

**ALAMO HEIGHTS SCHOOL FOUNDATION**

**FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2010**



**ALAMO HEIGHTS SCHOOL FOUNDATION**

**FINANCIAL STATEMENTS**

**Year Ended June 30, 2010**

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## Independent Auditor's Report

Board of Directors  
Alamo Heights School Foundation  
San Antonio, Texas

We have audited the accompanying statements of financial position of the Alamo Heights School Foundation (a nonprofit corporation) as of June 30, 2010, and the related statements of activities and cash flows for the year ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of Alamo Heights School Foundation as of June 30, 2009, were audited by other auditors whose report dated November 5, 2009, expressed an unqualified opinion on those statements.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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, 2010, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary schedule identified in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Sagebiel, Ravenburg & Schuh, P.C.*

September 24, 2010

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ALAMO HEIGHTS SCHOOL FOUNDATION

STATEMENT OF FINANCIAL POSITION

June 30, 2010 and 2009

| <b>ASSETS</b>                         | <u>2010</u>         | <u>2009</u>         |
|---------------------------------------|---------------------|---------------------|
| <b>Current assets:</b>                |                     |                     |
| Cash and cash equivalents             | \$ 179,740          | \$ 331,482          |
| Pledges receivable, net of allowance  | 44,952              | 44,298              |
| Investments - at fair market value    | <u>4,160,442</u>    | <u>3,519,573</u>    |
|                                       | <u>\$ 4,385,134</u> | <u>\$ 3,895,353</u> |
| <br><b>LIABILITIES AND NET ASSETS</b> |                     |                     |
| <b>Liabilities:</b>                   |                     |                     |
| Accounts payable                      | \$ -                | \$ 536              |
| Scholarships payable                  | 30,000              | 30,250              |
| Deferred revenue                      | <u>-</u>            | <u>92,481</u>       |
| Total current liabilities             | <u>30,000</u>       | <u>123,267</u>      |
| <br><b>Net assets:</b>                |                     |                     |
| Unrestricted                          | 155,735             | (158,459)           |
| Temporarily restricted                | 174,029             | 105,170             |
| Permanently restricted                | <u>4,025,370</u>    | <u>3,825,375</u>    |
|                                       | <u>4,355,134</u>    | <u>3,772,086</u>    |
|                                       | <u>\$ 4,385,134</u> | <u>\$ 3,895,353</u> |

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



ALAMO HEIGHTS SCHOOL FOUNDATION

STATEMENT OF ACTIVITIES

Year Ended June 30, 2010

(With Comparative Totals For Year Ended June 30, 2009)

|   | Unrestricted      | Temporarily<br>Restricted | Permanently<br>Restricted | Total               |                     |
|---|-------------------|---------------------------|---------------------------|---------------------|---------------------|
|   |                   |                           |                           | 2010                | 2009                |
| <b>Support, Revenue and Other:</b>                            |                   |                           |                           |                     |                     |
| Contributions - fundraising campaigns                         | \$ 384,552        | \$ 110,100                | \$ 199,995                | \$ 694,647          | \$ 1,240,653        |
| Interest/Dividends  | 8,020             | 94,788                    | -                         | 102,808             | 39,300              |
| Managed asset investment income                               | 6,950             | 28,157                    | -                         | 35,107              | 67,296              |
| Managed asset realized gain<br>(loss) on sale of investments  | 45,275            | -                         | -                         | 45,275              | (490,057)           |
| Managed asset unrealized gain/<br>(loss) on investment        | 240,702           | 116,706                   | -                         | 357,408             | (181,210)           |
| Management fee  | 48,043            | -                         | -                         | 48,043              | 43,046              |
| Special events (net of disbursements<br>of \$79,049 for 2010) | 53,446            | -                         | -                         | 53,446              | 46,847              |
| Net assets released from restriction                          | <u>280,892</u>    | <u>(280,892)</u>          | <u>-</u>                  | <u>-</u>            | <u>-</u>            |
| <b>Total Support, Revenue and Other</b>                       | <b>1,067,880</b>  | <b>68,859</b>             | <b>199,995</b>            | <b>1,336,734</b>    | <b>765,875</b>      |
| <b>Expenses:</b>  |                   |                           |                           |                     |                     |
| Grants  | 498,433           | -                         | -                         | 498,433             | 357,767             |
| Scholarships  | 30,000            | -                         | -                         | 30,000              | 31,250              |
| Professional dues and education                               | 2,787             | -                         | -                         | 2,787               | 1,805               |
| Fundraising expenses  | 8,585             | -                         | -                         | 8,585               | 14,979              |
| Payroll   | 108,369           | -                         | -                         | 108,369             | 112,138             |
| Professional fees   | 11,655            | -                         | -                         | 11,655              | 12,827              |
| Management fee  | 68,814            | -                         | -                         | 68,814              | 43,046              |
| Supplies and general  | <u>25,043</u>     | <u>-</u>                  | <u>-</u>                  | <u>25,043</u>       | <u>30,005</u>       |
| <b>Total Expenses</b>   | <b>753,686</b>    | <b>-</b>                  | <b>-</b>                  | <b>753,686</b>      | <b>603,817</b>      |
| <br>Change in net assets                                      | <br>314,194       | <br>68,859                | <br>199,995               | <br>583,048         | <br>162,058         |
| <b>Net assets at beginning of the year</b>                    | <u>(158,459)</u>  | <u>105,170</u>            | <u>3,825,375</u>          | <u>3,772,086</u>    | <u>3,610,028</u>    |
| <b>Net assets at end of year</b>                              | <u>\$ 155,735</u> | <u>\$ 174,029</u>         | <u>\$ 4,025,370</u>       | <u>\$ 4,355,134</u> | <u>\$ 3,772,086</u> |

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



**ALAMO HEIGHTS SCHOOL FOUNDATION**

**STATEMENT OF CASH FLOWS**

**Years Ended June 30, 2010 and 2009**

|  | <u>2010</u>       | <u>2009</u>       |
|--|-------------------|-------------------|
| <b>Cash flow from operating activities:</b>  |                   |                   |
| Change in net assets   | \$ 583,048        | \$ 162,058        |
| Adjustments to reconcile change in net assets<br>to net cash provided by operating activities: |                   |                   |
| Net realized and unrealized losses on investments  | (402,683)         | 671,267           |
| Change in pledges receivable   | (654)             | 21,527            |
| Change in accounts payable   | (536)             | 536               |
| Change in scholarships payable   | (250)             | (5,750)           |
| Change in deferred revenue   | <u>(92,481)</u>   | <u>92,481</u>     |
| Net cash provided by operating activities  | <u>86,444</u>     | <u>942,119</u>    |
| <br><b>Cash flows from investing activities:</b>   |                   |                   |
| Change in investments  | <u>(238,186)</u>  | <u>(794,838)</u>  |
| Net cash used by investing activities  | <u>(238,186)</u>  | <u>(794,838)</u>  |
| <br>Net increase (decrease) in cash  | (151,742)         | 147,281           |
| <br><b>Cash at beginning of year</b>   | <u>331,482</u>    | <u>184,201</u>    |
| <br><b>Cash at end of year</b>   | <u>\$ 179,740</u> | <u>\$ 331,482</u> |

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



# ALAMO HEIGHTS SCHOOL FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

### 1 NATURE OF ACTIVITIES

The mission of the Alamo Heights School Foundation (the Foundation) is to mobilize community support for current and long-term strategies that enhance and perpetuate district-wide academic opportunity and excellence for our children.

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 three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

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, 2009, 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, 2010.

#### 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, temporarily or permanently restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

#### 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.

(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 unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor restricted contributions are reported as increases in temporarily or permanently restricted net assets 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.

#### Management Fee

To address general overhead and operating costs, the general fund assesses the board designated, scholarship, grant, and endowment funds an annual management fee equal to 1% of the fair market value of each fund as of the end of the year.

#### Fair Value of Financial Instruments

The Fair Value Measurements and Disclosures Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification defines fair value, establishes a three-level valuation hierarchy for disclosure of fair value measurements, and expands disclosures about fair value measurements. An instrument's categorization within the hierarchy is based upon the lowest level of input that is significant to the fair value measurement. Therefore, for instruments classified in levels 1 and 2 of the hierarchy, where inputs are principally based on observable market data, there is less judgment applied in arriving at a fair value measurement. For instruments classified within level 3 of the hierarchy, judgments are more significant. The Foundation's financial instruments and classification within the hierarchy are identified below:

Fair value of financial instruments standards require disclosure of fair value information about financial instruments, whether or not recognized in the statement for financial position. The following methods and assumptions were used by the Foundation in estimating its fair value disclosures for financial instruments:

- \* Cash and cash equivalents (level 1): The carrying amount reported in the statement of financial position approximates fair value because of the short-term maturities of those instruments.
- \* Accounts receivable (level 3): The carrying amount approximates fair value because the majority of the amount receivable is due within one year.
- \* Investments (level 1): The fair value of mutual funds and marketable equity securities is based on quoted market prices at year-end.

#### Subsequent Events

The Foundation's management has evaluated subsequent events through September 24, 2010, 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 a single financial institution located in San Antonio, Texas. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2010 and 2009, the Foundation's uninsured cash balances totaled \$-0- for both years. At various times during the year, the Foundation may exceed this coverage.

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, 2010 and 2009, representing campaign pledges promised are classified as followed:

|                                 | <u>2010</u>      | <u>2009</u>      |
|---------------------------------|------------------|------------------|
| In one year or less             | \$ 55,339        | \$ 22,198        |
| Between one year and five years | -                | 32,487           |
| Allowance                       | <u>(10,387)</u>  | <u>(10,387)</u>  |
|                                 | <u>\$ 44,952</u> | <u>\$ 44,298</u> |

**5 INVESTMENTS**

The Foundation uses an investment management firm. The Foundation's investment activity from this manager for the years ended June 30, 2010 and 2009, resulted in a realized gain of \$45,275 and realized loss of \$490,057 for those years, respectively. For the years ended June 30, 2010 and 2009, unrealized gain of \$357,408 and unrealized loss of \$181,210 occurred for those years, respectively. The cost and fair value of managed investments by major type as of June 30, 2010 and 2009, are as follows:

|                         | <u>2010</u>         |                     | <u>2009</u>         |                     |
|-------------------------|---------------------|---------------------|---------------------|---------------------|
|                         | <u>Cost</u>         | <u>Market</u>       | <u>Cost</u>         | <u>Market</u>       |
| Cash equivalents        | \$ 234,335          | \$ 234,335          | \$ 515,000          | \$ 515,000          |
| Fixed income securities | 1,433,114           | 1,472,706           | 1,033,288           | 997,281             |
| Equity securities       | <u>2,416,788</u>    | <u>2,453,401</u>    | <u>2,343,537</u>    | <u>2,007,292</u>    |
|                         | <u>\$ 4,084,237</u> | <u>\$ 4,160,442</u> | <u>\$ 3,891,825</u> | <u>\$ 3,519,573</u> |

**6 GRANTS AWARDED**

*Operating General Fund*

Grants from the General Fund are made on a periodic basis to schools in the Alamo Heights Independent School District for classroom supplies, libraries, technology, staff enrichment, and salary support. During the year ended June 30, 2010, a grant of \$250,000 was made by the Foundation to AHISD. Additional grants and scholarships of \$10,000 were distributed per donors' specific funding requests during the fiscal year. The Foundation awarded an additional \$49,672 in teacher grants and awards to the Alamo Heights School District during the year ended June 30, 2010.

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. The first grant for the program was made in the amount of \$45,685 the year ended June 30, 2010.



ALAMO HEIGHTS SCHOOL FOUNDATION

NOTES TO FINANCIAL STATEMENTS

(Continued)

6 GRANTS AWARDED (Continued)

*General Endowment Fund*

The General Endowment Fund was initiated in the fall of 2002. The intent of the endowment effort is to recruit support for long-term financial security of AHISD. Upon maturity, earnings from the endowment support various facets of AHISD's programs.

During fiscal year 2006-2007 the Board approved the distribution of \$50,000 annually to help fund the Teacher for Academic Excellence in Science. This teacher helps to identify students at Alamo Heights High School who have an interest or passion for science and actively researches internships and shadowing opportunities in San Antonio and the surrounding areas. A \$50,000 distribution was made during the year ended June 30, 2010. This commitment is subject to a periodic review by the board.

*Rob Boldrick Memorial Fund*

The Boldrick Fund was established in 1991. The income from this fund is to be used to support a teacher whose study, training, or program development will help students with a penchant for learning and academic achievement; and those interested in careers in sciences, mathematics, and language arts. Two grants totaling \$1,964 were awarded during the year ended June 30, 2010.

*Faye Langley Cowden Chair for Elementary Education*

Contributions were received by the Foundation for the purpose of establishing an elementary education chair in the Alamo Heights Independent School District. Funding for the Chair is provided by the income from investment of the donation. The assets of the fund may not be hypothecated or pledged by the Foundation for any purpose. The Foundation has established the Cowden Fund to account for the assets, receipts, and disbursements related to the Chair. A grant in the amount of \$17,000 was awarded in the year ended June 30, 2010.

*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 will support teaching excellence at Alamo Heights High School. Grants totaling \$4,800 were awarded to send selected teachers to training with the Schlecty Center during the year ended June 30, 2010.

*Caroline Gose Fund*

The fund was established in memory of Caroline Gose, a 2003 Alamo Heights graduate. Income generated will provide funding for a student/teacher project at Alamo Heights High School in the areas of theater, journalism, or community service. Two grants of \$3,000 were awarded during the year ending June 30, 2010.

*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. Income from this fund will be used to provide funds for theater productions, purchase of equipment or production enhancements, teacher salaries and staff development. The first distribution is planned for fiscal year 2010-11.

*Ida M. Kennedy Fund*

The fund was established in memory of Mrs. Kennedy, a revered math teacher at the Junior School. The income from the fund will be used by the Junior School. No grants were awarded during 2010.



ALAMO HEIGHTS SCHOOL FOUNDATION

NOTES TO FINANCIAL STATEMENTS

(Continued)

6 GRANTS AWARDED (Continued)

*Graham Ladensohn Memorial Lecture Series*

The Graham Ladensohn Memorial Lecture Series was established in 1991 for the purpose of financing lecture speakers for the community and the Alamo Heights Independent School District faculty. A grant of \$2,200 was awarded during the year ended June 30, 2010.

*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 will fund a teaching position in the area of English at Alamo Heights High School. The first grant in the amount of \$62,359 was awarded in the year ended June 30, 2010. The position of the Glenn R. and Sally P. Ramsdell Memorial Chair in English is intended to be a highly creative, enthusiastic person whose primary task shall be to nurture excitement in literary pursuits within the children of the Alamo Heights High School and Alamo Heights ISD.

*Martha Spoor Young Writers Fund*

The fund was established in honor of Martha Spoor, an Alamo Heights High School graduate and English teacher at the Junior School. The income from the fund will be used to enhance the writing program at the Junior School. The first grant, in the amount of \$700, was given in the year ended June 30, 2010 for a two-week summer writing workshop for rising seventh graders.

Summary of 2009-10 Grants:

|  |                   |
|--|-------------------|
| Foundation grant for teacher salaries              | \$ 250,000        |
| AHISD Wellness Program                             | 45,685            |
| Donor designated program grants                    | 10,000            |
| Annual teacher grants                              | 48,422            |
| Wow! Awards  | 1,250             |
| Teacher for Academic Excellence in Science         | 50,000            |
| Glenn R. & Sally P. Ramsdell Chair in English      | 62,359            |
| Rob Boldrick Memorial Fund                         | 1,964             |
| Faye Langley Cowden Chair for Elementary Education | 17,000            |
| Johnnie Eng Fund for Teaching Excellence           | 4,800             |
| Caroline Gose Memorial Fund                        | 3,000             |
| Martha Spoor Young Writers Fund                    | 700               |
| Graham Ladensohn Memorial Lecture Series           | 2,200             |
| Donated equipment for Howard                       | <u>1,053</u>      |
| Total grants approved                              | 498,433           |
| Total scholarships approved (See note 7)           | <u>30,000</u>     |
| Total grants and scholarships approved             | <u>\$ 528,433</u> |

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 to be 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. Recipients of the Campbell Scholarships will be selected based on scholastic ability and financial need.



ALAMO HEIGHTS SCHOOL FOUNDATION

NOTES TO FINANCIAL STATEMENTS

(Continued)

7 SCHOLARSHIPS AWARDED (Continued)

*Shirley Fitch English Memorial Scholarship*

The Shirley Fitch English Memorial Scholarship was established in 1985. Income from the fund is used to award a \$1,000 annual scholarship. The recipient of the annual scholarship will be a graduating senior who has demonstrated academic effort, improvement, and perseverance, and can be at any level of ability. The recipient should have demonstrated school spirit through involvement in extracurricular activities. Scholarship monies may be used for any area of further education that will enable the recipient to lead a productive life. A committee composed of the principal, a member of the Foundation, and a representative of the teaching staff will select the recipient.

*McPherson Family Memorial Scholarship Award*

In 1978, the Foundation established the Debbie McPherson Memorial Sportsmanship Fund, income from which was designated to fund the Debbie McPherson Memorial Sportsmanship Award. The award was renamed the McPherson Family Memorial Scholarship Award at the donor's request in January 2008. The award is given annually to a graduating senior female athlete of Alamo Heights High School. Selection shall be made by the coaching staff and the Athletic Director of Alamo Heights High School. Qualities to be used as a guide in making the selection include team spirit, honesty, self-sacrifice, an unselfish attitude, dedication to the team and the sport, fairness, courtesy, perseverance, self-determination, good attendance in workouts, and average grades or better.

*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 \$88,891 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 seeking higher education. Desirable qualifications for students designated to receive assistance from the Trust shall be fixed by the Trustee. Currently, scholarships are awarded on both merit and need. The recipient should also have many of the qualities Mrs. Vordenbaum exemplified herself and valued in others, including intellectual curiosity and a love of learning, perseverance and seriousness of purpose, an honest and direct approach, sincerity, trustworthiness, unselfishness, neatness in work and appearance, and respect for others. In addition, she prized a wholesome attitude toward school and education, a willingness to work hard, a desire to cooperate with and to help others, and a positive and pleasant approach to life.

*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 a scholarship (or scholarships) to an Alamo Heights graduating senior (or seniors). In April 2006, the donor changed his intent so that the principal of the fund could be expended in addition to any income. The recipient should be a conscientious student with average ability who achieves better than his/her indicated ability while involved in the extra-curricular activities of his/her school. The recipient should be selected by a faculty committee designated by the Foundation and composed of at least three teachers including a representative from the athletic department. Preferably, those teachers who have best known Bob Ware or his family will be selected.

*Scholarships Approved in the Current Year*

Scholarships approved in 2010 and to be paid out in 2011 include:

|                                 |           |
|---------------------------------|-----------|
| W. W. and Anna May Campbell     | \$ 23,000 |
| Shirley Fitch English Memorial  | 1,000     |
| McPherson Family Memorial Award | 1,000     |
| Oma E. Vordenbaum Trust         | 4,000     |
| Bob Ware Memorial               | 1,000     |
|                                 | <hr/>     |
|                                 | \$ 30,000 |



**ALAMO HEIGHTS SCHOOL FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

**8 FUNDRAISING CAMPAIGNS**

A portion of funds raised through the annual campaign are designated for transfer to the endowment. The amount approved by the Board for the years ended June 30, 2010 and 2009, was \$33,274 and \$38,403 for those years, respectively.

**9 TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets consist of the following at June 30, 2010 and 2009:

|                                 | <u>2010</u>       | <u>2009</u>       |
|---------------------------------|-------------------|-------------------|
| W. W. and Anna May Campbell     | \$ 7,031          | \$ 7,256          |
| Shirley Fitch English Memorial  | 3,526             | 4,037             |
| McPherson Family Memorial       | 1,152             | 1,915             |
| Oma E. Vordenbaum Trust         | 76,146            | 71,617            |
| Bob Ware Memorial Fund          | 22,159            | 20,345            |
| Salary for Wellness Coordinator | 64,015            | -                 |
|                                 | <u>\$ 174,029</u> | <u>\$ 105,170</u> |

**10 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, 2010 and 2009:

|   | <u>2010</u>       | <u>2009</u>       |
|---|-------------------|-------------------|
| Gift to AHHS Student Council                  | \$ -              | \$ 5,000          |
| Gift to AHHS Boys Soccer Team                 | -                 | 2,500             |
| Gift to AHHS Boys Basketball Team             | -                 | 2,500             |
| Gift to AHJS English/Language Arts Department | -                 | 1,000             |
| Gift to AHJS Special Education Department     | -                 | 500               |
| Jon McWilliams Award                          | 1,250             | 1,250             |
| Scholarships                                  | 30,000            | 30,000            |
| Grants  | 142,023           | 73,800            |
| Gift to AHHS L.I.F.E. Skills Program          | 10,000            | -                 |
| Gift to Wellness Coordinator Program          | 45,685            | -                 |
| Management fees                               | 48,043            | -                 |
| Donated equipment                             | 1,053             | -                 |
| Other   | 2,838             | 27,759            |
| Net assets released from restrictions         | <u>\$ 280,892</u> | <u>\$ 144,309</u> |

**11 PERMANENTLY RESTRICTED NET ASSETS**

Permanently restricted net assets consist of the following at June 30, 2010 and 2009:

|                                    | <u>2010</u>         | <u>2009</u>         |
|------------------------------------|---------------------|---------------------|
| General Endowment                  | \$ 1,808,421        | \$ 1,667,600        |
| Boldrick Fund                      | 63,436              | 63,436              |
| Faye Langley Cowden Chair          | 241,599             | 241,599             |
| Johnnie Eng Fund                   | 188,980             | 188,380             |
| Caroline Gose Fund                 | 76,447              | 75,127              |
| Ida M. Kennedy Fund                | 43,593              | 43,493              |
| Graham Ladensohn Memorial          | 27,275              | 27,275              |
| Ramsdell Fund                      | 1,469,613           | 1,469,613           |
| Martha Spoor Young Writers Fund    | 53,756              | 48,852              |
| Charles Guenther Theater Arts Fund | 52,250              | -                   |
|                                    | <u>\$ 4,025,370</u> | <u>\$ 3,825,375</u> |



# 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 of Directors 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 had not formally adopted UPMIFA as of June 30, 2010, but is in the process of reviewing its policies in order to ensure compliance during the year ending 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 intent that 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.

#### *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 the District, 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 previous fiscal year (June 30), and will be calculated as 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.



**ALAMO HEIGHTS SCHOOL FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

**12 ENDOWMENT FUNDS (Continued)**

In accordance with the formal adoption of UPMIFA, the Investment Committee of the Foundation plans to review 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



**SUPPLEMENTARY SCHEDULE**

