

# FRONTIER *Texas!*

625 North First Street ★ Abilene, Texas 79601 ★ Phone: 325.437.2800

## FRONTIER TEXAS, INCORPORATED

A meeting of the Frontier Texas, Incorporated Board of Directors, is to be held on Wednesday, February 17, 2021, commencing at 11:30 A.M. via electronic videoconferencing technology or telephone (please see access details below and on page 2) to consider items on the following agenda.

Signed:



Jeff Salmon, Executive Director  
Frontier Texas

### AGENDA

Wednesday, February 17, 2021, 11:30 A.M.

Online Via Zoom or Phone

This meeting can be accessed electronically via the following link:

<https://zoom.us/j/98434605591?pwd=cG91aGI5VXlVT0hveVY1YlNjRXNQdz09>

Passcode: 1881 (phone call-in instructions on page 2)

1. Welcome and Electronic Meeting Procedures - Board President
  - a. Roll-call, attendance confirmations
2. Consent Agenda:
  - a. Past Meeting Minutes
  - b. Treasurer's Report – Financial Statement(s)
  - c. Attendance & Marketing Report
3. Audit Presentation and Possible Action
4. Nominations Committee and Possible Action
5. Bylaws Committee and Possible Action
6. Executive Director's Report and Possible Action:
  - a. Operations: facility, finances, fundraising, Covid-19 Pandemic procedures
  - b. Programs: education, events, volunteers
  - c. Marketing: advertising, public relations, gift shop
7. Board Recommendations on Operations in response to the Covid-19 Pandemic
8. Next meeting date: March 17, 2021 at 11:30am
9. Adjourn

### CERTIFICATION

I hereby certify that the above notice of meeting was posted on the bulletin board at the City Hall of

Abilene, Texas, on the 11th day of February 2021 at 11:00 am.



Shawna Atkinson, TRMC, City Secretary

NOTICE: Persons with disabilities who would like special assistance or need accommodations to participate in this meeting should contact Frontier Texas at (325) 437-2800 at least forty-eight (48) hours in advance of this meeting.

## NOTICE REGARDING PUBLIC PARTICIPATION

Texas Governor Greg Abbott has granted a temporary suspension of certain rules to allow for telephone or video conference public meetings in an effort to reduce in-person meetings that assemble large groups of people, due to the COVID-19 (coronavirus) public health emergency.

In an effort to reduce the spread of the virus, this Frontier Texas board meeting is being hosted electronically for board members and the public.

Topic: Frontier Texas Board Zoom Meeting February 2021

Time: Feb 17, 2021 11:30 AM Central Time (US and Canada)

Join Zoom Meeting

<https://zoom.us/j/98434605591?pwd=cG91aGI5VXlVT0hveVY1YlNJRlRlQDZ09>

Meeting ID: 984 3460 5591

Passcode: 1881

One tap mobile

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Dial by your location

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Meeting ID: 984 3460 5591

Passcode: 1881

# FRONTIER *Texas!*

## BOARD MEETING MINUTES

January 20, 2021

### VOTING MEMBERS PRESENT:

Alex Russell  
Audrey Perry  
Bera Johnson  
Brent Hill  
Caitlin Richards

David Hernandez  
Jessica Adams  
Jessica Haile  
Mindy Patterson  
Weldon Hurt

### EX-OFFICIO MEMBERS PRESENT:

Nanci Liles  
Kathy Keane

Jeff Salmon

### MEMBERS ABSENT:

Brad Birchum  
Derek Hood  
Donna Long Wolfer  
Jack Rentz  
Jay Evans  
Jeff Gore

Lynn Barnett  
Marshall Morris  
Sylvia Leal  
Randy Burchell  
Tammie Virden  
Tim Chandler

### GUESTS:

Kelly Messer

### STAFF PRESENT:

Patrice Sharbutt

1. **WELCOME AND MEETING PROCEDURES.** Having a quorum of ten members present via in person, by phone or by Zoom, President Jessica Adams called the Frontier Texas Board meeting to order using the website [www.zoom.com](http://www.zoom.com) to an electronic Board meeting. President Adams called roll of board members who had RSVP for the board meeting and she went through the procedures for electronic meetings. President Adams welcomed Kelly Messer, Assistant City Attorney of Abilene.
2. **CONSENT AGENDA.** Having a quorum, President Jessica Adams asked any discussions concerning the Consent Agenda. There being none, she asked for a motion to approve the Consent Agenda. Motion was made by Caitlyn Richards and second was by Bera Johnson. Consent Agenda was approved.
3. **NOMINATIONS COMMITTEE AND POSSIBLE ACTION.** President Adams informed the Board that there would be openings on the Board due to end of terms in February. She asked for volunteers to form a Nomination Committee. Board Members Audrey Perry and Alex Russell volunteered. President Adams will also serve on the Nominations Committee.
4. **BYLAWS COMMITTEE AND POSSIBLE ACTION.** Executive Director Jeff Salmon reported that we have not heard back from the city officials and asked that Board Member Mindy Patterson, if she will follow up with the city.
5. **EXECUTIVE DIRECTOR'S REPORT AND POSSIBLE ACTION.**
  - a. **Operations:** Executive Director Jeff Salmon reported no major concerns with the building at this time. Finances are below what we expected. Accounting Coordinator Patrice Sharbutt has prepared documents to file for the second round of Payroll Protection Plan, which was submitted on January 19<sup>th</sup>.
  - b. **Programs:** Mr. Salmon reported that Frontier Texas had received a grant from Abilene Community Foundation to help with the expenses of the school virtual tours and the historical reenactments that will begin this summer. Facility Operations Manager Chris Allen has the following projects that is he working on: finishing the virtual school tours; filming items for the fundraiser Tom Perini; and the Rath Store upgrade.





**Frontier Texas! Inc.**  
**Treasurer's Report Summary**  
**For the month of December and the Three months ended December 31, 2020**

**Statement of Financial Position – Balance Sheet as of December 31, 2020**

• Current Assets – Cash and inventory	\$	333,758
Facilities & Equipment		2,564,924
Total Assets		3,534,051
• Current Liabilities	\$	127,256

**Statement of Activities – Income Statement for the month and period ended December 31, 2020**

Revenues		Current Mo	YTD
• Revenues – Admissions	\$	4,364	16,447
Total Attendance		857	3,075
Exhibit Attendance		623	2,371
Admissions per attendee	\$	7.00	
• General Store Sales	\$	5,268	17,222
Store sales per attendee	\$	8.46	
• Revenues - Venue Tax	\$	34,643	101,112
• Facility Rental	\$	-	500
• Grants & Restricted Net	\$	-	1,052
• Fundraising & Unrestricted	\$	106	164
• Educational Programs Net	\$	-	-

**Expenses**

- Educational Development/Supply is below budget for the month and below budget for year-to-date.
- Office Operations is above budget for the month and below budget for year-to-date.
- Insurance is below budget for the month and below budget for year-to-date.
- Maintenance is below budget for the month and below budget for year-to-date.
- Cleaning Services are above budget for the month and below budget for year-to-date.
- Utilities is above budget for the month and below budget for year-to-date.
- Advertising/Public Relations is below budget for the month and below budget for year-to-date.
- Salary and Wages are below budget for the month and year-to-date.
- Non-cash item depreciation of \$20,751 shown independent of other expenses for this and future statements.
- All other expenses very close to or below budget for the current month.

**Frontier Texas!**  
**Statement of Financial Position**  
**Comparison of December 31, 2020 and 2019**

ASSETS	<u>2020</u>	<u>2019</u>
Current Assets		
Bank Account	\$ 169,137.21	\$ 237,041.01
Depreciation Savings Account	91,572.22	111,461.89
Accounts Receivable	8.35	4.00
Current Portion of Pledges Receivable	0.00	0.00
Inventory Asset	61,160.70	67,286.26
Cash Drawer	500.00	697.02
Undeposited Funds	0.00	407.31
Prepaid Expenses	11,379.73	36,407.11
Total Current Assets	<u>333,758.21</u>	<u>453,304.60</u>
Fixed Assets		
Exhibit Programming and Construction	3,585,819.91	3,583,079.91
Leasehold Improvements	77,502.52	77,502.52
Audio Visual Equipment	109,512.65	109,512.65
Exhibit Redevelopment	1,941,875.71	1,938,174.91
Audio Visual Equip, Visitor Ctr	27,102.93	27,102.93
Office Equipment & Furnishings	111,019.97	111,019.97
Software-Asset	3,546.53	3,546.53
Accumulated Depreciation	-3,291,455.75	-3,042,365.37
Total Fixed Assets	<u>2,564,924.47</u>	<u>2,807,574.05</u>
Other Assets		
Endowment	331,656.07	211,565.60
Print License	3,000.00	3,000.00
Historical Artifacts	20,245.00	20,245.00
Sculptures	273,600.16	273,600.16
Statues	6,866.70	6,866.70
Total Other Assets	<u>635,367.93</u>	<u>515,277.46</u>
<b>TOTAL ASSETS</b>	<b><u>3,534,050.61</u></b>	<b><u>3,776,156.11</u></b>
LIABILITIES AND NET ASSETS		
Liabilities		
Current Liabilities		
Accounts Payable	29,567.44	49,621.74
Payroll Liabilities	16,212.74	11,964.71
Sales Tax Payable	378.14	608.96
Capital Lease	0.00	0.00
Grants/Restricted Donations	75,997.99	0.00
Unearned Revenue - Other	5,100.00	4,968.00
Total Current Liabilities	<u>127,256.31</u>	<u>67,163.41</u>
Long-Term Liabilities		
Capital Lease	0.00	0.00
Total Long-Term Liabilities	<u>0.00</u>	<u>0.00</u>
Total Liabilities	127,256.31	67,163.41
Net Assets		
Beginning Unrestricted Net Assets	3,486,105.05	3,772,479.23
Temporarily Restricted Net Asset	2,981.00	2,981.00
Net Current Change in Unrestricted Net Assets	-82,291.75	-66,467.53
Total Net Assets	<u>3,406,794.30</u>	<u>3,708,992.70</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>3,534,050.61</u></b>	<b><u>3,776,156.11</u></b>

**Frontier Texas!, Inc.**  
**Statement of Activities**  
**For the Month Ended**  
**December 31, 2020**

	<u>Actual</u>	<u>Budget</u>	<u>Favorable/ (Unfavorable) Variance</u>
<b>Revenues</b>			
Merchandise Sales	\$ 5,268.16	\$ 6,716.00	(1,447.84)
Less Cost of Goods Sold	2,711.69	3,693.00	(981.31)
Gross Profit	<u>2,556.47</u>	<u>3,023.00</u>	(466.53)
Exhibit Admissions	4,364.00	5,999.00	(1,635.00)
Total Memberships	580.00	250.00	330.00
Venue Tax	34,643.29	34,961.00	(317.71)
Facility Rentals	-	-	-
Grants & Restricted Net	-	-	-
Fundraising & Unrestricted	114.11	-	114.11
Total Revenues	<u>42,257.87</u>	<u>44,233.00</u>	(1,975.13)
<b>Expenses</b>			
Accounting Services	5,825.00	-	(5,825.00)
Educational Development/Supply	-	250.00	250.00
Office Operations	110.00	320.00	210.00
Telephone/Internet	565.82	680.00	114.18
Employee Dev/Travel	-	100.00	100.00
Insurance	2,151.76	2,400.00	248.24
Maintenance	3,993.35	5,800.00	1,806.65
Cleaning Services	1,920.31	1,400.00	(520.31)
Utilities (Electric & Water)	3,276.04	3,231.00	(45.04)
Rent	-	-	-
Educational Programs Net	-	-	-
Fundraising Expenses	-	-	-
Merchant Fees	245.82	315.00	69.18
Interest Expense	-	-	-
Advertising/Public Relations	5,992.69	8,000.00	2,007.31
Salaries & Wages	30,818.81	31,378.00	559.19
Total Expenses	<u>54,899.60</u>	<u>53,874.00</u>	(1,025.60)
<b>Net Change in Unrestricted Net Assets</b>			
Before Depreciation	<u>(12,641.73)</u>	<u>(9,641.00)</u>	<u>(3,000.73)</u>
Depreciation	<u>20,750.54</u>	<u>-</u>	<u>(20,750.54)</u>
Net Change in Unrestricted Net Assets	<u><u>(33,392.27)</u></u>	<u><u>(9,641.00)</u></u>	<u><u>(23,751.27)</u></u>

**Frontier Texas!, Inc.**  
**Statement of Activities**  
**For the Three Months Ended**  
**December 31, 2020**

	<u>Actual</u>	<u>Budget</u>	<u>Favorable/ (Unfavorable) Variance</u>
<b>Revenues</b>			
Merchandise Sales	\$ 17,222.20	\$ 19,624.00	(2,401.80)
Less Cost of Goods Sold	9,189.22	10,793.00	(1,603.78)
Gross Profit	8,032.98	8,831.00	(798.02)
Exhibit Admissions	16,447.00	20,683.00	(4,236.00)
Total Memberships	4,070.00	2,250.00	1,820.00
Venue Tax	101,111.55	100,390.00	721.55
Facility Rentals	500.00	-	500.00
Grants & Restricted Net	1,052.15	-	1,052.15
Fundraising & Unrestricted	186.18	-	186.18
<b>Total Revenues</b>	<u>131,399.86</u>	<u>132,154.00</u>	<u>(754.14)</u>
<b>Expenses</b>			
Accounting Services	5,825.00	5,000.00	(825.00)
Educational Development/Supply	50.01	750.00	699.99
Office Operations	589.57	990.00	400.43
Telephone/Internet	1,797.46	2,040.00	242.54
Employee Dev/Travel	-	300.00	300.00
Insurance	6,455.27	7,200.00	744.73
Maintenance	11,059.43	16,200.00	5,140.57
Cleaning Services	4,566.95	4,700.00	133.05
Utilities (Electric & Water)	8,138.24	8,807.00	668.76
Rent	-	-	-
Educational Programs Net	-	-	-
Fundraising Expenses	-	-	-
Merchant Fees	773.19	998.00	224.81
Interest Expense	-	-	-
Advertising/Public Relations	18,347.36	20,000.00	1,652.64
Salaries & Wages	93,837.51	94,134.32	296.81
<b>Total Expenses</b>	<u>151,439.99</u>	<u>161,119.32</u>	<u>9,679.33</u>
<b>Net Change in Unrestricted Net Assets</b>			
Before Depreciation	<u>(20,040.13)</u>	<u>(28,965.32)</u>	<u>8,925.19</u>
Depreciation	<u>62,251.62</u>	<u>-</u>	<u>(62,251.62)</u>
<b>Net Change in Unrestricted Net Assets</b>	<u><u>(82,291.75)</u></u>	<u><u>(28,965.32)</u></u>	<u><u>(53,326.43)</u></u>

**Frontier Texas!, Inc.**  
**Statement of Activities**  
**For the Month Ended**  
**Comparison of December 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
Revenues		
Merchandise Sales	\$ 5,268.16	\$ 8,190.00
Less Cost of Goods Sold	2,711.69	4,551.50
Gross Profit	<u>2,556.47</u>	<u>3,638.50</u>
Exhibit Admissions	4,364.00	7,316.00
Total Memberships	580.00	250.00
Venue Tax	34,643.29	42,635.09
Facility Rentals	-	-
Grants & Restricted Net	-	-
Fundraising & Unrestricted	114.11	125.63
Total Revenues	<u>42,257.87</u>	<u>53,965.22</u>
Expenses		
Accounting Services	5,825.00	-
Educational Development/Supply	-	207.48
Office Operations	110.00	707.69
Telephone/Internet	565.82	980.61
Employee Dev/Travel	-	805.00
Insurance	2,151.76	2,243.14
Maintenance	3,993.35	5,773.18
Cleaning Services	1,920.31	1,819.32
Utilities (Electric & Water)	3,276.04	3,106.79
Rent	-	-
Educational Programs Net	-	-
Fundraising Expenses	-	-
Merchant Fees	245.82	430.47
Interest Expense	-	-
Advertising/Public Relations	5,992.69	15,917.51
Salaries & Wages	30,818.81	28,869.71
Total Expenses	<u>54,899.60</u>	<u>60,860.90</u>
Net Change in Unrestricted Net Assets		
Before Depreciation	<u>(12,641.73)</u>	<u>(6,895.68)</u>
Depreciation	<u>20,750.54</u>	<u>20,750.54</u>
Net Change in Unrestricted Net Assets	<u><u>(33,392.27)</u></u>	<u><u>(27,646.22)</u></u>

**Frontier Texas!, Inc.**  
**Statement of Activities**  
**For the Three Months Ended**  
**Comparison of December 31, 2020 and 2019**

	<u>2020</u>	<u>2019</u>
Revenues		
Merchandise Sales	\$ 17,222.20	\$ 24,808.02
Less Cost of Goods Sold	9,189.22	13,215.14
Gross Profit	<u>8,032.98</u>	<u>11,592.88</u>
Exhibit Admissions	16,447.00	26,221.00
Total Memberships	4,070.00	2,080.00
Venue Tax	101,111.55	126,886.16
Facility Rentals	500.00	775.00
Grants & Restricted Net	1,052.15	631.29
Fundraising & Unrestricted	186.18	1,204.68
Total Revenues	<u>131,399.86</u>	<u>169,391.01</u>
Expenses		
Accounting Services	5,825.00	5,800.00
Educational Development/Supply	50.01	671.21
Office Operations	589.57	1,032.48
Telephone/Internet	1,797.46	1,908.78
Employee Dev/Travel	-	891.75
Insurance	6,455.27	6,729.44
Maintenance	11,059.43	14,761.51
Cleaning Services	4,566.95	4,588.83
Utilities (Electric & Water)	8,138.24	8,468.41
Rent	-	-
Educational Programs Net	-	-
Fundraising Expenses	-	-
Merchant Fees	773.19	1,297.98
Interest Expense	-	-
Advertising/Public Relations	18,347.36	39,390.01
Salaries & Wages	93,837.51	88,066.52
Total Expenses	<u>151,439.99</u>	<u>173,606.92</u>
Net Change in Unrestricted Net Assets		
Before Depreciation	<u>(20,040.13)</u>	<u>(4,215.91)</u>
Depreciation	<u>62,251.62</u>	<u>62,251.62</u>
Net Change in Unrestricted Net Assets	<u><u>(82,291.75)</u></u>	<u><u>(66,467.53)</u></u>

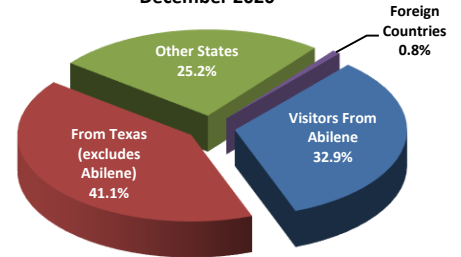
# FRONTIER *Texas!*

## Attendance-Marketing Report December 2020

### ATTENDANCE

	<u>2020</u>	<u>2019</u>
Attendance Total December 2020	912	1,568
Attendance Total Fiscal Year-to-Date	2,218	5,954
Exhibit Admissions December 2020	623	1,138
Exhibit Admissions Fiscal Year-to-Date	2,371	4,334
Visitor-Center-Only December 2020	229	427
Visitor-Center-Only Fiscal Year-to-Date	692	1,610
Point of Origin:		
December	Abilene 37.7%	18.3%
	Other Texas 38.6%	38.4%
	Other States 22.4%	38.4%
	Other Countries 1.3%	4.9%

Point of Origin for Fiscal Year 2020-2021  
December 2020



December 2020 - Frontier Texas had visitors from 33 States, 0 US Provinces and 2 Foreign countries

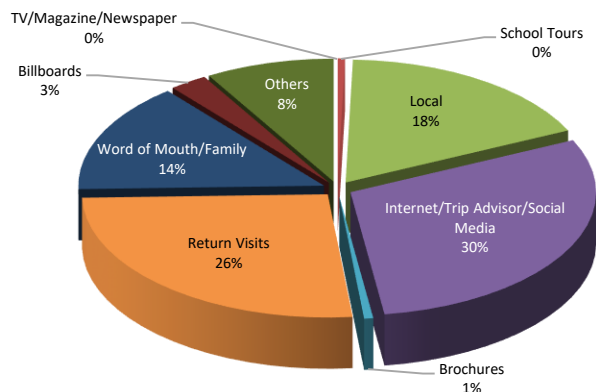
### REVENUES

	<u>2020</u>	<u>2019</u>
Admissions Revenue December 2020	\$ 4,470	\$ 7,319
Admissions Revenue Year-to-Date	\$16,573	\$26,253
Gift Shop Revenue December 2020	\$ 5,268	\$ 8,190
Gift Shop Revenue Year-to-Date	\$17,222	\$24,808
Membership Revenue December 2020	\$ 580	\$ 250
Membership Revenue Year-to-Date	\$ 4,070	\$ 2,080
Facility Rentals December 2020	\$ -0-	\$ -0-
Facility Rentals Year-to-Date	\$ 500	\$ 775

### MARKETING

How Did You Hear About Us

How Did You Hear about Us - December 2020





**FRONTIER TEXAS!, INC.**  
**Abilene, Texas**

**FINANCIAL STATEMENTS AND**  
**INDEPENDENT AUDITORS' REPORT**

September 30, 2020 and 2019



**FRONTIER TEXAS!, INC.**  
**Abilene, Texas**

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September 30, 2020 and 2019

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February 2, 2021

**Board of Directors  
Frontier Texas!, Inc.  
Abilene, Texas**

### **INDEPENDENT AUDITORS' REPORT**

#### **Report on the Financial Statements**

We have audited the accompanying statements of financial position of Frontier Texas!, Inc. (the "Museum") as of September 30, 2020 and 2019, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 Frontier Texas!, Inc. as of September 30, 2020 and 2019, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Condley and Company, L.L.P.*

Certified Public Accountants

**FRONTIER TEXAS!, INC.**  
**Abilene, Texas**

STATEMENTS OF FINANCIAL POSITION

<u>ASSETS</u>	September 30,	
	2020	2019
Current Assets:		
Cash and cash equivalents	\$ 231,938	\$ 326,652
Accounts receivable	50	115
Inventory	62,537	66,647
Pledges receivable	3,750	2,419
Prepaid expenses	21,777	27,190
Total Current Assets	320,052	423,023
Beneficial interest in assets held by Community Foundation of Abilene	331,656	211,566
Capital assets, net	2,623,493	2,868,530
Sculptures, historical artifacts and other non-depreciable assets	300,712	300,712
TOTAL ASSETS	\$ 3,575,913	\$ 3,803,831
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts payable	\$ 3,729	\$ 9,563
Accounts payable to related party	-	2,796
Accrued liabilities	16,065	16,009
Note payable - Paycheck Protection Program	67,030	-
Total Current Liabilities	86,824	28,368
Total Liabilities	86,824	28,368
Net Assets:		
Without donor restrictions	3,486,108	3,772,482
With donor restrictions	2,981	2,981
Total Net Assets	3,489,089	3,775,463
TOTAL LIABILITIES AND NET ASSETS	\$ 3,575,913	\$ 3,803,831

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

**FRONTIER TEXAS!, INC.**  
**Abilene, Texas**

STATEMENTS OF ACTIVITIES

For the Year Ended September 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUES, GAINS AND OTHER SUPPORT:</b>			
Contributions, Grants and Sales:			
Charges for services	\$ 90,476	\$ -	\$ 90,476
Local government grant - venue tax	392,684	-	392,684
Contributions and fundraising, net of costs	33,091	1,263	34,354
Gift shop sales, net	34,728	-	34,728
Net assets released from restrictions	1,263	(1,263)	-
Total Contributions, Grants and Sales	<u>552,242</u>	<u>-</u>	<u>552,242</u>
Other Revenues:			
Net investment return	20,090	-	20,090
Interest income	161	-	161
Total Other Revenues	<u>20,251</u>	<u>-</u>	<u>20,251</u>
Total Revenues, Gains and Other Support	<u>572,493</u>	<u>-</u>	<u>572,493</u>
<b>EXPENSES:</b>			
Exhibit	703,602	-	703,602
Administrative and general	98,928	-	98,928
Fundraising	56,337	-	56,337
Total Expenses	<u>858,867</u>	<u>-</u>	<u>858,867</u>
<b>DEFICIT OF REVENUE OVER EXPENSES</b>	<u>(286,374)</u>	<u>-</u>	<u>(286,374)</u>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	3,772,482	2,981	3,775,463
<b>NET ASSETS AT END OF YEAR</b>	<u>\$ 3,486,108</u>	<u>\$ 2,981</u>	<u>\$ 3,489,089</u>

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

**FRONTIER TEXAS!, INC.**  
**Abilene, Texas**

STATEMENTS OF ACTIVITIES

For the Year Ended September 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES, GAINS AND OTHER SUPPORT:</b>			
Contributions, Grants and Sales:			
Charges for services	\$ 147,991	\$ -	\$ 147,991
Local government grant - venue tax	493,117	-	493,117
Contributions and fundraising, net of costs	29,721	1,263	30,984
Gift shop sales, net	54,464	-	54,464
Net assets released from restrictions	1,263	(1,263)	-
Total Contributions, Grants and Sales	726,556	-	726,556
Other Revenues:			
Net investment return	11,566	-	11,566
Interest income	622	-	622
Total Other Revenues	12,188	-	12,188
Total Revenues, Gains and Other Support	738,744	-	738,744
<b>EXPENSES:</b>			
Exhibit	711,968	-	711,968
Administrative and general	97,768	-	97,768
Fundraising	51,259	-	51,259
Total Expenses	860,995	-	860,995
<b>DEFICIT OF REVENUE OVER EXPENSES</b>	<b>(122,251)</b>	<b>-</b>	<b>(122,251)</b>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	3,894,733	2,981	3,897,714
<b>NET ASSETS AT END OF YEAR</b>	<b>\$ 3,772,482</b>	<b>\$ 2,981</b>	<b>\$ 3,775,463</b>

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

**FRONTIER TEXAS!, INC.**  
**Abilene, Texas**

STATEMENTS OF CASH FLOWS

	Year Ended September 30,	
	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (286,374)	\$ (122,251)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	249,090	249,099
Net investment income reinvested	(3,808)	(3,495)
Net realized and unrealized (gain) loss on investments	(16,282)	(8,071)
(Increase) Decrease in operating assets:		
Accounts receivable	65	203
Pledges receivable	(1,331)	619
Inventory	4,110	(8,610)
Prepaid expenses	5,413	(5,778)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued liabilities	(5,778)	4,639
Accounts payable to related party	(2,796)	(4,139)
	<u>(57,691)</u>	<u>102,216</u>
Net Cash Provided by (Used in) Operating Activities		
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Acquisition of property and equipment	(4,053)	(6,020)
Purchase of investments	(100,000)	(200,000)
	<u>(104,053)</u>	<u>(206,020)</u>
Net Cash Used in Investing Activities		
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Paycheck Protection Program note payable proceeds	67,030	-
Payments on capital lease	-	(523)
	<u>67,030</u>	<u>(523)</u>
Net Cash Provided by (Used in) Financing Activities		
Net Decrease in Cash and Cash Equivalents	(94,714)	(104,327)
Cash and Cash Equivalents at Beginning of Year	<u>326,652</u>	<u>430,979</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 231,938</u>	<u>\$ 326,652</u>
<b>Supplemental Information:</b>		
Interest paid	<u>\$ -</u>	<u>\$ 27</u>

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

**FRONTIER TEXAS!, INC.**  
**Abilene, Texas**

NOTES TO FINANCIAL STATEMENTS

September 30, 2020 and 2019

**NOTE 1: STATEMENT OF ORGANIZATION AND PURPOSE**

Frontier Texas!, Inc., (the "Museum") was incorporated on June 1, 2003, under the laws of the State of Texas as a non-profit corporation. The purpose of the Museum is to promote the cultural and educational welfare of the citizens of the City of Abilene and surrounding region, using historical, educational, and cultural perspective of life on the Texas frontier.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting and reporting policies of the Museum conform to accounting principles generally accepted in the United States of America. Policies and practices which materially affect the determination of financial position are summarized as follows:

Method of Accounting

The Museum uses the accrual method of accounting for support, revenues, and expenses. Revenues and support are recognized when the right to receive them occurs. Expenses are recognized when incurred.

Basis of Presentation

The financial statements of the Museum have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Museum to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Museum. These net assets may be used at the discretion of the Museum's management and the board of directors.

Net assets with donor restrictions - Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Museum or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Museum considers any short-term investment convertible to cash within three months or less with little or no change in the principal amount to be a cash equivalent.



### Advertising Costs

Advertising costs are expensed in the year they are incurred.

### Inventory

Inventory is generally stated at lower of cost or net realizable value on the first-in, first-out basis. Inventory consists of books and other memorabilia.

### Donor Restricted Gifts

Unconditional promises to give cash and other assets to the Museum are reported at fair value at the date the promise is received. Unconditional promises to give and indications of intentions to give are reported as with donor restrictions 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 as net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as without donor restricted contributions in the accompanying financial statements.

### Capital Assets

The Museum's capital assets are reported at historical cost. All equipment purchases with a cost over \$100 and a useful life of more than one year are capitalized. Contributed capital assets are reported at their estimated fair value at the time of their donation. All capital assets other than land are depreciated using the straight-line method of depreciation using these asset lives:

Exhibit construction and programming	25 years
Audio visual equipment	7 years
Equipment and software	3-5 years
Tent	15 years

### Sculptures, Historical Artifacts and Other Non-depreciable Assets

The Museum's sculptures, historical assets and other non-depreciable assets are reported at historical cost. Contributed items are reported at their estimated fair market value.

### Federal Income Taxes

The Museum has been granted an exemption from federal income taxes under Section 501(c)(3) of the Internal Revenue Code in an exemption letter dated October 10, 2003.

Management evaluated the Museum's tax positions and concluded that the Museum had taken no uncertain tax positions that require adjustment to financial statements and therefore no adjustments have been included in the financial statements for 2020 or 2019. With few exceptions, the Museum is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years before 2017.

### Functional Allocation of Expenses

The costs of providing the various programs and other activities have been detailed on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. See **Note 11** for further detail on functional expenses.

### Contributions and Fundraising

Contributions and fundraising revenues totaled \$37,499 and \$33,642 for the years ended September 30, 2020 and 2019, respectively. Fundraising expenditures totaled \$3,145 and \$2,658 for the years ended September 30, 2020 and 2019, respectively.

### Promises to Give

Contributions are recognized when the donor makes a promise to give to the Museum 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 restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

### Revenue Recognition from Exchange Transactions

The Museum has multiple revenue streams that are accounted for as exchange transactions including membership fees, program fees, and rental income.

Because the Museum's performance obligations relate to contracts with a duration of less than one year, the Organization has elected to apply the optional exemption provided in FASB ASC 606-10-50-14(a), *Revenue from Contracts with Customers*, and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period.

#### *Membership dues and program fees*

Membership dues and program fees consist of amounts that families and individuals pay to participate in museum activities and programs. Members join for one year at a time. Members pay a one-time amount in advance. Memberships are at varying levels and provide free admission to the museum as well as other perks including facility rental discounts, educational program discounts, and invitations or tickets for special events. The Museum offers a variety of educational programming for both adults and youth. Fee-based programs are available to the general public. Program fees are all short duration and are typically paid in advance at the time of registration. Cancellation provisions vary by program, but most transactions are cancellable upon management discretion. Refunds may be available for services not provided. Membership dues and program fees are recognized upon receipt due to high membership turnover and all terms shorter than one year. Membership dues and program fees paid to the Museum in advance are recorded as other receivables.

#### *Rental*

Rental income consists of facility rentals for events. Facility rental income is recognized upon the completion of the event.

### Venue Tax

The City of Abilene is responsible for the collection, and apportionment of a hotel venue tax. The Museum recognizes venue tax revenue when amounts are earned from collections made by the City.

### Contributed Property and Equipment

Contributed property and equipment is recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

## Beneficial Interest in Assets Held by Community Foundation of Abilene

The Museum established funds at the Community Foundation of Abilene with its own funds and specified itself as the beneficiary of the funds. In accordance with ASC 958-605, *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust that Raises or Holds Contributions for Others*, the transfers are accounted for as an asset on the statements of financial position. The Museum retains the variance power for these assets.

## Long-Term Investments

Museum investments are classified as non-current. Marketable securities are revalued at the end of each year to reflect the current market value. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized gains and losses, less external and direct internal investment expenses.

## Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

## Compensated Absences

Employees of the Museum are entitled to paid time off. All eligible employees can accumulate paid time off from their date of employment. Depending upon their length of employment, employees can accrue up to 240 hours of paid time off. Terminated employees are paid for unused paid time off when their employment is ended.

## Recent Accounting Pronouncements

### *Adopted*

#### ASU 2014-09

In May 2014, the Financial Accounting Standards Board ("FASB") and International Accounting Standards Board (IASB) issued Accounting Standard Update ("ASU") 2014-09, Revenue from Contracts with Customers (Topic 606). This standard implements a single framework for recognition of all revenue earned from customers. This framework ensures that entities appropriately reflect the consideration to which they expect to be entitled in exchange for goods and services by allocating transaction price to identified performance obligations and recognizing revenue as performance obligations are satisfied. Qualitative and quantitative disclosures are required to enable users of financial statements to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The guidance is effective for the Museum in fiscal year 2020. The Museum implemented ASU 2014-09 in 2020 using the modified retrospective method. The Museum used all of the practical expedients included in ASC 606-10-65-1(f). The adoption of ASU 2014-09 did not have a material impact on the Museum's financial position, activities, net assets or cash flows as of the adoption date or for the years ended September 30, 2020 and 2019. The adoption did not result in a restatement of previously reported net assets for the year ended September 30, 2020.

#### ASU 2016-15

In August 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-15, Statement of Cash Flows (Topic 320): (Classification of Certain Cash Receipts and Cash Payments). This standard applies to all entities including both business entities and not-for-profit entities that are required to present a statement of cash flows. The standard provides guidance on specific cash flow issues including: debt prepayment or extinguishment costs, settlement of zero-coupon debt instruments, contingent consideration payments after a business combination, proceeds from the settlement of insurance claims, proceeds from the settlement of corporate owned life insurance policies, distributions received from equity method investees, beneficial interests in securitization transactions, and separately identifiable cash flows and application of the predominance principle. The amendments are applicable for fiscal years beginning after December 15, 2018. The Museum adopted ASU 2016-15 during the fiscal year ended September 30, 2020, and there was no significant impact on the financial statements.

#### ASU 2018-08

In June 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2018-08 Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. This standard applies to all entities, including business entities, which receive or make contributions of cash and other assets, including promises to give. This standard assists not-for-profit entities in determining whether to account for grants as revenue for providing goods or services or as a contribution. Under this standard, not-for-profit entities are more likely to classify funds from governmental grants as contributions than under prior US GAAP. This standard also clarifies whether a contribution is conditional or unconditional. For contributions received, the standard is applicable for annual periods beginning after June 15, 2018 for public companies (including certain not-for-profits entities) and annual periods beginning after December 15, 2018 for all other entities. For contributions made, the standard is applicable for annual periods beginning after December 15, 2018 for public companies (including certain not-for-profits entities) and annual periods beginning after December 15, 2019. No significant effect is expected for the financial statements of the Museum. The Museum adopted ASU 2018-08 during the fiscal year ended September 30, 2020, and there was no significant effect on the financial statements of the Museum.

#### *Not Adopted*

#### ASU 2016-02

The FASB finalized the standard on leases in ASU 2016-02 Leases in February 2016. This update was to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The core principle is that the lessee should recognize the assets and liabilities that arise from leases. All leases create an asset and a liability for the lessee and therefore recognition of those lease assets and lease liabilities represent an improvement over previous GAAP. Under the guidance a lessee should recognize in the statement of financial position a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. If a lessee makes this election, it should recognize lease expense for such leases generally on a straight-line basis over the lease term. Additional guidelines for finance leases, operating leases and lessors is included in the guidance. The amendments under ASU 2020-05 defer the effective date for one year for entities in the "all other" category and public NFP entities that have not yet issued their financial statements (or made financial statements available for issuance) reflecting the adoption of Leases. Therefore, under the amendments, the standard is effective for

entities within the “all other” category for fiscal years beginning after December 15, 2021.

#### ASU 2019-03

In March 2019 the FASB issued ASU 2019-03, *Not-for-Profit Entities (Topic 958): Updating the Definition of Collections*. This update will align the definitions used in the American Alliance of Museums (AAM) Code of Ethics for Museums with the definition in the FASB Accounting Standards Codification. The main provisions of the update is to modify the definition of the term collections and require that a collection-holding entity disclose its policy for the use of proceeds from when collection items are deaccessioned. If a collection-holding entity has a policy that allows proceeds from deaccessioned collection items to be used for direct care, it should disclose its definition of direct care. The amendments in this update improve GAAP because they eliminate the diversity in practice that exists today between the applications of the ASU definition compared with the definition that many entities use for accreditation purposes. In addition, using proceeds from deaccessioned collection items toward direct care better aligns with many entities’ missions to specifically maintain their collections. The amendments are effective for fiscal years beginning after December 15, 2019. This ASU is not expected to have a significant impact on the Museum’s financial statements.

Other recent accounting pronouncements issued by the FASB (including its Emerging Issues Task Force) and the American Institute of Certified Public Accountants did not or are not believed by management to have a material impact on the Museum's present or future financial statements.

#### Subsequent Events

The Museum has evaluated subsequent events through February 2, 2021 the date the financial statements were available to be issued.

### **NOTE 3: PLEDGES AND GRANTS RECEIVABLE**

As of September 30, 2020 and 2019, it was not deemed necessary to record an allowance for uncollectible pledges and grants receivable. Gross pledges receivable totaled \$3,750 and \$2,419 as of September 30, 2020 and September 30, 2019, respectively. Pledges receivable due within less than one year totaled \$3,750 as of September 30, 2020. The portion of pledges receivable due in more than one year totaled \$0 as of September 30, 2020.

**NOTE 4: CAPITAL ASSETS**

Capital asset additions, retirements, and balances for the years ended September 30, 2020 and 2019, respectively were as follows:

	Balance September 30, 2019	Additions	Reductions	Balance September 30, 2020
Exhibit construction and programming	\$ 3,583,080	\$ 2,740	\$ -	\$ 3,585,820
Exhibit redevelopment	1,938,174			1,938,174
Audio visual equipment	136,196	437		136,633
Leasehold improvements	77,503			77,503
Office and computer equipment	110,144	876		111,020
Software	3,547			3,547
Totals at historical cost	<u>5,848,644</u>	<u>4,053</u>	<u>-</u>	<u>5,852,697</u>
Total accumulated depreciation	<u>(2,980,114)</u>	<u>(249,090)</u>	<u>-</u>	<u>(3,229,204)</u>
Capital assets, net	<u>\$ 2,868,530</u>	<u>\$ (245,037)</u>	<u>\$ -</u>	<u>\$ 2,623,493</u>

	Balance September 30, 2018	Additions	Reductions	Balance September 30, 2019
Exhibit construction and programming	\$ 3,583,080	\$ -	\$ -	\$ 3,583,080
Exhibit redevelopment	1,935,261	2,913		1,938,174
Audio visual equipment	136,196			136,196
Leasehold improvements	77,503			77,503
Office and computer equipment	107,037	3,107		110,144
Software	3,547			3,547
Totals at historical cost	<u>5,842,624</u>	<u>6,020</u>	<u>-</u>	<u>5,848,644</u>
Total accumulated depreciation	<u>(2,731,015)</u>	<u>(249,099)</u>	<u>-</u>	<u>(2,980,114)</u>
Capital assets, net	<u>\$ 3,111,609</u>	<u>\$ (243,079)</u>	<u>\$ -</u>	<u>\$ 2,868,530</u>

**NOTE 5: LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without donor restrictions limiting their use, within one year of the September 30, 2020 balance sheet date, comprise the following:

Financial assets:	
Cash and cash equivalents	\$ 231,938
Pledges receivable	3,750
Accounts receivable	50
Investments at fair value	<u>331,656</u>
Total Financial assets	<u>567,394</u>
Less amounts not available to be used within one year:	
Net assets with donor restrictions	(2,981)
Funds held by CFA	<u>(331,656)</u>
Financial assets available within one year to meet cash needs for general expenditures	\$ <u>232,757</u>

The Museum has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The Museum's policy for the endowment funds is to postpone collecting any proceeds from the investment or retrieve any of the principle contribution until year 2024. The endowment will be considered unavailable for liquidity purposes until this time.

**NOTE 6: LEASE COMMITMENTS**

The Museum entered into a lease agreement with the City of Abilene for the lease of the land in which the Museum is located which will expire March 31, 2024. The Museum prepaid \$10 for the lease, \$1 a year. Minimum rental payments are as follows:

2021	\$	1
2022		1
2023		1
2024		<u>1</u>
	\$	<u>4</u>

Rental expense for the years ended September 30, 2020 and 2019, was \$1.

**NOTE 7: FUNDS HELD AS AGENCY ENDOWMENTS**

The Museum adopted ASC 958-605, *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust that Raises or Holds Contributions for Others*. This statement establishes standards for transactions in which a community foundation accepts a contribution from a donor and agrees to transfer those assets, the return on investment of those assets or both to another entity that is specified by the donor. ASC 958-605 specifically requires that if a Not-for-Profit Organization (NPO) establishes a fund at a community foundation with its own funds and specifies itself as the beneficiary of that fund, the community foundation must account for the transfer of such assets as a liability. The Museum refers to such funds as agency endowments.

The Museum maintains variance power and legal ownership of agency endowment funds and as such continues to report the funds as assets of the Museum. The Museum has adopted investment and spending policies that attempt to provide a predictable stream of funding to operations while seeking to maintain the purchasing power of the endowment assets. The Museum 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). Distributions each year are no more than the income derived from the investments and are consistent with the Museum's objective to maintain the original value of the endowment assets held in perpetuity as well as to provide additional operational funding through investment return.

At September 30, 2020 and 2019, the Museum was the owner of one (1) agency endowment fund, respectively, with a combined fair value of \$331,656 and \$211,566, respectively. All financial activity for the years then ended related to these funds is segregated on the Statements of Activities and has been reclassified to the agency endowment liability.

The following is a progression of the funds held as agency endowments as of September 30,:

	<u>2020</u>	<u>2019</u>
Beginning balance	\$ 211,566	\$ -
Contributions	100,000	200,000
Net investment income reinvested	3,808	3,495
Net realized and unrealized gain on investment	<u>16,282</u>	<u>8,071</u>
Ending balance	<u>\$ 331,656</u>	<u>\$ 211,566</u>

#### **NOTE 8: FAIR VALUE MEASUREMENTS**

ASC 820-10, *Fair Value Measurements*, establishes 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). ASC 820-10 applies to all financial instruments that are being measured and reported on a fair value basis.

As defined in ASC 820-10, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In determining fair value, the Museum uses various methods including market, income, and cost approaches. Based on these approaches, the Museum often utilizes certain assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable inputs. The Museum utilized valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. Based on the observability of the inputs used in the valuation techniques the Museum is required to provide the following information according to the fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values. Financial assets and liabilities carried at fair value will be classified and disclosed in one of the following three categories:



*Level 1* – Quoted prices for identical assets and liabilities traded in active exchange markets.

*Level 2* – Observable inputs other than Level 1 including quoted prices for similar assets or liabilities, quoted prices in less active markets, or other observable inputs that can be corroborated by observable market data.

*Level 3* – Unobservable inputs supported by little or no market activity for financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgement or estimation; also includes observable inputs for nonbinding single dealer quotes not corroborated by observable market data.

For fiscal years ended September 30, 2020 and 2019, the application of valuation techniques applied to similar assets has been consistent. The following is a description of the valuation methodologies used for instruments measure at fair value:

*Beneficial interest in assets held by Community Foundation of Abilene (“CFA”):* valued at the balance provided by CFA which represents the market value of the assets as invested and recorded by CFA. These are recorded at net asset value using the practical expedient and thus is excluded from the fair value levels. A market approach is used based on the Museum’s proportionate share of CFA’s pooled investments. The Museum does not have the ability to redeem this beneficial interest on a short-term basis. Withdrawals are limited to the terms of the agreement with CFA.

Investments in certain entities that are measured at fair value using NAV per share as a practical expedient are as follows at September 30, 2020:

Description	Total	Level 1	Level 2	Level 3	NAV
Beneficial interest in net assets held by CFA	\$ 331,656	\$ -	\$ -	\$ -	\$ 331,656
Total	\$ 331,656	\$ -	\$ -	\$ -	\$ 331,656

Investments in certain entities that are measured at fair value using NAV per share as a practical expedient are as follows at September 30, 2019:

Description	Total	Level 1	Level 2	Level 3	NAV
Beneficial interest in net assets held by CFA	\$ 211,566	\$ -	\$ -	\$ -	\$ 211,566
Total	\$ 211,566	\$ -	\$ -	\$ -	\$ 211,566

**NOTE 9: RELATED PARTY TRANSACTIONS**

The Executive Director of the Museum is on the Board of Directors of Texas Heritage Trails, LLC, Abilene Visitors and Convention Bureau, and Texas Fort Trails which are considered related parties. The Museum had total payments to related parties for the years ended September 30, 2020 and 2019 in the amount of \$34,792 and \$33,774,

respectively. The Museum had accounts payables to related parties for the years ended September 30, 2020 and 2019 in the amount of \$0 and \$2,796, respectively.

**NOTE 10: CONCENTRATIONS OF CREDIT RISK**

The Museum maintains cash balances at financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At various times during the year, the Museum may have balances in excess of insured limits.

**NOTE 11: FUNCTIONAL ALLOCATION OF EXPENSE**

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses are allocated on the basis of estimates of employee function, direct usage, and nature of the expense.

The table below presents expenses by both their nature and their function for the year ended September 30, 2020.

	Program Services		Supporting Services		Total
	Exhibit	Administrative and General	Fundraising		
Personnel	\$ 287,953	\$ 51,294	\$ 22,382	\$	361,629
Depreciation	249,090	-	-		249,090
Advertising	86,153	-	21,538		107,691
Building maintenance	31,266	8,933	4,467		44,666
Utilities	26,907	7,688	3,843		38,438
Employee development	3,774	-	-		3,774
Insurance	18,459	7,911	-		26,370
Office supplies and postage	-	4,107	4,107		8,214
Credit card fees	-	3,694	-		3,694
Professional fees	-	15,300	-		15,300
Other expenses	-	1	-		1
Ending balance	\$ <u>703,602</u>	\$ <u>98,928</u>	\$ <u>56,337</u>	\$	<u>858,867</u>

The table below presents expenses by both their nature and their function for the year ended September 30, 2019.

	Program Services		Supporting Services		Total
	Exhibit	Administrative and General	Fundraising		
Personnel	\$ 281,722	\$ 50,223	\$ 16,382	\$ 348,327	
Depreciation	249,099	-	-	249,099	
Advertising	96,670	-	24,167	120,837	
Building maintenance	30,660	8,760	4,380	43,800	
Utilities	29,194	8,341	4,170	41,705	
Employee development	5,416	-	-	5,416	
Insurance	19,207	8,232	-	27,439	
Office supplies and postage	-	2,161	2,160	4,321	
Credit card fees	-	5,973	-	5,973	
Interest expense	-	27	-	27	
Professional fees	-	14,050	-	14,050	
Other expenses	-	1	-	1	
Ending balance	\$ <u>711,968</u>	\$ <u>97,768</u>	\$ <u>51,259</u>	\$ <u>860,995</u>	

#### NOTE 12: NOTE PAYABLE

The Museum received an advancement of \$67,030 from First Financial Bank on April 8, 2020 as part of the Paycheck Protection Program (PPP). The PPP is a loan designed to provide a direct incentive for small businesses to keep their workers employed. The U.S. Small Business Administration (SBA) will forgive loans if all employees retention criteria are met, and the funds are used for eligible expenses. The loan program part of the CARES Act is to provide relief for American workers and small businesses.

Borrowers may be eligible for loan forgiveness if the funds were used for eligible payroll costs, payments on business mortgage interest payments, rent or utilized during either the 8 or 24 week period after disbursement. A borrower can apply for forgiveness once it has used all loan proceeds for which the borrower is requesting for forgiveness. Borrowers can apply for forgiveness any time up to the maturity date of the loan.

The loan, if not forgiven, is payable in 18 installments of \$3,773 beginning on November 8, 2020, and all subsequent payments are due on the same day of each month following, at an interest rate of 1.00%, final payment is due April 8, 2022. The loan is unsecured.

The Museum utilized all \$67,030 of the PPP Advance prior to year-end. The Museum submitted the PPP Loan Forgiveness Application and received forgiveness approval on January 8, 2021.

**NOTE 13: SUBSEQUENT EVENTS**

The long-term extent of the impact of the COVID-19 pandemic on operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on Museum members, employees and vendors all of which are uncertain and cannot be predicted. Additionally, the Museum received a second advancement of \$68,495 from First Financial Bank on January 26, 2021 as part of the Paycheck Protection Program.

# **FRONTIER TEXAS!, INC.**

## **Report to the Board of Directors**

**September 30, 2020**



February 2, 2021

To the Board of Directors  
Frontier Texas!, Inc.  
Abilene, Texas

We are pleased to present this report related to our audit of the financial statements of Frontier Texas!, Inc. for the year ended September 30, 2020. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for Frontier Texas!, Inc.'s financial reporting process.

This report is intended solely for the information and use of the Board of Directors and management and is not intended to be and should not be used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have regarding this report. We appreciate the opportunity to continue to be of service to Frontier Texas!, Inc.

*Condley and Company, L.L.P.*

Certified Public Accountants

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Required Communications	Page 3
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Exhibit A – Significant Written Communications Between Management and Our Firm Representation Letter	
Exhibit B – Summary of Recorded Audit Adjustments	

## Required Communications

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication With Those Charged With Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Area	Comments
<b>Our Responsibilities With Regard to the Financial Statement Audit</b>	Our responsibility under auditing standards generally accepted in the United States of America has been described to you in our arrangement letter dated August 5, 2020. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.
<b>Overview of the Planned Scope and Timing of the Financial Statement Audit</b>	We have issued a separate communication regarding the planned scope and timing of our audit and have discussed with you our identification of, and planned audit response to, significant risks of material misstatement.
<b>Accounting Practices</b>	<b>Preferability of Accounting Policies and Practices</b> Under generally accepted accounting principles, in certain circumstance, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice. <b>Adoption of, or Change in, Accounting Policies</b> Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Museum. Following is a description of significant accounting policies or their application that were either initially selected or changed during the year: ASU 2014-09, Revenue from Contracts with Customers (Topic 606). The amendment in this Update provides a robust framework for addressing revenue recognition issues and replaces almost all existing revenue recognition guidance. ASU 2016-15, Statement of Cash Flows (Topic 320): Classification of Certain Cash Payments. The amendment in this Update provides guidance on specific cash flow issues. ASU 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions made. This standard assists not-for-profit entities in determining whether to account for grants as revenue for providing goods or services or as a contribution.



Area	Comments
<b>Significant or Unusual Transactions</b>	We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.
<b>Alternative Treatments Discussed with Management</b>	We did not discuss with management any alternative treatments within generally accepted accounting principles for accounting policies and practices related to material items during the current audit period
<b>Management’s Judgments and Accounting Estimates</b>	Summary information about the process used by management in formulating particularly sensitive accounting estimates and about our conclusions regarding the reasonableness of those estimates is in the attached “Summary of Accounting Estimates.”
<b>Financial Statement Disclosures</b>	There were no specific financial statement disclosures that were separately discussed or were requested to be discussed or clarified.
<b>Audit Adjustments</b>	Audit adjustments recorded by Frontier Texas!, Inc. are shown on the attached Exhibit B “Summary of Recorded Audit Adjustments.”
<b>Uncorrected Misstatements</b>	We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.
<b>Disagreements with Management</b>	We encountered no disagreements with management over the application of significant accounting principles, the basis for management’s judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.
<b>Consultations with Other Accountants</b>	We are not aware of any consultations management had with other accountants about accounting or auditing matters.
<b>Significant Issues Discussed with Management</b>	No significant issues arising from the audit were discussed or were the subject of correspondence with management.
<b>Significant Difficulties Encountered in Performing the Audit</b>	We did not encounter any significant difficulties in dealing with management during the audit.

Area	Comments
<b>Significant Written Communications Between Management and Our Firm</b>	Copies of significant written communications between our firm and the management of the Company, including the representation letter provided to us by management, are attached as Exhibit A.

**Frontier Texas!, Inc.**  
**Summary of Accounting Estimates**  
**Year Ended September 30, 2020**

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. You may wish to monitor throughout the year the process used to compute and record these accounting estimates. The following describes the significant accounting estimates reflected in the Museum's September 30, 2020 financial statements:

<b>Estimates</b>	<b>Accounting Policy</b>	<b>Management's Estimation Process</b>	<b>Basis for Our Conclusion on Reasonableness of Estimate</b>
<b>Fixed Asset Lives</b>	<b>Fixed assets are depreciated based on GAAP guidelines.</b>	<b>Management estimates the useful lives of capitalized assets based on the type and life expectancy as well as GAAP guidance.</b>	<b>Fixed asset lives were determined to be within GAAP guidelines.</b>
<b>Investments</b>	<b>Investments in general pool of Community Foundation with readily determinable net asset values.</b>	<b>External sources of net asset value determination are used when available.</b>	<b>Management should continue to review the basis used to determine net asset values of investments and ensure that the methodology being used by the external source is appropriate.</b>
<b>Functional Expenses</b>	<b>Costs have been allocated among the programs and supporting services benefited.</b>	<b>Personnel related expenditures are based upon the time devoted to each program or area. Occupancy expenses are based on the estimated square footage utilized.</b>	<b>The methodology utilized to allocation functional expenses was considered to be reasonable and within GAAP guidelines.</b>

**Exhibit A– Significant Written Communications Between  
Management and Our Firm**

# FRONTIER *Texas!*

625 North First Street ★ Abilene, Texas 79601 ★ Phone: 325.437.2800

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February 2, 2021

Condley and Company, L.L.P.  
P.O. Box 2993  
Abilene, Texas 79604

This representation letter is provided in connection with your audits of the financial statements of Frontier Texas!, Inc. (the "Museum") which comprise the statement of financial position as of September 30, 2020 and 2019 and the related statements of activities and cash flows for the periods then ended, and the related notes to the financial statements for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects in accordance with accounting principles generally accepted in the United States of America.

We confirm, to the best of our knowledge and belief, as of February 2, 2021:

## *Financial Statements*

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated August 5, 2020, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility 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.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable and reflect our judgment based on our knowledge and experience about past and current events and our assumptions about conditions we expect to exist and courses of action we expect to take.
5. Related-party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
6. All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
7. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
8. The following have been properly recorded and/or disclosed in the financial statements:
  - a. Guarantees, whether written or oral, under which Organization is contingently liable.
  - b. Related-party relationships, transactions, and related amounts receivable or payable including sales, purchases, loans, transfers, leasing arrangements, and guarantees, all of which have been recorded in accordance with the economic substance of the transactions.

- c. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances.
  - d. Lines of credit or similar arrangements.
  - e. Agreements to repurchase assets previously sold.
  - f. Security agreements in effect under the Uniform Commercial Code.
  - g. All other liens or encumbrances on assets and all other pledges of assets.
  - h. Amounts of contractual obligations for plant construction and/or purchase of real property, equipment, other assets, and intangibles.
  - i. Investments in debt and equity securities, including their classification as trading, available for sale, and held to maturity.
  - j. All liabilities that are subordinated to any other actual or possible liabilities of the Organization.
  - k. Anticipated withdrawals of funds in material amounts from the partnership for any reason.
  - l. All leases and material amounts of rental obligations under long-term leases.
  - m. All significant estimates and material concentrations known to management that are required to be disclosed in accordance with the Risks and Uncertainties Topic of the FASB Accounting Standards Codification. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets for which events could occur that would significantly disrupt normal finances within the next year.
  - n. Derivative financial instruments.
  - o. Concentrations of credit risk.
  - p. Assets and liabilities measured at fair value in accordance with the Fair Value Measurements and Disclosures Topic of the FASB Accounting Standards Codification.
  - q. We have evaluated the tax positions under the two-step approach for recognition and measurement of uncertain tax positions required by the Income Taxes Topic of the FASB Accounting Standards Codification.
  - r. All recordable contributions, by appropriate net asset class.
  - s. Conditional promises to give.
  - t. Reclassifications between net asset classes.
9. We have no knowledge of any uncorrected misstatements in the financial statements.

*Information Provided*

10. We have provided you with:
- a. Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters;
  - b. Additional information that you have requested from us for the purpose of the audit;
  - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
  - d. Minutes of the meetings of directors and committees of directors, or summaries of actions of recent meetings for which minutes have not yet been prepared.
11. All transactions have been recorded in the accounting records and are reflected in the financial statements.

12. We have disclosed to you the results of our assessment of risk that the financial statements may be materially misstated as a result of fraud.
13. We have no knowledge of allegations of fraud or suspected fraud, affecting the entity's financial statements involving:
  - a. Management.
  - b. Employees who have significant roles in the internal control.
  - c. Others where the fraud could have a material effect on the financial statements.
14. We have no knowledge of any allegations of fraud or suspected fraud affecting the Organization's financial statements received in communications from employees, former employees, or others.
15. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements. Additionally, we specifically represent that we are responsible for determining that we are not subject to the requirements of the Single Audit because we have not received, expended, or otherwise been the beneficiary of the required amount of federal awards during the period of this audit.
16. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements and we have not consulted legal counsel concerning litigation or claims.
17. We have disclosed to you the identity of the entity's related parties and all the related-party relationships and transactions of which we are aware.
18. We are aware of no significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the Museum's ability to record, process, summarize, and report financial data.
19. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
20. During the course of your audit, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.
21. We have no plans or intentions that may materially affect the carrying value or classification of assets. In that regard:
  - a. The Museum has no significant amounts of idle property and equipment or permanent excess plant capacity.
  - b. The Museum has no plans or intentions to discontinue the operations of any subsidiary or division or to discontinue any significant services or activities
  - c. Provision has been made to reduce all assets that have permanently declined in value to their realizable values.
  - d. We have reviewed long-lived assets for impairment whenever events or changes in circumstances have indicated that the carrying amount of the assets might not be recoverable and have appropriately recorded the adjustment.
22. The Museum has satisfactory title to all owned assets.
23. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
24. In considering the disclosures that should be made about risks and uncertainties, we have concluded that the following are required:

*Concentrations of credit risk in excess of federally insured amounts.*

25. We have received a determination from the Internal Revenue Service that we are exempt from federal income taxes as a Section 501(c)(3) and 501(c)(2) not-for-profit corporation, and we have complied with the IRS regulations regarding this exemption.
26. We acknowledge our responsibilities related to non-audit services performed by the auditor and in that regard: 1) we assume all management responsibilities, 2) have designated an individual who possesses suitable skill knowledge or experience to oversee the services, 3) evaluated the adequacy and results of the services performed, and 4) accept responsibility for the results of the services.

FRONTIER TEXAS!, INC.



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Jeff Salmon, Executive Director



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K. Patrice Sharbutt, Accounting Coordinator



**Exhibit B – Summary of Recorded Audit Adjustments**

**Frontier Texas!**  
**Summary of Recorded Audit Adjustments**  
**For the Year Ended September 30, 2020**

Name	Debit	Credit	Net Income (Loss)	Amount Chg
Net Income (Loss) Before Adjustments			(303,302.72)	
Net Assets Released from Restrictions		(1,262.58)		
Temp. Restricted Released from Restrictions	1,262.58			
To record net assets released from restrictions.	1,262.58	(1,262.58)	(303,302.72)	-
Endowment	17,012.44			
Realized & Unrealized Gain/Loss on Investment		(17,012.44)		
To adjust CFA investment to actual.	17,012.44	(17,012.44)	(286,290.28)	17,012.44
Payroll Expenses:Employee Benefits		(6,293.11)		
Payroll Expenses:Payroll Taxes		(5,323.36)		
Salaries & Wages		(62,059.73)		
Fundraising Expense (Salary Alloc)	22,381.45			
General and Admin - Functional Allocation	51,294.75			
To reclassify Jeff and Patrice salary, benefits, and taxes.	73,676.20	(73,676.20)	(286,290.28)	-
Audio-Visual Equipment:Depreciation		(35.01)		
Exhibit Development:Depreciation		(137.01)		
Office Equipment & Furnishings:Depr	33.48			
Exhibit Redevelopment:Depreciation	54.64			
Depreciation Expense	83.90			
To adjust depreciation expense to actual.	172.02	(172.02)	(286,374.18)	(83.90)
	<b>92,123.24</b>	<b>(92,123.24)</b>	<b>(286,374.18)</b>	<b>16,928.54</b>

AUDIT PRESENTATION FOR  
THE YEAR ENDED SEPTEMBER 30, 2020



# FRONTIER TEXAS!, INC.

Presented by Condley & Company, LLP

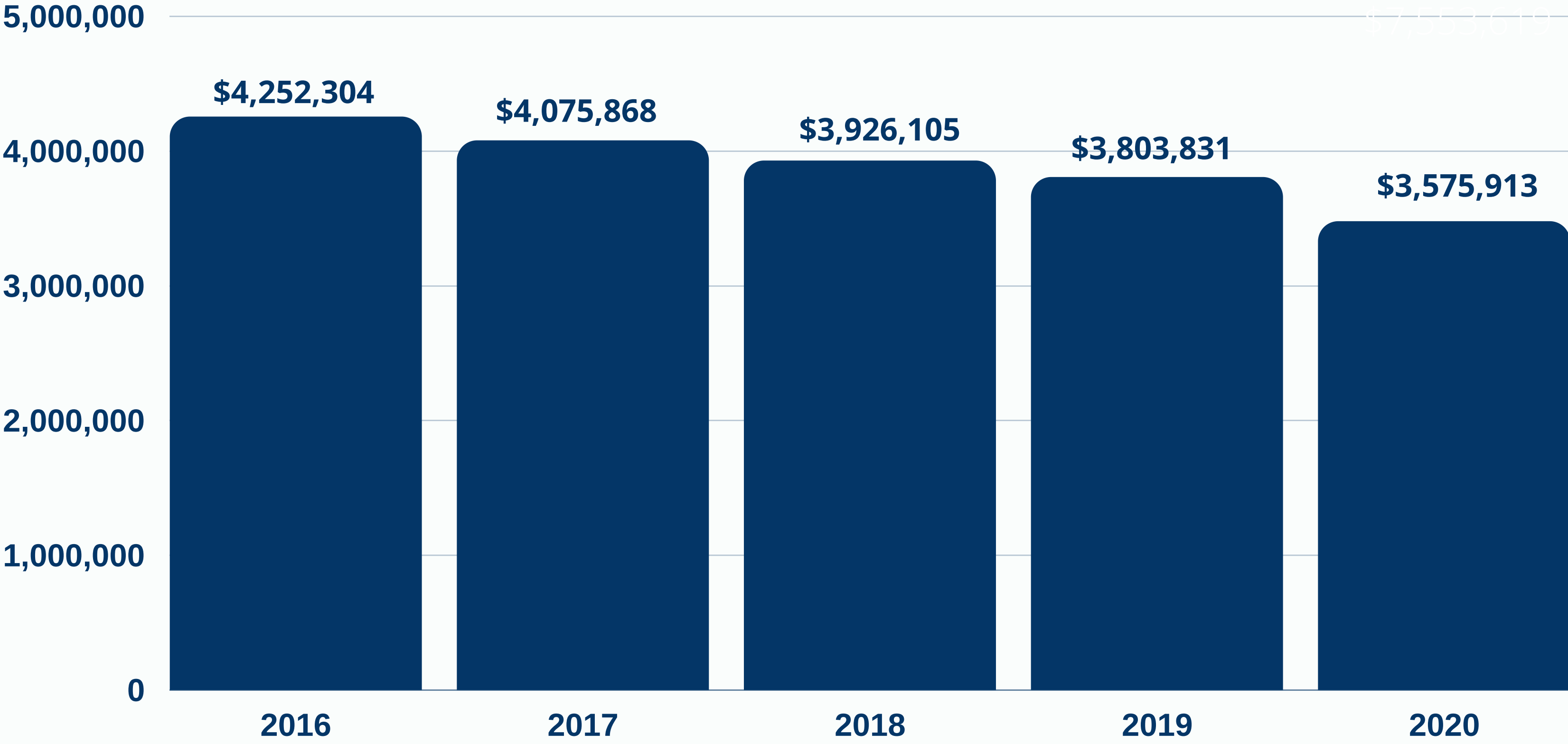
# UNQUALIFIED OPINION

## AUDITORS' RESPONSIBILITY

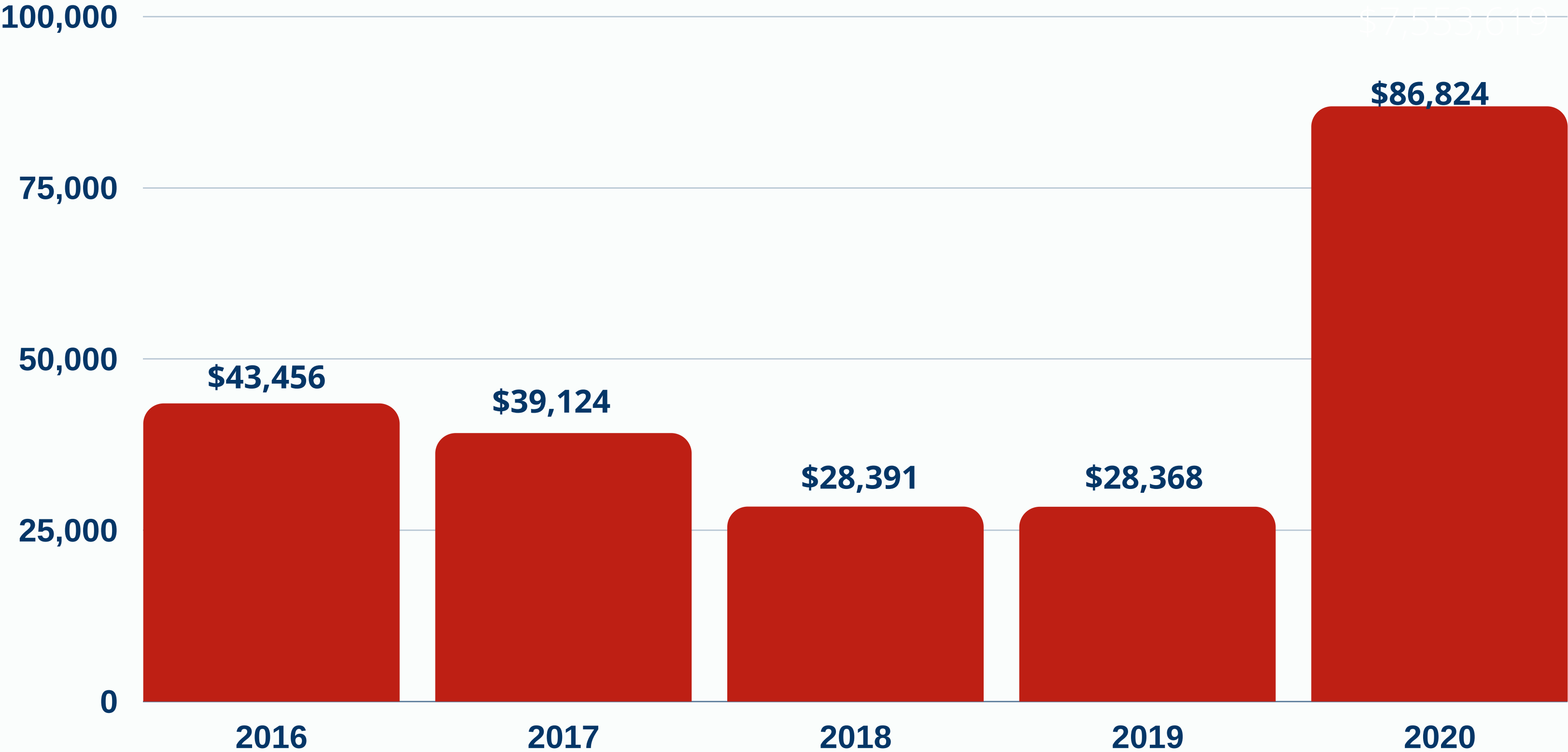
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“In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Frontier Texas! Inc. as of September 30, 2020, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America. (GAAP)”

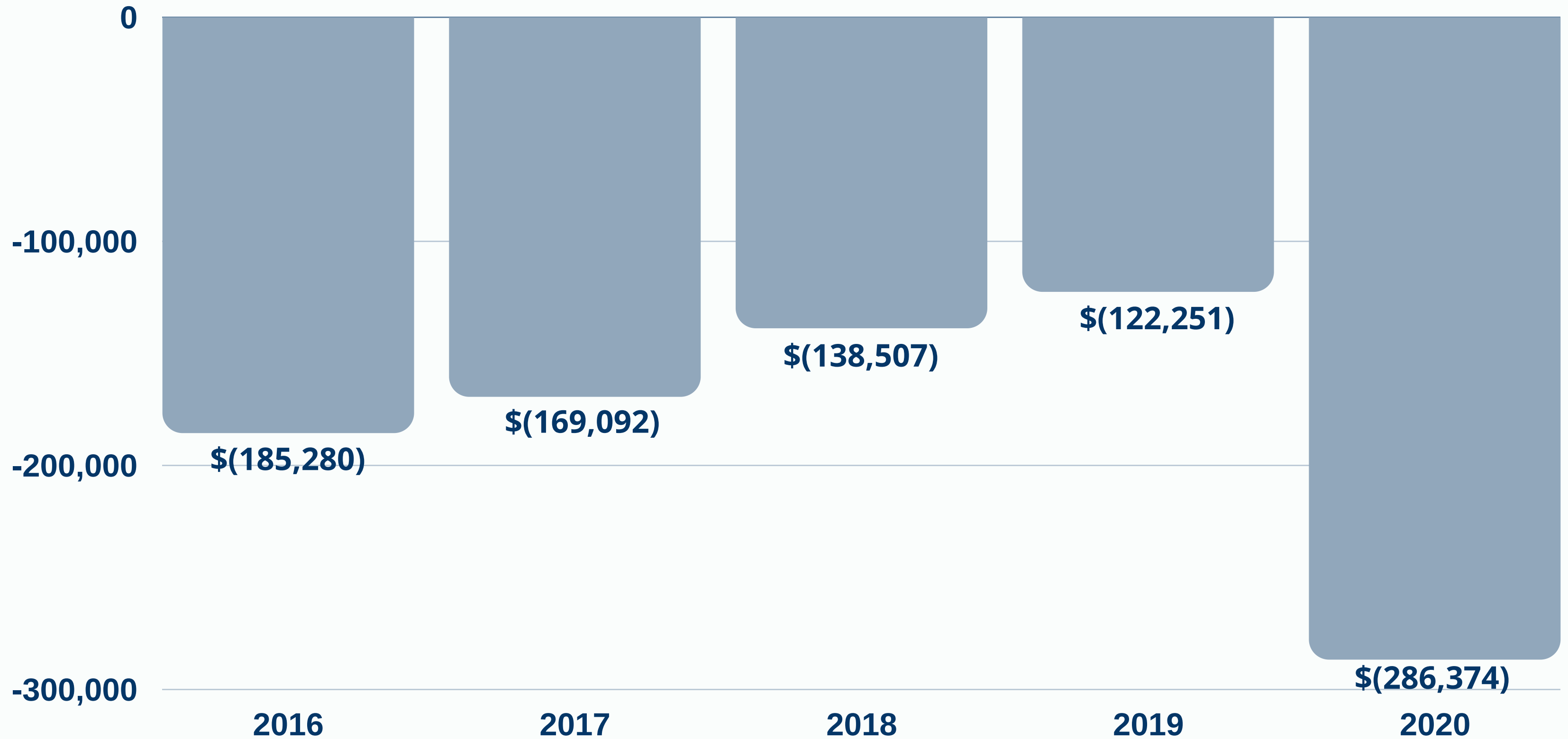
# TOTAL ASSETS



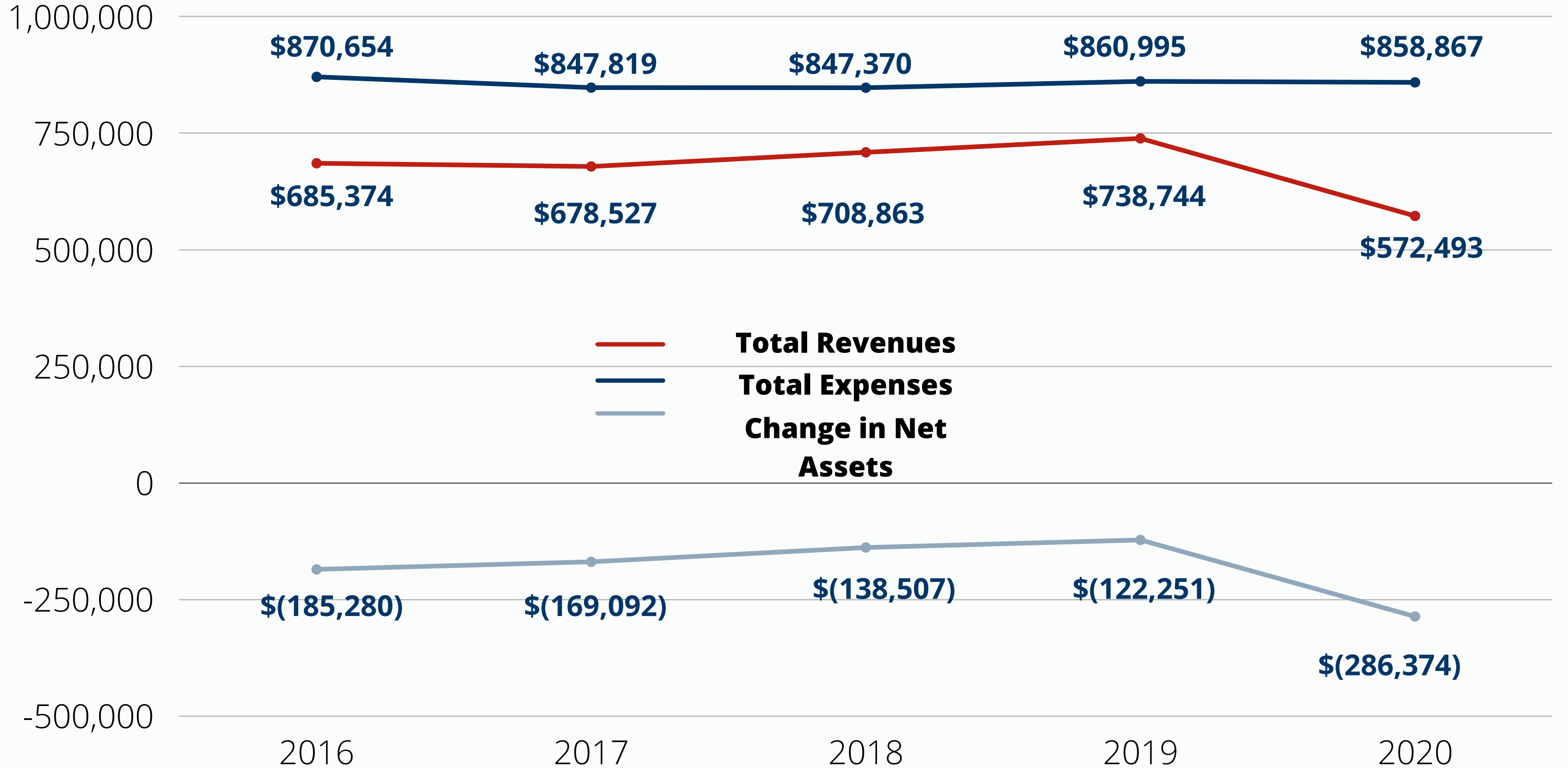
# ACCOUNTS PAYABLE & ACCRUED LIABILITIES



# CHANGE IN NET POSITION

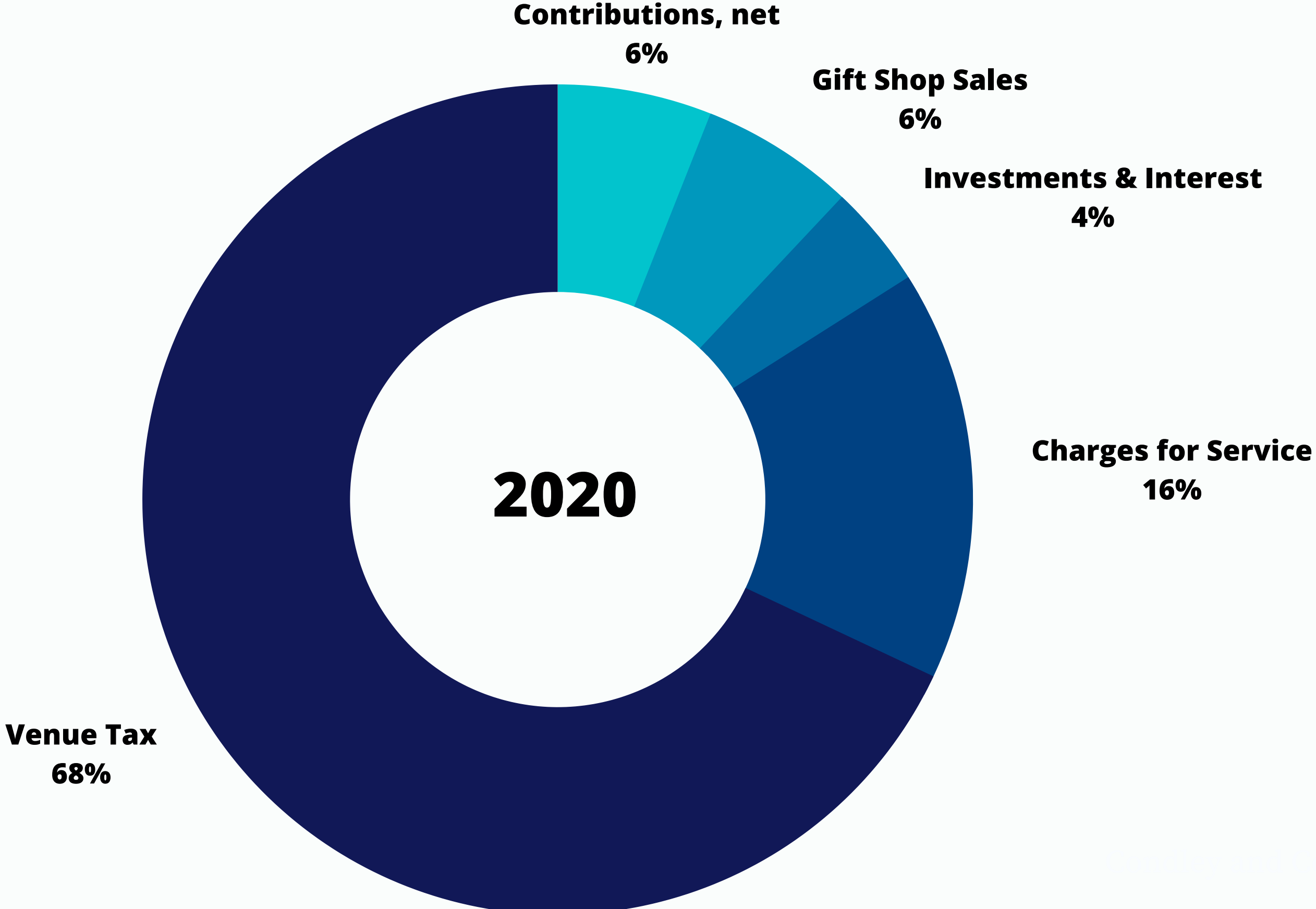


# TOTAL REVENUE, EXPENSES, CHANGE IN NET ASSETS

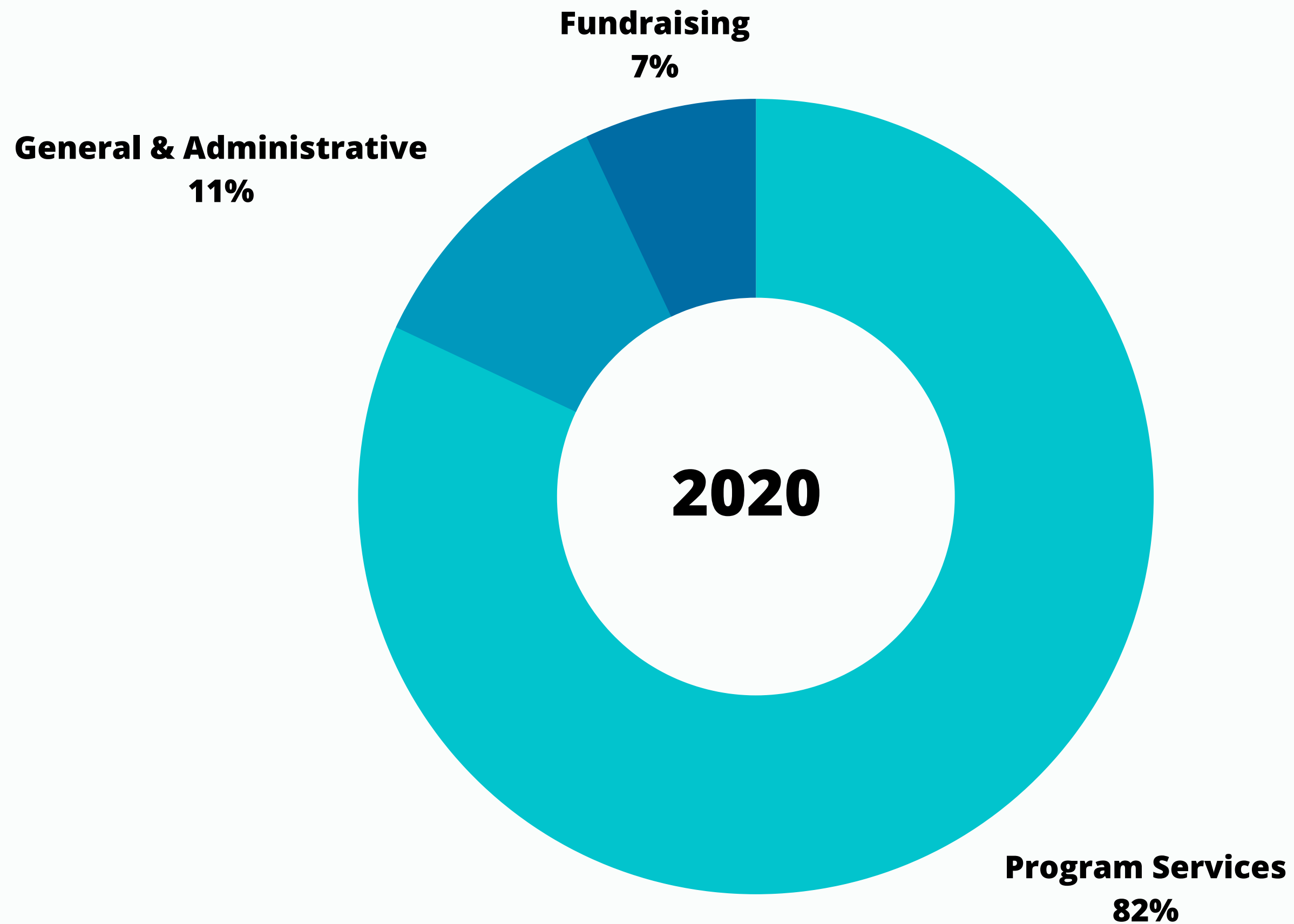




# REVENUE BREAKOUT BY SOURCE



# EXPENSES BY FUNCTION



# Summary of Report to the Board of Directors and Audit Committee (AU-C 260) continued

- No significant or unusual transactions identified
- No significant issues, difficulties, or disagreements with management were encountered during the audit

## **SIGNIFICANT ESTIMATES INCLUDED:**

- Property, plant and equipment useful lives
- Investment securities fair market value
- Functional expense allocations

# HIGHLIGHTED ADJUSTMENTS

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- Full list of adjustments is located in the AU-C 260 Letter Chart
  - No significant impact on the financial statements.
  - Largest was to adjust endowment to fair market value.

# RECENT ACCOUNTING PRONOUNCEMENTS

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- ASU 2014-09 Revenue Recognition
  - Did not have a material impact on the Organization's financial position, activities, net assets or cash flows
  - Did add disclosure
- ASU 2016-15 Statement of Cash Flows
  - No significant effect on the financial statements
- ASU 2018-08 Not-for-Profit Entities
  - No significant effect on the financial statements
- ASU 2016-02 Leases
  - No significant leases
  - If new leases are entered into they will be shown on the balance sheet as Right of Use Assets and Liabilities
- ASU 2019-03 Definition of Collections
  - No significant effect on the financial statements

# THANK YOU!



## CONDLEY AND COMPANY

993 North Third Street, Abilene, Texas 79601

## PHONE NUMBER

325-677-6251

## EMAIL ADDRESS

[ryan.gibson@condley.com](mailto:ryan.gibson@condley.com)