</u>	<u>51,207</u>
 <b>Cash at end of year</b>	<u>\$ 612,458</u>	<u>\$ 226,715</u>

The accompanying notes are an integral part  
of the financial statements.



# ALAMO HEIGHTS SCHOOL FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

(Continued)

### 1 NATURE OF ORGANIZATION

The Alamo Heights School Foundation's (the Foundation) mission is to enhance academic excellence for every student with a focus on funding teachers and staff.

Through the financial support of its donors, the Foundation is able to supplement the Alamo Heights Independent School District (AHISD) teacher salaries and provide funding for projects in the classroom in support of the district's strategic goals. Donations enable the Foundation to provide the additional funding that allows AHISD to continue its tradition of excellence.

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting. The financial statements accordingly reflect all significant receivables, payables, and other liabilities.

#### Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board for the format of financial statements of not-for-profit organizations. The Foundation is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

The financial statements of the Foundation include the Oma E. Vordenbaum Trust. The Foundation is Trustee of the Trust (see Note 7).

#### Comparative Financial Information

The financial information for the year ended June 30, 2022, presented for comparative purposes, is not intended to be a complete financial statement presentation. It is included to provide a basis for comparison with the year ended June 30, 2023.

#### Income Taxes

The Foundation is exempt from federal income tax as a public foundation under Section 501(c)(3) of the Internal Revenue Code. In addition, the Foundation qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is a public charity, and is not a private foundation under Section 509(a)(2). The Oma E. Vordenbaum Trust is subject to federal income tax on undistributed net income.

#### Restricted and Unrestricted Revenue and Support

The Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

#### Revenue and Revenue Recognition

The Foundation recognizes contributions when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and right of return – are not recognized until the conditions on which they depend have been met. Revenues from sponsorships, table sales, and ticket sales for special events are recognized when the event is held, as those contributions are conditioned on the occurrence of the event. Amounts received prior to the related special event are reported as deferred revenue in the statement of financial position.

(Continued)

**ALAMO HEIGHTS SCHOOL FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Cash and Cash Equivalents**

Cash and cash equivalents include all monies on hand and all investments with a maturity of three months or less when purchased. Fair value approximates carrying value due to the short maturity of those financial instruments.

**Pledges Receivable**

Contributions are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restriction.

**Investments**

Investments are carried at market value as reported by brokerages. Material realized and unrealized gains and losses are reflected in the Statement of Activities.

**Property and Equipment**

The Foundation capitalizes all expenditures for furniture and equipment in excess of \$5,000. Property and equipment are carried at cost or, if donated, at the approximate fair market value at the date of the donation. Maintenance and repairs are charged to expense as incurred; major renewals and betterments are capitalized. Depreciation is computed using the straight-line method over their estimated useful lives.

**Management Fee**

To address general overhead and operating costs, the donor-restricted funds are assessed an annual management fee equal to 1% of the fair market value of each fund as of the end of the year.

**Estimates**

The preparation of financial statements in conformity with United States generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Reclassifications**

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

**Subsequent Events**

The Foundation's management has evaluated subsequent events through September 20, 2023, the date which the financial statements were available for issue.

**ALAMO HEIGHTS SCHOOL FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

**3 CONCENTRATION OF CREDIT RISK**

The Foundation maintains its cash balances at two financial institutions located in San Antonio, Texas. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2023, the Foundation had cash balances that were \$359,093 in excess of FDIC insurance limits at one financial institution.

The Foundation also maintains an account with one brokerage firm, which includes industry-grade money market funds. Balances are insured up to \$500,000 (with a limit of \$100,000 for cash) by the Securities Investor Protection Corporation (SIPC).

**4 PLEDGES RECEIVABLE**

Pledges receivable at June 30, 2023 and 2022, representing campaign pledges promised, are classified as followed:

	<u>2023</u>	<u>2022</u>
In one year or less	\$ 586,615	\$ 201,878
Between one year and five years	<u>1,416,852</u>	<u>590,868</u>
	2,003,467	792,746
Estimated allowance for uncollectible pledges	(240,424)	(95,129)
Present value discount	<u>(132,056)</u>	<u>(43,471)</u>
	<u>\$ 1,630,987</u>	<u>\$ 654,146</u>

**5 INVESTMENTS**

The Foundation uses an investment management firm. The Foundation's investment activity from this manager for the years ended June 30, 2023 and 2022, resulted in realized gains of \$380,438 and \$286,851 for those years, respectively. Unrealized losses of \$203,981 and \$2,279,358 occurred for the years ended June 30, 2023 and 2022, respectively. The cost and market value of managed investments by major type as of June 30, 2023 and 2022, are as follows:

	<u>2023</u>		<u>2022</u>	
	<u>Cost</u>	<u>Market</u>	<u>Cost</u>	<u>Market</u>
Cash equivalents	\$ 547,422	\$ 547,422	\$ 37,801	\$ 37,801
Equity securities, mutual funds, and ETFs	6,204,229	6,511,177	5,861,297	6,418,121
Corporate bonds	<u>2,299,253</u>	<u>2,267,943</u>	<u>1,615,468</u>	<u>1,506,428</u>
	<u>\$ 9,050,904</u>	<u>\$ 9,326,542</u>	<u>\$ 7,514,566</u>	<u>\$ 7,962,350</u>

(Continued)

ALAMO HEIGHTS SCHOOL FOUNDATION

NOTES TO FINANCIAL STATEMENTS

(Continued)

5 INVESTMENTS (Continued)

Accounting principles generally accepted in the United States of America establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The Foundation uses the following methods to determine the fair value of its investments:

*Equity securities, mutual funds, and exchange-traded funds (ETFs), and corporate bonds:* Determined based on quoted market prices for identical or similar assets.

*Cash equivalents:* Valued at cost, which approximates fair value due to the short-term nature of these investments.

The following table sets forth the level within the fair value hierarchy of the Foundation's financial instruments as of June 30:

	<u>2023</u>	<u>2022</u>
Measured using Level 1 fair value measures:		
Equity securities, mutual funds, and ETFs	\$ 6,511,177	\$ 6,418,121
Corporate bonds	<u>2,267,943</u>	<u>1,506,428</u>
Total investments measured at fair value	8,779,120	7,924,549
Investments at cost:		
Cash equivalents	<u>547,422</u>	<u>37,801</u>
Total investments	<u>\$ 9,326,542</u>	<u>\$ 7,962,350</u>

6 GRANTS AWARDED

*Unrestricted Net Assets*

Grants from unrestricted funds are made on a periodic basis to AHISD for salary support. During the year ended June 30, 2023, grants totaling \$1,074,471 were made by the Foundation to AHISD.

*Their Future! Endowment Campaign*

During the course of fiscal year 2022, the Foundation began a multi-year endowment campaign to raise five million dollars. The creation of *Their Future!* endowment campaign led to a restructuring of existing endowment funds under five umbrella categories. The five umbrella categories are as follows:

**Sustaining Fund: Our most critical endowment that helps meet the greatest needs of AHISD**

The existing General Endowment Fund was established in 2002 to recruit long-term support for the financial security of AHISD. This fund was renamed the Sustaining Fund in 2022.

A \$50,000 distribution was made during the year ended June 30, 2023 to help fund the Teacher for Academic Excellence in Science. Additionally, distributions of \$4,063 and \$58,409 were made during the year ended June 30, 2023 to help fund the Wellness Coordinator position and teacher salaries, respectively.

(Continued)

## ALAMO HEIGHTS SCHOOL FOUNDATION

### NOTES TO FINANCIAL STATEMENTS

(Continued)

#### 6 GRANTS AWARDED (Continued)

##### **Faculty Fund: Provides funds for AHISD to recruit and retain the best and brightest teachers and staff**

The following funds are grouped under the Faculty Fund umbrella:

###### *Faye Langley Cowden Chair for Elementary Education*

The Faye Langley Cowden Chair was established in 1994 as a commitment to continued excellence in AHISD elementary schools. A grant in the amount of \$10,800 was awarded in the year ended June 30, 2023.

###### *Glenn R. and Sally P. Ramsdell Memorial Chair in English*

The fund was established in 2008 through a bequest from Miss Jacqueline Ramsdell. The income generated funds a teaching position in the area of English at Alamo Heights High School. A grant in the amount of \$69,730 was awarded in the year ended June 30, 2023.

###### *Wellness Program Fund*

In 2009, AHISD's Board of Trustees approved a strategic plan outlining its goals in six different areas. The second stated objective is to aggressively confront the social and emotional issues of the community. The Foundation approved fundraising efforts to fund the district-wide Wellness Program. For the year ended June 30, 2023, a grant of \$70,937 was awarded to this program from the Wellness Fund.

##### **Program Fund: Ensures AHISD is able to continue to provide our students unique and innovative learning opportunities**

The following funds are grouped under the Program Fund umbrella:

###### *Caroline Gose Fund*

The fund was established in memory of Caroline Gose to support a joint student/faculty project benefiting Alamo Heights High School and the Alamo Heights community in the areas of journalism, theater or community service. A grant totaling \$3,687 was awarded from this fund for the year ended June 30, 2023.

###### *Charles Guenther Theater Arts Fund*

The Charles Guenther Theater Arts Fund was established in fiscal year 2009-10 to benefit the Theater Arts Department at Alamo Heights High School. This fund assists the Department with its theater productions. A distribution from this fund totaling \$7,159 was made during the year ended June 30, 2023.

###### *Graham Ladensohn Memorial Lecture Series*

The Graham Ladensohn Memorial Lecture Series was established in 1991 for the purpose of bringing lecture speakers to AHISD for the faculty and community. A grant totaling \$2,300 was awarded during the year ended June 30, 2023.

###### *Ida M. Kennedy Fund*

The fund was established in memory of Mrs. Kennedy, a revered math teacher at the Junior School. The fund provides support for training and materials for math teachers at the Junior School. A grant from this fund totaling \$2,244 was awarded during the year ended June 30, 2023.

(Continued)

**ALAMO HEIGHTS SCHOOL FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

**6 GRANTS AWARDED** (Continued)

*Johnnie Eng Fund for Teaching Excellence*

The fund was established upon his retirement to honor the impact Mr. Eng had on the lives of his students and colleagues. The fund supports teaching excellence at Alamo Heights High School. Grants totaling \$8,804 were awarded from this fund for the year ended June 30, 2023.

*Martha Spoor Young Writers Fund*

The fund was established in memory of Martha Spoor, an Alamo Heights High School graduate and English teacher at the Junior School. The income from the fund is used to provide the Martha Spoor Young Writers Workshop at the Junior School. Grants totaling \$5,684 were made during the year ended June 30, 2023.

*Mary Norman Fund for Journalism Education*

The Mary Norman Fund for Journalism Education was established in 2021 by Marie Kisner to provide an annual gift to be spent at the discretion of the journalism teacher at Alamo Heights High School on any aspect of journalism education. No distributions were made during the year ended June 30, 2023.

*Paul A. Foerster Mathematics Fund*

This fund was established in 2011 to honor Paul Foerster's 50 years of teaching at Alamo Heights High School. Funds provide support to the math teachers for professional development, memberships, speakers, training and release time for mentoring. A grant in the amount of \$5,000 was awarded during the year ended June 30, 2023.

*Reid Hallman Kelley Memorial Fund*

In 2014, a fund in memory of Reid Hallman Kelley was established to enrich opportunities for students of the Junior School to achieve academic excellence in Science by improving the facilities and equipment of the Science classroom, and by supporting training and education of Junior School Science teachers. A distribution of \$4,693 was made during the year ended June 30, 2023.

*Rob Boldrick Memorial Fund*

The Boldrick Fund was established in 1991. The income from this fund is to be used to support teacher training to sustain academic excellence. A grant totaling \$2,933 was awarded during the year ended June 30, 2023.

**Other Funds**

In addition to the categories of Sustaining Fund, Faculty Fund, and Program Fund under which the existing endowment funds were organized, two new funds were created: the Athletic Fund and the Student Needs Fund. The Athletic Fund funds the operational costs of AHISD athletic programs, recognizing that all athletes are students first, and every coach is a teacher. The Student Needs Fund supports the removal of barriers that our students face in accessing all that AHISD offers. No distributions were made from these funds during the year ended June 30, 2023.

(Continued)

**ALAMO HEIGHTS SCHOOL FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

**6 GRANTS AWARDED** (Continued)

The Foundation also distributed grants from three restricted funds during the year ended June 30, 2023:

*Kenneth S. Adams Memorial Fund for Special Education*

In 2016, a fund was established to support skill development training of teachers and various equipment needs. No distribution was made in the year ended June 30, 2023.

*The Fund for Aerospace Sciences and Technology*

In 2016, the Foundation entered into an agreement to establish a restricted fund to support the Aerospace Sciences and Technology Program curriculum, materials, and activities. No distribution was made during the year ended June 30, 2023.

*Incubator Fund*

The Incubator Fund provides support for the new Heights Business Incubator program at Alamo Heights High School, which teaches students real-life entrepreneurial skills. Funds will be used to sustain this innovative program, provide student teams with the support needed to create and test their Minimum Viable Products, and provide awards to the top student teams providing them the opportunity to take their products to market as an established business. Grants of \$45,169 were awarded in the year ended June 30, 2023.

**Summary of 2022-2023 Grants:**

	<u>2023</u>
Unrestricted Net Assets:	
Foundation grant for teacher salaries	\$ 758,669
Grant for Centegix Crisis Alert System	184,000
Corporate Partnership	131,802
Sustaining Fund:	
Grants for teacher salaries	58,409
Teacher for Academic Excellence in Science	50,000
AHISD Wellness Program	4,063
Faculty Fund:	
Faye Langley Cowden Chair for Elementary Education	10,800
Glenn R. & Sally P. Ramsdell Memorial Chair in English	69,730
Wellness Program Fund	70,937
Program Fund:	
Caroline Gose Fund	3,687
Charles Guenther Theater Arts Fund	7,159
Ladensohn Fund	2,300
Ida M. Kennedy Fund	2,244
Johnnie Eng Fund for Teaching Excellence	8,804
Martha Spoor Young Writers Fund	5,684
Paul Foerster Math Fund	5,000
Reid Hallman Kelley Memorial Fund	4,693
Rob Boldrick Memorial Fund	2,933
Other designated contributions	40,000
Incubator Fund	<u>45,169</u>
Total grants approved	1,466,083
Total scholarships approved (See note 7)	<u>34,250</u>
Total grants and scholarships approved	<u>\$ 1,500,333</u>

**ALAMO HEIGHTS SCHOOL FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

**7 SCHOLARSHIPS AWARDED**

*W. W. and Anna May Campbell Scholarship*

The W. W. and Anna May Campbell Scholarship Trust, with Frost National Bank as Trustee, was established under the will of Anna May Campbell for the benefit of the Foundation. In 1985, the Foundation formed the W. W. and Anna May Campbell Scholarship Fund to administer trust revenue distributed to the Foundation. The revenue from the trust is used for scholarships for graduates of Alamo Heights High School who are attending state or other publicly supported colleges or universities and who are sophomores or above in class standing. Currently, recipients of the Campbell Scholarships are selected based on scholastic ability and financial need.

*Oma E. Vordenbaum Trust*

On September 13, 1977, the Foundation, acting as Trustee of the Oma E. Vordenbaum Trust, received from the Estate of Oma E. Vordenbaum cash and a one-half mineral interest in approximately 117 acres in Gonzales County, Texas. The trust was established for the purpose of creating a scholarship fund for graduating seniors enrolled in Alamo Heights High School. Currently, scholarships are awarded on both merit and need.

*Bob Ware Memorial Scholarship*

The Bob Ware Memorial Scholarship was established in 1975 so that income from the Ware Fund would be used annually to award scholarships to Alamo Heights graduating seniors whose achievements are above expectations and are involved in extra-curricular activities at Alamo Heights High School. In April 2006, the donor changed his intent so that the principal of the fund could be expended in addition to any income.

*Scholarships Approved in the Current Year*

Scholarships approved in 2023 and to be paid out in 2023-2024 include:

W. W. and Anna May Campbell Scholarship	\$	29,250
Oma E. Vordenbaum Trust		4,000
Bob Ware Memorial Scholarship		1,000
	\$	<u>34,250</u>

**8 DEFERRED REVENUES**

The change in the Foundation's deferred revenue for the years ended June 30, 2023 and 2022 is comprised of the following:

	<u>2023</u>	<u>2022</u>
Balance at beginning of year	\$ 107,254	\$ 33,357
Additions:		
Sponsorships and tickets for events in upcoming year	151,073	107,254
Reductions:		
Sponsorships and ticket revenue earned	<u>(107,254)</u>	<u>(33,357)</u>
Balance at end of year	<u>151,073</u>	<u>107,254</u>



**ALAMO HEIGHTS SCHOOL FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

**9 NET ASSETS RELEASED FROM RESTRICTIONS**

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of other events specified by donors at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Scholarships	\$ 34,250	\$ 25,000
Grants	356,979	337,873
Designated gifts	40,000	-
Fundraising expenses	-	26,400
Administrative fees	99,745	74,299
Investment management fees	27,468	37,383
Net assets released from restrictions	<u>\$ 558,442</u>	<u>\$ 500,955</u>

**10 NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consist of the following at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Subject to expenditures for specified purpose:		
W. W. and Anna May Campbell Scholarship	\$ 24,393	\$ 10,357
Oma E. Vordenbaum Trust	70,596	73,448
Bob Ware Memorial Scholarship	32,869	33,355
Kenneth S. Adams Memorial Fund for Special Education	18,308	18,036
The Fund for Aerospace Sciences and Technology	-	1,744
Ida M. Kennedy Fund	1,594	-
Charles Guenther Theater Arts Fund	6,280	-
Incubator Fund	139,568	131,219
Other	1,100	1,100
	<u>294,708</u>	<u>269,259</u>
Subject to perpetual restrictions:		
Sustaining Fund Endowment	4,527,895	2,676,186
Faculty Fund Endowment	3,693,517	3,419,546
Program Fund Endowment	1,302,704	1,077,583
Athletic Fund Endowment	507,250	186,251
Student Needs Fund Endowment	179,873	82,312
	<u>10,211,239</u>	<u>7,441,878</u>
Total net assets with donor restrictions	<u>\$10,505,947</u>	<u>\$ 7,711,137</u>

**11 RETIREMENT PLAN**

The Foundation established a SIMPLE IRA plan in 2013 covering all eligible employees who receive \$5,000 or more in annual compensation. The plan provides eligible employees with the opportunity to make contributions to the plan on a tax deferred basis. The Foundation will match the contribution of each participant on a dollar-for-dollar basis up to 3% of their compensation. This amount cannot exceed the salary deferral contribution limit for that calendar year. All SIMPLE IRA contributions, both employer and employee, are immediately 100% vested. The Foundation's contributions to the plan for the years ended June 30, 2023 and 2022 were \$6,597 and \$5,095 for those years, respectively.

**ALAMO HEIGHTS SCHOOL FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

**12 ENDOWMENT FUNDS**

*General Information*

The Foundation maintains various endowment funds established for specific purposes. These endowments include both donor-restricted endowment contributions and funds designated by the Board to function as endowments. The donor-restricted endowment funds fall under the provisions of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) which was adopted by the State of Texas with an effective date of September 1, 2007. The Foundation formally adopted UPMIFA during the year ended June 30, 2011.

*Background*

In July 2006, the Uniform Law Commission (ULC) approved UPMIFA as a modernized version of the Uniform Management of Institutional Funds Act of 1972 (UMIFA) which governed the investment and management of donor-restricted endowment funds by not-for-profit organizations. The major change of the new law is that UPMIFA prescribes new guidelines for expenditure of a donor-restricted endowment fund when there are no explicit donor stipulations. These guidelines require the Foundation to determine what constitutes prudent spending based upon consideration of the donor's original intent, whether the endowment fund continues permanently, the purpose of the fund, and relevant economic factors. UPMIFA emphasizes the perpetuation of the purchasing power of the fund, not just the original dollars contributed to the fund. Although the Act does not require that a specified amount be set aside as principal, the Act assumes that an organization will preserve "principal" by maintaining the purchasing power of amounts contributed and will spend "income" by making distributions using a reasonable spending rate.

*Endowment Investment Objectives*

Endowment investments are managed by professional money managers under the direction of the Investment Committee of the Board of Directors of the Foundation. Funds are invested in a manner that seeks to produce results that meet or exceed the performance of generally recognized market indices while assuming a moderate level of investment risk.

To satisfy this performance objective, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

(Continued)

## ALAMO HEIGHTS SCHOOL FOUNDATION

### NOTES TO FINANCIAL STATEMENTS

(Continued)

#### 12 ENDOWMENT FUNDS (Continued)

##### *Endowment "Income" Appropriation (Spending Policy)*

During 2010 the Investment Committee began developing and finalizing the Foundation's spending policy. In establishing this policy, the Foundation considered the long-term expected return on its endowment and the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as provide additional real growth through new gifts and investment return.

The Foundation's goal is to distribute its income as "evenly" as practical on an annual basis in order to facilitate the planning and budgeting objectives of AHISD, and the setting of the asset allocation and expected return targets of the portfolio. Knowing that the investment rate of return will vary from year to year, and to avoid distributing more investment income in the high return investment years so that adequate funds are available in the low or negative return investment years, a disciplined distribution policy is prudent.

The annual distribution amount will be set as of the end of the prior calendar year and will be calculated as a percentage up to 5% of the average quarterly market value of the fund balances for the preceding three years. It is understood that successive low or negative return years may necessitate utilization of funds from the principal balance of the Endowment's fund in order to meet the annual budget, and that in years when returns exceed expectations the additional earnings will be used to restore principal and to generate "future savings" balances for years of low investment returns.

In accordance with the formal adoption of UPMIFA, the Investment Committee of the Foundation annually reviews its spending policy and ensure that it takes into consideration the following factors in making a determination to appropriate (spend) or accumulate donor restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the Foundation and the donor-restricted endowment fund
3. General economic and investment market conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Foundation and
7. The investment policies of the Foundation

From time to time, certain donor-restricted endowment funds may have fair values that are less than the amount required to be maintained by donors or by law (underwater endowments). The Foundation has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At June 30, 2023, funds with original gift values of \$9,967,496, fair values of \$9,474,729, and deficiencies of \$492,767 were reported in net assets with donor restrictions. Management expects these amounts to be fully recovered during 2024 due to favorable market fluctuations and reductions in amounts appropriated for expenditure.

(Continued)

**ALAMO HEIGHTS SCHOOL FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

**12 ENDOWMENT FUNDS** (Continued)

Endowment net asset composition by type of fund as of June 30 is as follows:

	2023			Total
	Without Donor Restrictions	With Donor Restrictions		
		Purpose-Restricted	Corpus	
Donor-restricted endowment funds	<u>\$ (492,767)</u>	<u>\$ 7,874</u>	<u>\$ 10,211,239</u>	<u>\$ 9,726,346</u>

	2022			Total
	Without Donor Restrictions	With Donor Restrictions		
		Purpose-Restricted	Corpus	
Donor-restricted endowment funds	<u>\$ (282,856)</u>	<u>\$ -</u>	<u>\$ 7,441,878</u>	<u>\$ 7,159,022</u>

Changes in endowment net assets for the years ended June 30 are as follows:

	2023			Total
	Without Donor Restrictions	With Donor Restrictions		
		Purpose-Restricted	Corpus	
Endowment net assets, beginning of year	\$ (282,856)	\$ -	\$ 7,441,878	\$ 7,159,022
Contributions	-	-	2,769,361	2,769,361
Transfers	(203,651)	203,651	-	-
Investment income	-	368,350	-	368,350
Net appreciation (depreciation)	-	(130,783)	-	(130,783)
Amounts appropriated for expenditure	<u>(6,260)</u>	<u>(433,344)</u>	-	<u>(439,604)</u>
Endowment net assets, end of year	<u>\$ (492,767)</u>	<u>\$ 7,874</u>	<u>\$ 10,211,239</u>	<u>\$ 9,726,346</u>

	2022			Total
	Without Donor Restrictions	With Donor Restrictions		
		Purpose-Restricted	Corpus	
Endowment net assets, beginning of year	\$ 1,337,752	\$ 56,717	\$ 6,331,392	\$ 7,725,861
Contributions	-	-	1,075,689	1,075,689
Transfers	(1,620,608)	1,585,811	34,797	-
Investment income	-	489,980	-	489,980
Net appreciation (depreciation)	-	(1,707,193)	-	(1,707,193)
Amounts appropriated for expenditure	-	<u>(425,315)</u>	-	<u>(425,315)</u>
Endowment net assets, end of year	<u>\$ (282,856)</u>	<u>\$ -</u>	<u>\$ 7,441,878</u>	<u>\$ 7,159,022</u>

**ALAMO HEIGHTS SCHOOL FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

**13 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The following reflects the Foundation's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date. Donor-restricted amounts that are available for use within one year for general purposes include amounts restricted for expenditure in the upcoming fiscal year. Pledges receivable are subject to an implied time restriction but are expected to be collected within one year, except for amounts that are due in future years.

Cash and cash equivalents	\$ 612,458
Investments	9,326,542
Pledges receivable, net	<u>1,630,987</u>
Financial assets at year end	11,569,987
Less those unavailable for general expenditure within one year, due to:	
Pledges receivable due in future years	(1,114,766)
Donor-restricted to expenditure for specific purposes	(294,708)
Donor-restricted to maintain in perpetuity as endowment	<u>(9,096,473)</u>
Financial assets available to meet cash needs for general expenditure within one year	<u><u>\$ 1,064,040</u></u>

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 come due. At June 30, 2023, the Foundation has financial assets available to meet cash needs for general expenditure within one year that were equivalent to roughly 182 days of average general expenditures.