



*SAN ANTONIO FOUNDATION FOR EXCELLENCE IN EDUCATION, INC.  
(A NONPROFIT ORGANIZATION)*

*FINANCIAL STATEMENTS*

*FOR THE YEAR ENDED*

*DECEMBER 31, 2019*



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Armstrong, Vaughan & Associates, P. C.

Certified Public Accountants

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
San Antonio Foundation for Excellence in Education, Inc.  
San Antonio, Texas

We have audited the accompanying financial statements of San Antonio Foundation for Excellence in Education, Inc., which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses and cash flows for the year 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.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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.

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of San Antonio Foundation for Excellence in Education, Inc. as of December 31, 2019, and the changes in its net assets, functional expenses and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

As discussed in Note A14 of the financial statements, in January 2019, the San Antonio Foundation for Excellence in Education, Inc. adopted new accounting guidance from Financial Accounting Standards Board Update ASU No. 2014-09, *Revenue from Contracts with Customers* (Topic 606), ASU No. 2018-08, *Not-for-Profit Entities* (Topic 958) – *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* and ASU No. 2018-09, *Codification Improvements*. This did not require a restatement of prior year balances. Our opinion is not modified with respect to this matter.

A handwritten signature in cursive script that reads "Armstrong, Vaughan & Associates, P.C.".

Armstrong, Vaughan & Associates, P.C.

June 23, 2020



SAN ANTONIO FOUNDATION FOR EXCELLENCE IN EDUCATION, INC.  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2019

**ASSETS**

*Current Assets:*

Cash and Cash Equivalents	\$ 2,877,811
Investments	3,985,960
Accounts Receivable	352,500
Promises to Give Receivable, Net	1,945,377
<i>Total Current Assets</i>	<u>9,161,648</u>

*Assets of Donor Restricted Endowment Funds:*

Cash and Cash Equivalents	<u>319,270</u>
<i>Total Assets of Donor Restricted Endowment Funds</i>	<u>319,270</u>

*Noncurrent Assets:*

Promises to Give Receivable, Net	<u>1,724,969</u>
<i>Total Noncurrent Assets</i>	<u>1,724,969</u>

**TOTAL ASSETS**

\$ 11,205,887

**LIABILITIES AND NET ASSETS**

*Current Liabilities:*

Accounts Payable	\$ 27,886
<i>Total Current Liabilities</i>	<u>27,886</u>

*Net Assets:*

Without Donor Restrictions	
Board Designated	261,595
Undesignated	545,659
With Donor Restrictions	<u>10,370,747</u>
<i>Total Net Assets</i>	<u>11,178,001</u>

**TOTAL LIABILITIES AND NET ASSETS**

\$ 11,205,887

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

SAN ANTONIO FOUNDATION FOR EXCELLENCE IN EDUCATION, INC.  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE:</b>			
<i>Support:</i>			
Foundation Grants and Contributions	\$ 142,918	\$ 3,810,308	\$ 3,953,226
Corporate Grants and Contributions	127,609	2,094,720	2,222,329
CAST Grants and Contributions	-	125,000	125,000
Individual Grants and Contributions	58,824	285,212	344,036
United Way Contributions	67,473	-	67,473
Fundraising Events, Net	273,397	-	273,397
In-Kind Donation	502,594	-	502,594
Other Income	4,090	-	4,090
Net Assets Released from Restriction	3,607,614	(3,607,614)	-
<i>Total Support</i>	4,784,519	2,707,626	7,492,145
<i>Revenue:</i>			
Interest & Dividends, Net	74,124	12,331	86,455
Realized Gain (Loss) on Investments	4,531	-	4,531
Unrealized Gain (Loss) on Investments	226,655	-	226,655
<i>Total Revenue</i>	305,310	12,331	317,641
<b>TOTAL SUPPORT AND REVENUE</b>	5,089,829	2,719,957	7,809,786
<b>EXPENSES</b>			
<i>Program Services:</i>			
Innovative Grants	165,924	-	165,924
Other Teacher Grants	10,734	-	10,734
Mini-Grants	72,300	-	72,300
Grants and Gifts to Schools	731,069	-	731,069
Foundation Initiatives	2,551,751	-	2,551,751
Pipeline for College Success	949,781	-	949,781
Student Scholarships	146,100	-	146,100
Programs Support	188,274	-	188,274
<i>Supporting Services:</i>			
General and Administrative	108,472	-	108,472
Fundraising	78,692	-	78,692
<b>TOTAL EXPENSES</b>	5,003,097	-	5,003,097
<b>CHANGE IN NET ASSETS</b>	86,732	2,719,957	2,806,689
<b>BEGINNING NET ASSETS</b>	720,522	7,650,790	8,371,312
<b>ENDING NET ASSETS</b>	\$ 807,254	\$ 10,370,747	\$ 11,178,001

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

SAN ANTONIO FOUNDATION FOR EXCELLENCE IN EDUCATION, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2019

	Innovative Grants	Other Teacher Grants	Mini-Grants	Grants and Gifts to Schools	Foundation Initiatives
<b>FUNCTIONAL EXPENSES</b>					
<i>Personnel Costs</i>					
Salaries & Wages	\$ -	\$ -	\$ -	\$ -	\$ -
Payroll Taxes	-	-	-	-	-
Payroll Benefits	-	-	-	-	-
<i>Total Personnel Costs</i>	-	-	-	-	-
Accounting & Audit	-	-	-	-	-
Business Meetings & Training	-	-	-	-	-
Contract Staffing & Stipends	-	-	-	-	-
Emergency Gap Funding	-	-	-	-	9,067
Gifts	-	-	-	17,161	-
Grants	165,924	10,734	72,300	656,593	-
Insurance	-	-	-	-	-
Marketing & Promotional	-	-	-	-	-
Office Expenses	-	-	-	-	-
Rent (In-Kind)	-	-	-	-	-
Restricted Gifts	-	-	-	57,315	-
Scholarships	-	-	-	-	-
Strategic Initiatives	-	-	-	-	2,542,684
Postage & Shipping	-	-	-	-	-
Printing & Publications	-	-	-	-	-
Professional Development & Memberships	-	-	-	-	-
Professional Fees	-	-	-	-	-
Project Expenses	-	-	-	-	-
Supplies and Other Fees	-	-	-	-	-
<b>TOTAL FUNCTIONAL EXPENSES</b>	<u>\$ 165,924</u>	<u>\$ 10,734</u>	<u>\$ 72,300</u>	<u>\$ 731,069</u>	<u>\$ 2,551,751</u>

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

Pipeline for College Success	Student Scholarships	Program Support	Total Programs	General & Administrative	Fundraising	Total
\$ -	\$ -	\$ 137,359	\$ 137,359	\$ 45,775	\$ 65,325	\$ 248,459
-	-	10,789	10,789	3,596	5,131	19,516
-	-	8,631	8,631	2,876	4,105	15,612
-	-	156,779	156,779	52,247	74,561	283,587
-	-	-	-	10,050	-	10,050
-	-	4,730	4,730	3,000	-	7,730
-	-	-	-	4,013	-	4,013
-	-	-	9,067	-	-	9,067
-	-	-	17,161	-	-	17,161
-	-	-	905,551	-	-	905,551
-	-	-	-	5,506	-	5,506
-	-	-	-	8,923	3,931	12,854
-	-	-	-	1,716	-	1,716
-	-	19,200	19,200	4,800	-	24,000
-	-	-	57,315	-	-	57,315
-	146,100	-	146,100	-	-	146,100
949,781	-	-	3,492,465	-	-	3,492,465
-	-	-	-	1,049	-	1,049
-	-	-	-	3,523	-	3,523
-	-	-	-	924	200	1,124
-	-	-	-	12,721	-	12,721
-	-	1,395	1,395	-	-	1,395
-	-	6,170	6,170	-	-	6,170
<u>\$ 949,781</u>	<u>\$ 146,100</u>	<u>\$ 188,274</u>	<u>\$ 4,815,933</u>	<u>\$ 108,472</u>	<u>\$ 78,692</u>	<u>\$ 5,003,097</u>

SAN ANTONIO FOUNDATION FOR EXCELLENCE IN EDUCATION, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2019

	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in Net Assets	\$ 2,806,689
Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by Operating Activities:	
Realized (Gain) Loss on Investments	(4,531)
Unrealized (Gain) Loss on Investments	(226,655)
(Increase) Decrease in Accounts Receivable	(338,230)
(Increase) Decrease in Promises to Give Receivable, Net	1,632,368
Increase (Decrease) in Accounts Payable	(2,652,024)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>1,217,617</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Maturity of Certificates of Deposit	(158,618)
Purchase and Reinvestment of Securities	(1,155,405)
<b>NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES</b>	<b>(1,314,023)</b>
 NET INCREASE IN CASH AND CASH EQUIVALENTS	 (96,406)
<b>BEGINNING CASH AND CASH EQUIVALENTS:</b>	
Cash and Cash Equivalents	3,077,464
Restricted Cash and Cash Equivalents	216,023
	3,293,487
<b>ENDING CASH AND CASH EQUIVALENTS:</b>	
Cash and Cash Equivalents	2,877,811
Restricted Cash and Cash Equivalents	319,270
	\$ 3,197,081
 <b>SUPPLEMENTAL DISCLOSURE:</b>	
Interest Expense Paid	\$ -

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

SAN ANTONIO FOUNDATION FOR EXCELLENCE IN EDUCATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

NOTE A -- NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. NATURE OF ACTIVITIES

The San Antonio Foundation for Excellence in Education, Inc. (the Foundation), incorporated on December 5, 1997, is a private non-profit corporation and is tax exempt pursuant to Section 501(c)(3) of the Internal Revenue Code (IRC). The Foundation was organized exclusively for charitable and educational purposes, including the making of distributions to organizations that qualify as exempt organizations under Section 501(c)(3) of the IRC. Its main purpose is to facilitate student achievement, develop and recognize staff and teacher excellence, and strengthen partnerships in the San Antonio Independent School District (the District) community.

The Foundation is governed by an independent Board of Directors that has authority to make decisions and significantly influence operations.

2. BASIS OF PRESENTATION

The accompanying financial statements of the Foundation have been 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. If donor-imposed restrictions are met in the same period as the gift or investment income is received, the amount is reported as net assets without donor restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in the general operations and not subject to donor restrictions. Assets restricted solely through the actions of the Board of Directors are reported as net assets without donor restrictions, board-designated.

*Net Assets With Donor Restrictions* – Net assets subject to donor-imposed stipulations that will be met by actions of the Foundation and/or the passage of time. When a restriction expires, 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.

3. USE OF ESTIMATES

The preparation of financial statements in conformity with 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.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include all monies in checking, savings and money market accounts. Endowment assets include those assets of donor restricted funds that the Foundation must hold in perpetuity or for a donor-specified period. This implies growing the corpus in real terms while at the same time protecting the assets from market volatility.

SAN ANTONIO FOUNDATION FOR EXCELLENCE IN EDUCATION, INC.  
NOTES TO FINANCIAL STATEMENTS (CONT.)  
DECEMBER 31, 2019

NOTE A -- NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

5. FAIR VALUE MEASUREMENT

The Foundation's investments include certificates of deposit, equities and taxable bonds. Investments are reported at their fair values on the statement of financial position based on the hierarchy established by generally accepted accounting principles. The Foundation uses the following hierarchical disclosure framework:

Level 1 – Measurement based upon quoted prices for identical assets in an active market as of the reporting date.

Level 2 – Measurement based upon marketplace inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Measurement based on assumptions about hypothetical marketplace inputs because observable market inputs are not available as of the reporting date.

The Foundation uses appropriate valuation techniques based on available inputs to measure the fair value of its assets and liabilities. When available, the Foundation measures fair market value using Level 1 inputs because they generally provided the most reliable evidence of fair value. Level 3 inputs have the lowest priority.

6. ACCOUNTS RECEIVABLE

Accounts receivable balances are reported as outstanding principal, net of an allowance for doubtful accounts if deemed necessary. An allowance for uncollectible accounts has not been established as of December 31, 2019 as management considers all accounts to be collectible.

7. PROMISES TO GIVE RECEIVABLE

Promises to give receivable are unconditional promises to give that have not yet been received. Promises to give due in the next year are recorded at their net realizable value. Contributions and promises to give due in subsequent years are recorded at the present value of their net realizable value, using interest rates applicable to the years in which the contributions are to be received to discount those amounts. The interest rate is based on the rate at which the Foundation can borrow the funding from a reputable bank or credit union. An estimate for uncollectible amounts has not been established by management as of December 31, 2019 based on their review of individual accounts which were determined be fully collectible.

8. PROPERTY AND EQUIPMENT

Property and equipment is stated at cost at date of acquisition or fair value at date of donation in the case of gifts. Depreciation on the property and equipment is calculated using the straight-line method. At December 31, 2019, the Foundation had no property and equipment that meets the criteria for capitalization.

SAN ANTONIO FOUNDATION FOR EXCELLENCE IN EDUCATION, INC.  
NOTES TO FINANCIAL STATEMENTS (CONT.)  
DECEMBER 31, 2019

NOTE A -- NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

9. REVENUE RECOGNITION

Contributions are recognized as revenues when a gift or pledge that is unconditional is received. Conditional promises to give are those with a measurable performance or other barrier and a right of return and are not recognized until the conditions on which they depend have been met.

Grants and contributions received are recorded as net assets with restriction or net assets without restriction depending on the existence and/or nature of any donor restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with restriction are reclassified to net assets without restriction and reported in the statement of activities as net assets released from restrictions.

10. IN-KIND SUPPORT

The Foundation may receive services, or support without payment or compensation. When the value of such services meets recognition criteria, it is reflected in the accompanying financial statements as revenues and expenses in a like amount. In-kind contributions are measured and recorded at fair value on the date of donation.

11. INCOME TAXES

The Foundation is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) of the Internal Revenue Code. The Foundation is required to file Internal Revenue Service form 990, Return of Foundation Exempt from Income Tax annually.

The most significant tax position of the Foundation is its assertion that it is exempt from income taxes and its determination of whether any amounts are subject to unrelated business income tax (UBIT). All significant tax positions have been considered by management. It has been determined that it is more likely than not that all tax positions would be sustained upon examinations by taxing authorities. Tax years 2016 - 2018 remain open to examination by the taxing jurisdiction to which the Foundation is subject, and these periods have not been extended beyond the applicable statute of limitation.

12. FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the Foundation's programs and activities have been summarized on a functional basis in the statement of activities. Expenses that can be identified with a specific program or support service are allocated directly according to their natural expenditure classification. Salary and wage expenses are allocated based on job description. Other expenses are allocated on basis of time and efforts or other reasonable basis.

13. SUBSEQUENT EVENTS

Subsequent events have been evaluated by management through June 23, 2020, which is the date the financial statements were available to be issued.

SAN ANTONIO FOUNDATION FOR EXCELLENCE IN EDUCATION, INC.  
NOTES TO FINANCIAL STATEMENTS (CONT.)  
DECEMBER 31, 2019

NOTE A -- NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

14. RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers* (Topic 606), to clarify the principles for recognizing revenue from contracts with customers. The guidance requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The guidance also requires expanded disclosures relating to the nature, amount, timing and uncertainty of revenue and cash flow arising from contracts with customers, as well as other disclosures.

June 21, 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958) – Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made, to address questions stemming from FASB ASU 2014-09, *Revenue from Contracts with Customers* regarding its implications on the grants and contracts of not-for-profit organizations. The stated purpose of ASU 2018-08 is to provide guidance in evaluating whether transactions should be accounted for as contributions or exchanges. In addition, the update introduces the concept of barriers in providing additional guidance on identifying conditions that would preclude the recognition of a contribution as revenue.

In July 2018, the FASB issued ASU No. 2018-09, Codification Improvements to clarify, correct and improve FASB Accounting Standards Codification (ASC) established in September 2009. The ASC is the source of authoritative generally accepted accounting principles (GAAP) to be applied to nongovernmental entities.

In 2019, the Foundation adopted ASUs No. 2014-09, No. 2018-08 and No. 2018-09 and has adjusted the presentation of the financial statements accordingly. The adoption of the new standards had no impact on beginning net assets.

NOTE B -- UNINSURED DEPOSITS

As of December 31, 2019, the Foundation had \$717,051 in excess of federal deposit insurance coverage at a banking institution.

NOTE C -- INVESTMENTS

The Foundation's financial instruments consist primarily of a checking account, savings account, money market accounts, and certificates of deposit, taxable bonds and equities. The carrying amount of the cash and cash equivalents and taxable bond investments approximate their fair market value due to the short-term nature of such instruments (Level 1). All of the Foundation's equity investments are according to the fair value hierarchy at Level 2. The certificates of deposits are valued at amortized cost.

SAN ANTONIO FOUNDATION FOR EXCELLENCE IN EDUCATION, INC.  
NOTES TO FINANCIAL STATEMENTS (CONT.)  
DECEMBER 31, 2019

NOTE C -- INVESTMENTS (CONT.)

The table below summarizes the investments held by the Foundation at December 31, 2019:

	Cost	Fair Value	Cumulative Unrealized Gains (Losses)
Certificates of Deposit	\$ 1,068,000	\$ 1,070,094	\$ 2,094
Equities	1,665,744	1,874,608	208,864
Fixed Income	644,262	653,241	8,979
Exchange Traded Funds	319,990	321,331	1,341
Other Assets	61,309	66,686	5,377
Total	<u>\$ 3,759,305</u>	<u>\$ 3,985,960</u>	<u>\$ 226,655</u>

A reconciliation of the investment funds beginning and ending balances for the year ended December 31, 2019 is as follows:

Beginning Balance	\$ 2,440,751
Contributions	2,885,211
Interest Income	52,430
Realized Gains/(Losses)	4,531
Unrealized Gains/(Losses)	226,655
Draws	<u>(1,623,618)</u>
Ending Balance	<u>\$ 3,985,960</u>

NOTE D -- PROMISES TO GIVE RECEIVABLE

Promises to give receivable, less the discount for present value at December 31, 2019 and expected date of receipt are listed below:

	One Year	Within Five Years	Total
Total Promises to Give Receivable	\$ 2,073,000	\$ 1,988,000	\$ 4,061,000
Less: Present Value Discount of 8%	<u>(127,623)</u>	<u>(263,031)</u>	<u>(390,654)</u>
Promises to Give Receivable , Net	<u>\$ 1,945,377</u>	<u>\$ 1,724,969</u>	<u>\$ 3,670,346</u>

An allowance for uncollectible promises to give receivable has not been established as of December 31, 2019 as management estimates all promises to give to be collectible.

SAN ANTONIO FOUNDATION FOR EXCELLENCE IN EDUCATION, INC.  
 NOTES TO FINANCIAL STATEMENTS (CONT.)  
 DECEMBER 31, 2019

NOTE E -- ENDOWMENT FUNDS

As of December 31, 2019, the Foundation's donor advised endowments consist of two individual funds established for the benefit of the SAISD Foundation and the students and schools it supports. The donors requested the monies be held as perpetually restricted funds. The net assets associated with this fund are classified and reported based on the existence or absence of donor-imposed restrictions.

*Adoption of the Uniform Prudent Management of Institutional Funds Act*

The Board of the Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPIFMA) as requiring the preservation of the fair value of the original gift of the date of the donor restricted endowment funds absent explicit donor stipulations to the contrary. The State of Texas and the Foundation have both adopted UPMIFA. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPIFMA.

The Foundation in accordance with UPMIFA has considered the following factors in making decisions to appropriate or accumulate donor restricted endowment funds.

1. Duration and Preservation of the funds.
2. Purpose of the Foundation and the Endowment funds.
3. Economic conditions.
4. The possible effect of inflation or deflation.
5. The expected total return from income and the appreciation or market downturns.
6. Other resources of the Foundation.
7. The investment policies of the Foundation.

A reconciliation of the endowment funds beginning and ending balances for the year ended December 31, 2019 is as follows:

	With Donor Restrictions
Beginning Balance	\$ 216,023
Contributions	104,256
Interest Income	12,331
Draws	(13,340)
Ending Balance	\$ 319,270

SAN ANTONIO FOUNDATION FOR EXCELLENCE IN EDUCATION, INC.  
NOTES TO FINANCIAL STATEMENTS (CONT.)  
DECEMBER 31, 2019

NOTE E -- ENDOWMENT FUNDS (CONT.)

*Return Objectives and Risk Parameters*

The Foundation holds all endowment investments in long-term taxable bond and equity investments. The Board of Directors of the Foundation has adopted investment policies for the endowment fund that attempt to fill the purpose of the fund and also protect the principal of the fund. The intent of the Endowment assets include those assets of donor restricted funds that the Foundation must hold in perpetuity or for a donor-specified period. This implies growing the corpus in real terms while at the same time protecting the assets from serious volatility.

*Strategies Employed for Achieving Objectives*

To satisfy its long-term rate-of-return strategy in which investment returns are achieved through current yield (interest and dividends). The fund is designed to offer a portfolio balanced through a diversified group of quality securities to achieve its long-term return objective within the guidelines of the Foundation's investment policy.

NOTE F -- BOARD DESIGNATED NET ASSETS

As of December 31, 2019, the Board of Directors designated \$261,595 of the net assets without restriction for new teacher grants.

NOTE G -- IN-KIND DONATIONS.

During fiscal year 2016, the Foundation entered into a certain CAST Grant Agreement that names Charles Butt & HEB as Grantors; SAISD as Grantee and In-District Charter Authorizer; and, the Foundation as the Grant Funds Administrator. The Foundation's role is to administer the funds (grants, contributions, etc.) received from donors for the construction of the CAST High School, which is to be owned by SAISD and operated as an SAISD in-district charter high school; and, all construction costs are approved by a grantor representative prior to payment by the Foundation. The project was completed in 2019.

Additionally, since the District is the beneficiary of the CAST capital assets, the amount of the construction costs paid by the Foundation are recorded by the District as contributed assets, and are thus not capitalized as fixed assets by the Foundation.

In fiscal year 2019, an Foundation paid one million dollars to Joeris General Contractors (the contractor) on behalf of the Foundation for the CAST Project of which \$500,000 was pledge receivable. The contractor then donated the remaining balance of construction costs payable of \$478,594 as in-kind.

In addition, the Foundation receives and records in-kind contributions in the form of office space provided and paid by the San Antonio Independent School District in the amount of \$24,000.

SAN ANTONIO FOUNDATION FOR EXCELLENCE IN EDUCATION, INC.  
 NOTES TO FINANCIAL STATEMENTS (CONT.)  
 DECEMBER 31, 2019

NOTE H -- SPECIAL EVENTS

Special event fundraisers are reported net of direct costs which is shown as Fundraising Events on the Statement of Activities. The following is a summary of special events hosted during the year ended December 31, 2019:

	Inspire Awards	Run 4Education	Golf For Excellence	Other	Total
Revenues	\$ 236,715	\$ 35,607	\$ 85,773	7,101	\$ 365,196
Expenses	(49,236)	(21,054)	(14,383)	(7,126)	(91,799)
Special Events, Net	<u>\$ 187,479</u>	<u>\$ 14,553</u>	<u>\$ 71,390</u>	<u>\$ (25)</u>	<u>\$ 273,397</u>

NOTE I -- RESTRICTED NET ASSETS

Net assets with donor restrictions at December 31, 2019 are available for the following purposes:

Alumni Support	\$ 29,743
Campus Education Funds	98,093
CAST MED	1,500,100
College Tours	940,047
Endowment Funds	319,270
Grants to Schools	502,130
Scholarships	213,376
Strategic Initiatives	2,637,638
Pipeline for College Success	4,130,350
	<u>\$ 10,370,747</u>

NOTE J -- NET ASSETS RELEASED FROM RESTRICTION

The release of net assets released from restriction for the year ended December 31, 2019 are as follows:

Alumni Support	\$ 37,752
Campus Education Funds	97,942
College Tours	191,538
Grants to Schools	540,345
Scholarships	146,288
Strategic Initiatives	1,568,982
Pipeline for College Success	1,018,927
Other	5,840
	<u>\$ 3,607,614</u>

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 NOTES TO FINANCIAL STATEMENTS (CONT.)  
 DECEMBER 31, 2019

NOTE K -- REVENUE AND EXPENSE CONCENTRATION

The Foundation relies upon grants, contributions and other assistance to supplement a majority of its program fees. The reliance upon several large contributors created the following revenue concentrations as of December 31, 2019:

	% of Total Revenue
Valero Energy Corporation (annual pledged amount)	21.4%
Walton Family Foundation	19.8%
Charles Butt Foundation	14.7%

Additionally, 47% of the Foundation's expenses were paid directly to the District.

NOTE L -- LITIGATION

Management is not aware of any pending or threatened litigation against the Foundation.

NOTE M -- LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

The management of the Foundation's working capital and cash flows have variations during the year attributable to the annual cash receipts for contributions, grants and program fees. Monthly operations, excluding in-kind, as of December 31, 2019 are \$414,925. The Foundation currently has one month of operating expenses in financial assets available to meet cash needs. The following reflects the Organization's financial assets as of December 31, 2019, reduced by current liabilities, board designated funds and net assets with donor restrictions:

Total Current Assets	\$ 9,480,918
Less: Accounts Payable	(27,886)
Less: Restricted Net Assets (excludes noncurrent)	(8,645,778)
Less: Board Designated Net Assets	(261,595)
Total Financial Assets Available to Meet	
Financial assets available to meet cash needs as of 12/31/19	\$ 545,659

NOTE N -- SUBSEQUENT EVENTS

The Foundation's ongoing finances may experience instability and the estimates included in the financial statements may change due to current political and economic conditions as a result of public health concerns related to the novel coronavirus, or COVID-19 pandemic. The duration and intensity of these impacts and resulting disruption to which these events effect the Foundation's activity will depend on future developments, which are highly uncertain and cannot be predicted at this time.

In April of 2020, the Foundation was approved for a loan of \$59,000 through the Small Business Association's Paycheck Protection Program. This loan has a maturity of two years and an interest rate of 1%. Loan payments will be deferred for six months. The Foundation intends to use the funds for payroll costs (at least 75%), interest on mortgages, rent and utilities as required for the loan to be fully forgiven.

