



# San Antonio Children's Museum dba The DoSeum

Consolidated Financial Statements  
(with supplementary information)  
Years Ended December 31, 2018 and 2017

## **San Antonio Children's Museum dba The DoSeum**

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Consolidated Financial Statements  
(with supplementary information)  
Years Ended December 31, 2018 and 2017

# San Antonio Children's Museum dba The DoSeum

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## Independent Auditor's Report

To the Board of Directors  
San Antonio Children's Museum  
dba The DoSeum  
San Antonio, TX

We have audited the accompanying consolidated financial statements of San Antonio Children's Museum dba "The DoSeum" (DoSeum) and SACM Title Holdings, Inc. (SACMTH), (collectively referred to as the Museum), which comprise the consolidated statements of financial position as of December 31, 2018 and 2017, the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

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

Management is responsible for the preparation and fair presentation of these consolidated 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 the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these consolidated 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 audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Museum's preparation and fair presentation of the consolidated 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 Museum'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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of San Antonio Children's Museum dba The DoSeum and its affiliate as of December 31, 2018 and 2017, and the changes in its consolidated net assets and cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

BDO USA, LLP

March 28, 2019

## Consolidated Financial Statements

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# San Antonio Children's Museum dba The DoSeum

## Consolidated Statements of Financial Position

<i>December 31,</i>	2018	2017
<b>Assets</b>		
Cash and cash equivalents	\$ 1,976,239	\$ 1,321,237
Accounts receivable	6,407	152,409
Inventory	219,309	165,884
Prepaid Expenses	164,161	29,498
Operating investments	5,304,373	5,413,609
Pledges receivable restricted, net	2,217,298	1,755,095
Restricted cash	3,572,519	4,115,989
Note receivable	7,063,000	7,063,000
Property and equipment, net	38,179,919	39,586,797
Artwork	48,200	48,200
Endowment investments	1,244,235	1,269,858
<b>Total Assets</b>	<b>\$ 59,995,660</b>	<b>\$ 60,921,576</b>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable - Trade	\$ 159,282	\$ 187,609
Accrued liabilities	141,922	157,225
Deferred revenue	578,282	555,286
Capital lease liability	71,818	-
Notes payable	9,700,000	9,700,000
<b>Total Liabilities</b>	<b>10,651,304</b>	<b>10,600,120</b>
<b>Net Assets</b>		
Without donor restrictions:		
Operating	6,794,409	7,247,418
Land, building, equipment and artwork	35,591,119	36,997,997
Board designated	538,594	538,594
<b>Total net assets without donor restrictions</b>	<b>42,924,122</b>	<b>44,784,009</b>
With donor restrictions:		
Perpetual in nature	1,643,000	1,143,000
Purpose restricted	3,065,437	2,549,279
Time restricted for future periods	1,711,797	1,845,168
<b>Total net assets with donor restrictions</b>	<b>6,420,234</b>	<b>5,537,447</b>
<b>Total Net Assets</b>	<b>49,344,356</b>	<b>50,321,456</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 59,995,660</b>	<b>\$ 60,921,576</b>

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

**San Antonio Children's Museum dba The DoSeum**  
**Consolidated Statements of Activities and Changes in Net Assets**

<i>Years ended December 31,</i>	2018			2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and Other Support</b>						
Contributions	\$ 365,322	\$ 2,705,418	\$ 3,070,740	\$ 355,188	\$ 1,072,772	\$ 1,427,960
Admissions, net	2,512,162	-	2,512,162	2,220,739	-	2,220,739
Memberships, net	865,728	-	865,728	960,552	-	960,552
Program income, net	573,557	-	573,557	612,339	-	612,339
Merchandise sales, net of cost of sales of \$230,339 in 2018 and \$209,198 in 2017	225,959	-	225,959	224,142	-	224,142
Birthday parties	181,211	-	181,211	161,444	-	161,444
Special events revenue, net of cost of benefits to donors of \$60,657 in 2018 and \$61,494 in 2017	480,089	-	480,089	433,527	-	433,527
In-kind contributions	26,472	-	26,472	43,361	-	43,361
Interest income, net	107,297	-	107,297	139,014	-	139,014
Realized and unrealized (losses)/gains	(138,264)	-	(138,264)	744,211	-	744,211
Other income, net	196,949	-	196,949	476,575	-	476,575
<b>Total revenue before releases</b>	<b>5,396,482</b>	<b>2,705,418</b>	<b>8,101,900</b>	<b>6,371,092</b>	<b>1,072,772</b>	<b>7,443,864</b>
Net assets released from restrictions:						
Satisfaction of construction and improvements	798,360	(798,360)	-	453,480	(453,480)	-
Satisfaction of educational programs	824,412	(824,412)	-	288,141	(288,141)	-
Satisfaction of admission subsidies	199,859	(199,859)	-	492,678	(492,678)	-
<b>Total Net assets released from restriction</b>	<b>1,822,631</b>	<b>(1,822,631)</b>	<b>-</b>	<b>1,234,299</b>	<b>(1,234,299)</b>	<b>-</b>
<b>Total Revenue and Other Support</b>	<b>7,219,113</b>	<b>882,787</b>	<b>8,101,900</b>	<b>7,605,391</b>	<b>(161,527)</b>	<b>7,443,864</b>
<b>Expenses</b>						
Program	7,827,872	-	7,827,872	7,717,367	-	7,717,367
Management and general	858,865	-	858,865	763,063	-	763,063
Fundraising	392,263	-	392,263	355,128	-	355,128
<b>Total Expenses</b>	<b>9,079,000</b>	<b>-</b>	<b>9,079,000</b>	<b>8,835,558</b>	<b>-</b>	<b>8,835,558</b>
<b>Change in Net Assets</b>	<b>(1,859,887)</b>	<b>882,787</b>	<b>(977,100)</b>	<b>(1,230,167)</b>	<b>(161,527)</b>	<b>(1,391,694)</b>
<b>Net Assets, beginning of year</b>	<b>44,784,009</b>	<b>5,537,447</b>	<b>50,321,456</b>	<b>46,014,176</b>	<b>5,698,974</b>	<b>51,713,150</b>
<b>Net Assets, end of year</b>	<b>\$ 42,924,122</b>	<b>\$ 6,420,234</b>	<b>\$ 49,344,356</b>	<b>\$ 44,784,009</b>	<b>\$ 5,537,447</b>	<b>\$ 50,321,456</b>

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



# San Antonio Children's Museum dba The DoSeum

## Consolidated Statements of Functional Expenses

Year ended December 31,	2018						
	Program Services				Supporting Services		
	Community Transformation Services	Educational Programing Services	Children & Family Services	Total Program Services	Management and General	Fundraising	Total
Salaries and Wages	\$ 563,487	\$ 1,689,662	\$ 563,487	\$ 2,816,636	\$ 368,416	\$ 192,428	\$ 3,377,480
Payroll Taxes	43,091	129,530	43,091	215,712	33,164	13,477	262,353
Employee Benefits	22,327	67,073	22,327	111,727	19,217	8,344	139,288
Contract Labor	2,326	6,951	2,326	11,603	330	21,649	33,582
Supplies and Materials	122,273	366,390	122,273	610,936	22,079	25,086	658,101
Utilities	41,150	123,449	41,150	205,749	22,861	-	228,610
Outsourced Services	196,914	589,021	196,914	982,849	99,101	95,745	1,177,695
Repairs and Maintenance	29,490	88,471	29,490	147,451	16,383	-	163,834
Travel	2,263	6,786	2,263	11,312	177	695	12,184
Recognition	1,240	3,726	1,240	6,206	978	149	7,333
Transportation	2,599	7,781	2,599	12,979	304	249	13,532
Training and Professional Development	2,057	3,394	2,057	7,508	50,347	60,434	118,289
Food and Drink	12,372	36,597	12,372	61,341	12,560	5,000	78,901
Dues and Subscriptions	3,681	11,007	3,681	18,369	1,233	1,951	21,553
Postage	2,104	6,380	2,104	10,588	2,871	4,762	18,221
Professional Fees	61,293	185,230	61,293	307,816	86,462	22,951	417,229
Insurance	14,435	43,306	14,435	72,176	8,020	-	80,196
Cost of Goods Sold	23,034	184,271	23,034	230,339	-	-	230,339
Other Expenses	33,485	100,454	33,485	167,424	4,080	-	171,504
<b>Total Before Depreciation</b>	<b>1,179,621</b>	<b>3,649,479</b>	<b>1,179,621</b>	<b>6,008,721</b>	<b>748,583</b>	<b>452,920</b>	<b>7,210,224</b>
<b>Depreciation</b>	<b>409,898</b>	<b>1,229,694</b>	<b>409,898</b>	<b>2,049,490</b>	<b>153,817</b>	<b>-</b>	<b>2,203,307</b>
<b>Total Expenses</b>	<b>1,589,519</b>	<b>4,879,173</b>	<b>1,589,519</b>	<b>8,058,211</b>	<b>902,400</b>	<b>452,920</b>	<b>9,413,531</b>
<b>Less expenses included with revenue on the statement of activities</b>	<b>23,034</b>	<b>184,271</b>	<b>23,034</b>	<b>230,339</b>	<b>43,535</b>	<b>60,657</b>	<b>334,531</b>
<b>Expenses net of amounts included in revenue</b>	<b>\$ 1,566,485</b>	<b>\$ 4,694,902</b>	<b>\$ 1,566,485</b>	<b>\$ 7,827,872</b>	<b>\$ 858,865</b>	<b>\$ 392,263</b>	<b>\$ 9,079,000</b>

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

**San Antonio Children's Museum dba The DoSeum**  
**Consolidated Statements of Functional Expenses (Continued)**

Year ended December 31,

2017

	Program Services				Supporting Services		Total
	Community Transformation Services	Educational Programing Services	Children & Family Services	Total Program Services	Management and General	Fundraising	
Salaries and Wages	\$ 544,011	\$ 1,635,751	\$ 544,011	\$ 2,723,773	\$ 373,414	\$ 190,856	\$ 3,288,043
Payroll Taxes	42,474	127,703	42,474	212,651	28,767	13,825	255,243
Employee Benefits	17,774	53,311	17,774	88,859	4,324	11,189	104,372
Contract Labor	7,723	22,995	7,723	38,441	2,668	9,564	50,673
Supplies and Materials	79,058	237,051	79,058	395,167	12,370	23,377	430,914
Utilities	45,304	135,913	45,304	226,521	25,169	-	251,690
Outsourced Services	215,526	646,863	215,526	1,077,915	80,589	97,206	1,255,710
Repairs and Maintenance	24,231	72,692	24,231	121,154	13,461	-	134,615
Travel	8,621	25,856	8,621	43,098	290	2,263	45,651
Recognition	1,233	3,524	1,233	5,990	4,051	236	10,277
Transportation	2,760	8,278	2,760	13,798	30	95	13,923
Training and Professional Development	6,359	18,931	6,359	31,649	3,541	4,577	39,767
Food and Drink	10,652	31,808	10,652	53,112	6,007	57,858	116,977
Dues and Subscriptions	3,310	9,918	3,310	16,538	484	1,025	18,047
Postage	1,918	5,687	1,918	9,523	858	4,551	14,932
Professional Fees	67,064	201,193	67,064	335,321	76,919	-	412,240
Insurance	13,175	39,524	13,175	65,874	7,319	-	73,193
Cost of Goods Sold	20,920	167,358	20,920	209,198	-	-	209,198
Other Expenses	55,141	165,422	55,141	275,704	16,116	-	291,820
<b>Total Before Depreciation</b>	<b>1,167,254</b>	<b>3,609,778</b>	<b>1,167,254</b>	<b>5,944,286</b>	<b>656,377</b>	<b>416,622</b>	<b>7,017,285</b>
<b>Depreciation</b>	<b>396,456</b>	<b>1,189,367</b>	<b>396,456</b>	<b>1,982,279</b>	<b>146,347</b>	<b>-</b>	<b>2,128,626</b>
<b>Total Expenses</b>	<b>1,563,710</b>	<b>4,799,145</b>	<b>1,563,710</b>	<b>7,926,565</b>	<b>802,724</b>	<b>416,622</b>	<b>9,145,911</b>
<b>Less expenses included with revenue on the statement of activities</b>	<b>20,920</b>	<b>167,358</b>	<b>20,920</b>	<b>209,198</b>	<b>39,661</b>	<b>61,494</b>	<b>310,353</b>
<b>Expenses net of amounts included in revenue</b>	<b>\$ 1,542,790</b>	<b>\$ 4,631,787</b>	<b>\$ 1,542,790</b>	<b>\$ 7,717,367</b>	<b>\$ 763,063</b>	<b>\$ 355,128</b>	<b>\$ 8,835,558</b>

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

# San Antonio Children's Museum dba The DoSeum

## Consolidated Statements of Cash Flows

<i>Years ended December 31,</i>	2018	2017
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ (977,100)	\$ (1,391,694)
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation	2,203,307	2,128,626
Bad debt expense	2,500	3,500
Net realized and unrealized loss (gain) on investments	138,264	(744,211)
Change in operating assets and liabilities:		
Accounts receivable	143,502	56,214
Inventory	(53,425)	7,545
Prepaid assets	(134,663)	8,835
Accounts payable	(28,327)	(114,062)
Accrued liabilities	(15,303)	44,532
Deferred revenue	22,996	51,082
<b>Net cash provided by operating activities</b>	<b>1,301,751</b>	<b>50,367</b>
<b>Cash Flows from Investing Activities</b>		
Restricted cash released (received)	543,470	(673,895)
Proceeds from sale of investments	1,826,311	1,361,170
Purchase of investments	(1,829,716)	(1,415,303)
Purchase of property and equipment	(724,611)	(256,046)
<b>Net cash (used in) investing activities</b>	<b>(184,546)</b>	<b>(984,074)</b>
<b>Cash Flows from Financing Activities</b>		
Change in contributions receivable	(462,203)	659,916
<b>Net cash (used in) provided by financing activities</b>	<b>(462,203)</b>	<b>659,916</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>655,002</b>	<b>(273,791)</b>
<b>Cash and Cash Equivalents, beginning of year</b>	<b>1,321,237</b>	<b>1,595,028</b>
<b>Cash and Cash Equivalents, end of year</b>	<b>\$ 1,976,239</b>	<b>\$ 1,321,237</b>
<b>Supplemental Information:</b>		
Cash paid for interest	\$ 130,637	\$ 130,637

**Non-cash transactions:**

The Museum acquired leased equipment through a capital lease, increasing property and equipment and capital lease payable by \$71,818 for 2018.

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

# San Antonio Children's Museum dba The DoSeum

## Notes to Consolidated Financial Statements

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### 1. Organization and Summary of Significant Accounting Policies

#### *Organization and Nature of Activities*

San Antonio Children's Museum dba "The DoSeum" (DoSeum) is a nonprofit organization whose mission is to grow minds, connect families and transform communities through joyful learning and discovery. Play is the catalyst for joyful learning, and for every aspect of social, emotional and cognitive development in young children. The type of active play experiences offered at the DoSeum make children smarter, more creative, healthier, more socially well-adjusted, and more innovative thinkers who are capable of meeting the challenges of the 21st century. Through its exhibits, programs and outreach activities, the DoSeum serves as an incubator, convener and laboratory - a place where new ideas flourish, where the community gathers, and where collaborative partnerships happen.

SACM Title Holdings, Inc. (SACMTH) was organized in 2013 by the DoSeum as a Texas Nonprofit Corporation to acquire land and construct a new facility for use by the DoSeum. Both the DoSeum and SACMTH share a common Board of Directors (Board) and, as such, are consolidated in these financial statements.

#### *Basis of Consolidation*

These financial statements include the consolidated statements of financial position, activities and changes in net assets, and cash flows for the DoSeum and SACMTH, collectively referred to as the Museum. All balances and transactions between the consolidated entities have been eliminated.

Accounting principles generally accepted in the United States of America (GAAP) require that a nonprofit organization consolidate its financial statements with another nonprofit entity when the organization controls another not-for-profit entity through majority voting interest and economic interest. Such is the case with the DoSeum and SACMTH.

#### *Basis of Presentation*

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting, in accordance with GAAP.

#### *Net Assets*

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and their changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

# San Antonio Children's Museum dba The DoSeum

## Notes to Consolidated Financial Statements

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### 1. Organization and Summary of Significant Accounting Policies (Continued)

#### *Net Assets (Continued)*

Net Assets With Donor Restrictions - Net assets subject to donor- (or certain granter-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

#### *Cash and Cash Equivalents*

For purposes of the consolidated statements of cash flows, the Museum considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. Cash and cash equivalents that are part of the long-term investment pool are shown within investments as those resources are not used for daily operating purposes.

#### *Restricted Cash*

Restricted cash represents highly liquid investments, with an initial maturity of three months or less, held in high quality financial institutions related to board designated or donor imposed restrictions.

#### *Accounts Receivable*

Accounts receivable represent amounts owed to the Museum for memberships and for reimbursement of grant-related expenses. The Museum does not receive interest on aged balances. Management considers accounts receivable at December 31, 2018 and 2017, to be fully collectible; accordingly no allowance for doubtful accounts has been recorded. The Museum recorded \$2,500 and \$3,500 of bad debt during the years ended December 31, 2018 and 2017.

#### *Pledges Receivable*

When a donor has unconditionally promised to contribute funds in future periods, the Museum recognizes the fair value of the pledge receivable. Pledges expected to be collected within one year are recorded as a donation and a receivable at net realizable value, which approximates fair value. Pledges expected to be collected in future years are recorded as a donation and a receivable at the present value of the expected future cash flows. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

#### *Inventory*

Our inventory consists of missions-related merchandise held for sale in The DoSeum store inventory is stated at the lower of cost or market based on average cost.

# San Antonio Children's Museum dba The DoSeum

## Notes to Consolidated Financial Statements

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### 1. Organization and Summary of Significant Accounting Policies (Continued)

#### *Investments*

We record investment purchases at cost, or if donated, at fair value on the date of donation.

Investments are reported at their fair values in the statements of financial position. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external investment expenses.

#### *Property and Equipment*

Property and equipment are recorded at historical cost if purchased, or at estimated fair value on the date of donation. Expenditures for betterments that materially extend the useful life of an asset are capitalized in excess of \$2,000 for 2018 and \$500 for 2017. Depreciation is recorded using the straight-line method over the estimated useful lives of the related assets, or the term of the lease (generally 5 to 10 years for exhibits, furniture, fixtures, and equipment, 10 to 15 years for improvements, and 40 years for the building). Capitalized lease assets are recorded at the lesser of the useful life of the asset or the lease term.

We review the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended December 31, 2018 and 2017.

#### *Artwork*

Donated artwork which is on display at the Museum was recorded at fair value at the date of accession. The artwork is not subject to depreciation.

#### *Revenue Recognition*

The Museum recognizes promises to give in the financial statements when there is sufficient evidence that a promise was made. Unconditional promises to give are recognized in the period in which the promise is made, and according to any donor restrictions. Conditional promises to give are not included as support until the conditions are substantially met. Gifts of securities are recorded at their fair value when received.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods, or are restricted by the donor for specific purposes, are reported as net asset with donor restrictions. When donor restrictions expire, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified through releases in the statement of activities and changes in net assets.

# San Antonio Children's Museum dba The DoSeum

## Notes to Consolidated Financial Statements

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### 1. Organization and Summary of Significant Accounting Policies (Continued)

#### *Revenue Recognition (Continued)*

The Museum reports gifts of equipment and goods as unrestricted support unless explicit donor restrictions specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used, and gifts of cash or other assets that must be used to acquire long-lived assets, are reported as restricted support. Absent explicit donor restrictions about how long those long-lived assets must be maintained, the Museum reports expirations of donor restrictions when the donated or acquired long-lived assets are placed into service.

Special events revenue is recorded at the time of the event net of direct cost of benefits to attendees.

Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively. Admissions, program fees, birthday party revenue, and other income are recorded when earned. Admissions, program fees, and other income are recorded net of any applicable discounts offered. Membership revenue is deferred and recognized over the periods to which the fees apply.

#### *Income Taxes*

The DoSeum and SACMTH are nonprofit corporations exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The IRS has also determined that the DoSeum and SACMTH are not private foundations.

At December 31, 2018 and 2017, no uncertain tax positions have been identified and therefore, no related liabilities were recognized. At December 31, 2018 and 2017, the Museum is no longer subject to income tax examinations by tax authorities for years prior to 2015.

#### *Note Receivable*

The note receivable, totaling \$7,063,000 as of December 31, 2018 and 2017, is reported at its outstanding balance and is considered to be fully collectible. Accordingly, no allowance for doubtful accounts has been provided. In making that determination, management evaluated the financial condition of the borrower, the estimated value of the underlying collateral, and the economic conditions. Interest on the note receivable is recognized over the term of the note receivable and is calculated using the simple-interest method on principal amounts outstanding (see note 6).

#### *Advertising*

The Museum uses advertising to promote its programs among the audiences it serves. All costs of advertising are expensed as incurred. Advertising expense for the year ended December 31, 2018 and 2017 amounted to \$92,565 and \$86,210, respectively.

# San Antonio Children's Museum dba The DoSeum

## Notes to Consolidated Financial Statements

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### 1. Organization and Summary of Significant Accounting Policies (Continued)

#### *Functional Allocation of Expenses*

The financial statements report certain categories of expenses that are attributed to more than one program or supporting functions of the organization. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, depreciation, and amortization which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, interest, insurance and other, which are allocated on the basis of estimates of time and effort and costs of specific equipment and supplies utilized.

#### *Donated Services and In-Kind Contributions*

Volunteers contribute significant amounts of time to our program services, administration, fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet the generally accepted accounting principles required for being recorded. Contributed goods are recorded at fair value at the date of donation. We record donated professional services at the respective fair values of the services received. No significant services were received during the year. In the years ended December 31, 2018 and 2017, more than 12,704 and 9,774 hours were donated to the Museum in services, respectively.

#### *Use of Estimates*

The preparation of financial statements in conformity with GAAP 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.

#### *Concentrations of Credit Risk*

The Museum manages concentration risk by placing cash and money market accounts with financial institutions in San Antonio, Texas believed by us to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market funds. To date, we have not experienced losses in any of these accounts. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from governmental agencies and foundations supportive of our mission. Investments are made by diversified investment managers whose performance is monitored by us and the finance committee of the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, we and the finance committee believe that the investment policies and guidelines are prudent for the long-term welfare of the organizations.



# San Antonio Children's Museum dba The DoSeum

## Notes to Consolidated Financial Statements

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### 1. Organization and Summary of Significant Accounting Policies (Continued)

#### *Fair Value of Financial Instruments*

The Fair Value Measurements and Disclosures Topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC), 820-10, 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.

Level 1 - Inputs that utilize quoted prices (unadjusted) in active markets for identical assets that the Museum has the ability to access.

Level 2 - Inputs that include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

Level 3 - Inputs that are unobservable for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

#### *Reclassifications*

Certain amounts in the prior period have been reclassified to conform with the current period financial statement presentation. The reclassifications have no effect on the previously reported change in net assets.

#### *Accounting Pronouncements issued but Not Yet Adopted or Currently in Effect*

##### *Revenue from Contracts with Customers (Topic 606)*

In May 2014, FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which is a comprehensive new revenue recognition standard that will supersede existing revenue recognition guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. FASB issued ASU 2015-14 that deferred the effective date for the Museum until annual periods beginning after December 15, 2018. Earlier adoption is permitted subject to certain limitations. The amendments in this update are required to be applied retrospectively to each prior reporting period presented or with the cumulative effect being recognized at the date of initial application. Management is currently evaluating the impact of this ASU on its financial statements.

# San Antonio Children's Museum dba The DoSeum

## Notes to Consolidated Financial Statements

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### 1. Organization and Summary of Significant Accounting Policies (Continued)

#### *Accounting Pronouncements issued but Not Yet Adopted or Currently in Effect (Continued)*

##### *Leases (Topic 842)*

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*, to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements for lessees and lessors. The new standard applies a right-of-use (ROU) model that requires, for all leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset for the lease term and a liability to make lease payments to be recorded. The ASU is effective for the Museum's fiscal years beginning after December 15, 2019 with early adoption permitted. Management is currently evaluating the impact of this ASU on its financial statements.

##### *Accounting Pronouncements Adopted in the Current Year*

##### *Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities*

In August 2016, FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements for Not-for-Profit Entities*. The ASU amends the current reporting model for nonprofit organizations and enhances their required disclosures. The major changes include; (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions", (b) modifying the presentation of underwater endowment funds and related disclosures, (c) requiring the use of the placed in service approach to recognize the expirations of restrictions on gifts used to acquire or construct long-lived assets absent explicit donor stipulations otherwise, (d) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (e) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (f) presenting investment return net of external and direct expenses, and (g) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements. The ASU is effective for the Museum's financial statements for fiscal years beginning after December 15, 2017. Early adoption is permitted. The provisions of the ASU must be applied on a retrospective basis for all years presented although certain optional practical expedients are available for periods prior to adoption. Management has adopted ASU 2016-14 in 2018, retrospectively.

### 2. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, are as follows:

Cash and cash equivalents	\$ 1,976,239
Accounts receivable	6,407
Pledges receivable	470,751
	<hr/>
	\$ 2,453,397

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# San Antonio Children's Museum dba The DoSeum

## Notes to Consolidated Financial Statements

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### 2. Liquidity and Availability (Continued)

Our endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is restricted for specific purposes, with the exception of the amounts available for general use. Donor-restricted endowment funds are not available for general expenditures.

The Museum regularly monitors liquidity to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Museum has various sources of liquidity at its disposal, including cash and cash equivalents and various receivables. In addition, appropriation from the board designated reserves of approximately \$369,410, will be available in the next year.

The Museum's invested endowment supports general operations, specific program activity, and certain non-operating strategic activity. The Museum applies its spending policy to its invested endowment to determine the amount available for current use. The Museum's investment policy ensures that investment liquidity will satisfy its current endowment based on operating and programmatic needs.

In addition to the financial assets available to meet general expenditures over the next 12 months, the Museum operates with a balanced budget and anticipates earned revenues and annual support contributions sufficient to cover general expenditures not provided by endowment spending rate or other donor restricted sources. The Museum's invested endowment includes board designated funds to support general operations based on its spending policy, and for other non-operating strategic purposes. Although the Museum does not intend to utilize these board designated funds beyond their budgeted usage, these funds could be made available by Board vote if necessary.

### 3. Pledges Receivable

Pledges receivable at December 31, 2018 and 2017 consist of the following:

	2018	2017
Due in one year	\$ 470,751	\$ 370,501
Due after one year	1,775,000	1,395,000
	<u>2,245,751</u>	<u>1,765,501</u>
Less: Discount to present value	(28,453)	(10,406)
Net pledges receivable	<u>\$ 2,217,298</u>	<u>\$ 1,755,095</u>

At December 31, 2018 and 2017, two donors accounted for 57% percent and 70% percent of total promises to give respectively.

The rates used to calculate the discount to present value pertains to the average interest rate based on US Treasury Bonds during the year the pledge was received. For pledges received in 2018 and 2017, the discount rates used ranged from 2.57% to 2.78%.

Management evaluated the need for an allowance for doubtful accounts and determined that because of their history with donors, all balances were collectible.

# San Antonio Children's Museum dba The DoSeum

## Notes to Consolidated Financial Statements

### 4. Investments and Fair Value

The carrying value of investments, which is the fair value, is based upon values provided by external investment managers. Valuation of the investments at year-end reflects value net of fees. In accordance with the fair value hierarchy described in Note 1, the following table shows the fair value classification of the Museum's financial assets that are required to be measured at fair value as of December 31:

<i>2018</i>	Fair Value	Level 1	Level 2	Level3
<b>Operating Investments:</b>				
Money Market	\$ 341,886	\$ 341,886	\$ -	\$ -
Equity Securities	3,502,032	3,502,032		
Corporate Bonds	1,460,455	1,460,455	-	-
Total Operating Investments	5,304,373	5,304,373	-	-
<b>Endowment Investments:</b>				
Money Market	\$ 80,195	\$ 80,195	\$ -	\$ -
Equity Securities	821,464	821,464		
Corporate Bonds	342,576	342,576	-	-
Total Endowment Investments	1,244,235	1,244,235	-	-
<b>Total Assets at Fair Value</b>	<b>\$ 6,548,608</b>	<b>\$ 6,548,608</b>	<b>\$ -</b>	<b>\$ -</b>
<i>2017</i>	Fair Value	Level 1	Level 2	Level3
<b>Operating Investments:</b>				
Money Market	\$ 339,320	\$ 339,320	\$ -	\$ -
Equity Securities	3,737,447	3,737,447		
Corporate Bonds	1,336,842	1,336,842	-	-
Total Operating Investments	5,413,609	5,413,609	-	-
<b>Endowment Investments:</b>				
Money Market	\$ 79,593	\$ 79,593	\$ -	\$ -
Equity Securities	876,685	876,685		
Corporate Bonds	313,580	313,580	-	-
Total Endowment Investments	1,269,858	1,269,858	-	-
<b>Total Assets at Fair Value</b>	<b>\$ 6,683,467</b>	<b>\$ 6,683,467</b>	<b>\$ -</b>	<b>\$ -</b>

Fees paid to the external investment managers totaled \$43,535 and \$39,661 for the years ended December 31, 2018 and 2017, respectively.

# San Antonio Children's Museum dba The DoSeum

## Notes to Consolidated Financial Statements

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### 5. Property and Equipment

Property and equipment consisted of the following at December 31:

	2018	2017
Land	\$ 5,671,583	\$ 5,671,583
Building and improvements	25,175,406	25,104,014
Exhibits and improvements	12,939,193	12,604,999
Office furniture and equipment	1,594,534	1,432,764
Equipment - capital lease	71,818	-
Construction in progress	191,291	34,036
Total Property and Equipment	45,643,825	44,847,396
Less: Accumulated depreciation	(7,463,906)	(5,260,599)
Net Property and Equipment	\$ 38,179,919	\$ 39,586,797

Depreciation and amortization expense totaled \$2,203,307 and \$2,128,626 for the years ended December 31, 2018 and 2017 respectively.

### 6. Note Receivable

In August 2013, the DoSeum entered into an agreement to lend \$7,063,000 to Chase NMTC SACM Investment Fund, LLC (Chase). The note is secured by Chase's equity interest in Partnerships of Hope V, LLC, a community development entity which provides financing and monitoring for qualified low-income investments and related new markets tax credits ("NMTC") under Section 45D of the Internal Revenue Code of 1986, as amended. See note 13.

The interest rate on the note is fixed at 1.0%. Interest is payable quarterly beginning September 2013. All principal and unpaid interest is due and payable on June 1, 2043. In the years ended December 31, 2018 and 2017, interest earned amounted to \$70,630.

### 7. Line of Credit

On March 16, 2015, the Museum entered into a business loan agreement for a line of credit with a bank for up to \$1,500,000. The loan matures on April 30, 2019. As of December 31, 2018, and 2017, no amount has been drawn or is outstanding on this loan.

### 8. Leases

As of December 31, 2017, The Museum had a non-cancelable operating lease for equipment that would have expired in September 2022.

In December 2018, the lease was modified and transitioned to a capital lease expiring December 2023. The capital asset of \$71,818 was recorded in the statement of financial position as part of property and equipment.

# San Antonio Children's Museum dba The DoSeum

## Notes to Consolidated Financial Statements

### 8. Leases (Continued)

Future minimum lease payments are as follows:

	Amount
2019	\$ 16,818
2020	16,818
2021	16,818
2022	16,818
2023	16,818
Total	84,090
Less amount representing interest	(12,272)
	\$ 71,818

### 9. Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods are as follows:

<i>Years ended December 31,</i>	2018	2017
<i>Subject to expenditure for specified purposes:</i>		
Construction improvements	\$ 2,544,535	\$ 2,087,645
Educational programs	460,261	461,634
Admission subsidies	60,641	-
<b>Total Purpose Restricted</b>	<b>\$ 3,065,437</b>	<b>\$ 2,549,279</b>
<i>Subject to the time restrictions:</i>		
<i>Promises to give:</i>		
Constructions improvements	\$ 1,325,250	\$ 1,540,500
Educational programs	125,000	185,074
Admission subsidies	290,000	120,000
Net present value adjustment	(28,453)	(406)
<b>Total Time Restricted</b>	<b>\$ 1,711,797</b>	<b>\$ 1,845,168</b>
<i>Net assets perpetual in nature:</i>		
Education programs	\$ 1,143,000	\$ 1,143,000
Unconditional promise to give to general endowment	500,000	-
<b>Total perpetual in nature</b>	<b>\$ 1,643,000</b>	<b>\$ 1,143,000</b>
<b>Total Net Assets with Donor Restrictions</b>	<b>\$ 6,420,234</b>	<b>\$ 5,537,447</b>

# San Antonio Children's Museum dba The DoSeum

## Notes to Consolidated Financial Statements

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### 9. Net Assets Released from Restrictions (Continued)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose, or by the passage of time as specified by donors.

<i>Years ended December 31,</i>	<b>2018</b>	<b>2017</b>
New Museum constructions and improvements	\$ 798,360	\$ 453,480
Educational programs	824,412	288,141
Admission subsidies	199,859	492,678
<b>Total Net Assets Released from Restrictions</b>	<b>\$ 1,822,631</b>	<b>\$ 1,234,299</b>

### 10. Retirement Plans

The Museum has a qualified 403(b) retirement plan for the benefit of eligible employees. The plan is available to employees who work at least 20 hours per week, and is available the first day of the following month after beginning employment. The plan does not have an employer match component. Eligible employees may contribute to the plan, limited only by Internal Revenue Service regulations.

### 11. City of San Antonio Bond Agreement

The City passed a bond program dated May 12, 2012, in accordance with the bond passage, the Museum sold to the City parcels of land for \$1,200,000 to be used as parking lots for the support of the Museum. The Museum leases the parking lots from the City for \$1 per year until the later of (a) the expiration of 20 years from the lease commencement date, or (b) final repayment by the City of all bonds providing funding for the Funding Agreement executed in 2014, as those bonds may be refinanced from time-to-time. At expiration of the lease agreement, the parking lots and land will be given back to the Museum. The Museum has a \$1,200,000 pledge receivable as of December 31, 2018 and 2017. Parking lot improvements were recorded as leasehold improvements in the statement of financial position.

### 12. New Markets Tax Credits Notes Payable

In August, 2013, SACMTH, a Qualified Active Low-Income Community Business, executed secured loan agreements to borrow \$7,063,000 and \$2,637,000 from Partnerships of Hope V, LLC to finance the construction of a new museum facility. These loans are subject to a construction monitoring and disbursement agreement with Chase Bank, and are secured by the land and building, and a guaranty from the DoSeum.

Pursuant to the loan agreement, \$430,000 of the loan proceeds were withheld to fund future operating and compliance costs for Partnerships of Hope V, LLC.

Under the terms of the loan agreement, each loan has an interest rate of 1.35% per annum, payable quarterly, beginning September 2013, and the principal balance is due in its entirety on the stated maturity dates. SACMTH is not permitted to prepay any portion of the loans in whole or in part until the seventh anniversary of the loans.

# San Antonio Children's Museum dba The DoSeum

## Notes to Consolidated Financial Statements

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### 12. New Markets Tax Credits Notes Payable (Continued)

The loan agreements are intended to be treated as a "qualified low-income community investment" and generate new markets tax credits for Partnerships for Hope V, LLC. Accordingly, in conjunction with the financing, SACMTH entered into an indemnification agreement with Chase for costs incurred or value lost as a result of a recapture event as defined in Section 45D(g) of the Internal Revenue Code of 1986, as amended.

Additionally, the Museum entered into a put agreement (put) or fair value (call) with Chase to buy Chase NMTC Investment Fund, LLC (see note 5) for \$1,000 at the end of the seven and one-half year NMTC Investment period. Should such put be exercised, the DoSeum would also own Partnerships for Hope V, LLC and its primary assets, the secured notes from SACMTH.

A summary of the notes payable is as follows:

	Amount
Note payable to Partnerships of Hope V, LLC, matures on June 1, 2043, with principal payments commencing in December 1, 2020. (see note 5)	\$ 7,063,000
Note payable to Partnerships of Hope V, LLC, matures on June 1, 2043, with principal payments commencing in December 1, 2020.	2,637,000
<b>Total New Markets Tax Credits Notes Payable</b>	<b>\$ 9,700,000</b>

There are no payments of principal due on the above notes until December 2020. Interest expense for the years ended December 31, 2018 and 2017 amounted to \$130,637 for each year.

### 13. Endowment Funds

#### *Implementation of Enhanced Disclosures for All Institutional (Endowment) Funds*

The Museum has adopted the "Endowments of Not-For-Profit Organizations" standard as required by the FASB Accounting Standards Codification (ASC). This standard provides guidance on the net asset classification of donor-restricted endowment funds by a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). This topic also requires additional disclosures about an organization's endowment funds (both donor restricted and Board-designated) whether or not the organization is subject to UPMIFA.

The state of Texas enacted UPMIFA effective September 1, 2007, the provisions of which apply to endowment funds existing on, or established after, that date. The Museum has implemented the reporting requirements of this standard. The Museum has determined that all of the Museum's permanently restricted net assets meet the definition of endowment funds under UPMIFA.

#### *General Information*

The Museum maintains various endowment funds established for a variety of purposes. These endowments include donor-restricted endowment contributions. The donor-restricted endowment funds fall under the provisions of UPMIFA, which was adopted by the state of Texas with an effective date of September 1, 2007. This policy defines the Museum's interpretation of the provisions of this law as they relate to the prudent management of its endowment funds.



# San Antonio Children's Museum dba The DoSeum

## Notes to Consolidated Financial Statements

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### 13. Endowment Funds (Continued)

#### *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 Museum 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 "Principal" Interpretation*

The Museum has interpreted UPMIFA, related to gifts in which the donor declares the gift to be permanently restricted for endowment, as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. If the donor does not permanently restrict the endowment principal, then the Museum will act prudently in appropriating these funds. As a result of this interpretation, the Museum classifies as permanently restricted net assets the original value of gifts donated to the permanent endowment (the Principal). The remaining portion of the donor-restricted endowment fund that is not classified as restricted in perpetuity, is classified as restricted by time or purpose until those amounts are appropriated for expenditure by the Museum in a manner consistent with the standard of prudence prescribed by UPMIFA.

#### *Endowment Investment Objectives*

The objectives of the Endowment Fund should be pursued as long-term goals designed to maximize Return without exposure to undue risk. Whereas it is understood that fluctuating rates of Return are characteristic of the securities markets, the Museum's and each Manager's greatest concern should be long-term appreciation of the assets and consistency of total portfolio Return. Recognizing that short-term market fluctuations may cause variations in performance, it is expected that the total portfolio will achieve certain objectives in the In Museum's Investment Policy over a full market cycle, defined as a minimum of three to five years.

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

The intent of the spending guidelines below is to ensure the preservation of endowment gifts in the aggregate adjusted for inflation. Should the Board of Directors approve an annual withdrawal, it is limited to 4% per year, of the trailing quarter (three year) rolling average for the Endowment Fund's market value. In years where the investment return does not warrant a withdrawal, the board may still approve the withdrawal provided previous years' earnings were in excess of the 4% spending guideline and are available for distribution.

# San Antonio Children's Museum dba The DoSeum

## Notes to Consolidated Financial Statements

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### 13. Endowment Funds (Continued)

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

The Return above the 4% spending guideline shall be reinvested, thus providing an offset to inflation and generating real growth in the value of the overall investment portfolio within the Endowment Fund. This section is intended to address the investment guidelines needed to maintain the annual spending levels of the Museum. It does not address emergency or extraordinary withdrawals.

#### *Fund Composition*

Endowment net asset composition by type of fund consisted of \$1,143,000 in donor endowed funds as of December 31, 2018 and 2017.

#### *Changes in Endowment Net Assets for the Years Ended December 31:*

<i>2018</i>	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 126,858	\$ 1,143,000	\$ 1,269,858
Net investment loss	(25,623)	-	(25,623)
<b>Endowment Net Assets, End of Year</b>	<b>\$ 101,235</b>	<b>\$ 1,143,000</b>	<b>\$ 1,244,235</b>

#### *Changes in Endowment Net Assets for the Year Ended December 31, 2017:*

<i>2017</i>	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ -	\$ 1,143,000	\$ 1,143,000
Net investment earnings	126,858	-	126,858
<b>Endowment Net Assets, End of Year</b>	<b>\$ 126,858</b>	<b>\$ 1,143,000</b>	<b>\$ 1,269,858</b>

### 14. Subsequent Events

The Museum's management have evaluated events subsequent to December 31, 2018 and through March 28, 2019, which is the date the consolidated financial statements were available to be issued.

## Supplementary Information

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## Independent Auditor's Report on Supplementary Information

To the Board of Directors  
San Antonio Children's Museum  
dba The DoSeum  
San Antonio, TX

Our audits of the consolidated financial statements included in the preceding section of this report were conducted for the purpose of forming an opinion on those statements as a whole. The supplementary information presented in the following section of this report is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

BDO USA, LLP

March 28, 2019

# San Antonio Children's Museum dba The DoSeum

## Consolidating Statements of Financial Position

<i>December 31, 2018</i>	San Antonio Children's Museum	SACM Title Holdings, Inc.	Eliminations	Total
<b>Assets</b>				
Cash and cash equivalents	\$ 1,976,239	\$ -	\$ -	\$ 1,976,239
Accounts receivable	6,407			6,407
Inventory	219,309	-	-	219,309
Prepaid expenses and other assets	164,161	-	-	164,161
Operating investments	5,304,373	-	-	5,304,373
Investment in SACM Title Holdings, Inc.	18,962,463	-	(18,962,463)	-
Contributions receivable restricted, net	2,217,298	-	-	2,217,298
Restricted cash	3,070,767	501,752	-	3,572,519
Notes receivable	7,063,000	-	-	7,063,000
Property and equipment, net	12,111,825	26,068,094	-	38,179,919
Artwork	48,200	-	-	48,200
Endowment investments	1,244,235	-	-	1,244,235
<b>Total Assets</b>	<b>\$ 52,388,277</b>	<b>\$ 26,569,846</b>	<b>\$ (18,962,463)</b>	<b>\$ 59,995,660</b>
<b>Liabilities and Net Assets</b>				
<b>Liabilities</b>				
Accounts payable:				
Trade	\$ 159,282	\$ -	\$ -	\$ 159,282
Accrued liabilities	141,922	-	-	141,922
Deferred revenue	578,282	-	-	578,282
Capital lease liability	71,818	-	-	71,818
Notes payable	-	9,700,000	-	9,700,000
<b>Total Liabilities</b>	<b>951,304</b>	<b>9,700,000</b>	<b>-</b>	<b>10,651,304</b>
<b>Net Assets</b>				
Without Donor Restrictions:				
Operating	8,887,026	(2,092,617)	-	6,794,409
Land, building, equipment and artwork	35,591,119	18,962,463	(18,962,463)	35,591,119
Board-designated	538,594	-	-	538,594
<b>Total net assets without donor restrictions</b>	<b>45,016,739</b>	<b>16,869,846</b>	<b>(18,962,463)</b>	<b>42,924,122</b>
With Donor Restrictions:				
Perpetual in nature	1,643,000	-	-	1,643,000
Purpose restricted	3,065,437	-	-	3,065,437
Time restricted for future periods	1,711,797	-	-	1,711,797
<b>Total net assets with donor restrictions</b>	<b>6,420,234</b>	<b>-</b>	<b>-</b>	<b>6,420,234</b>
<b>Total Net Assets</b>	<b>51,436,973</b>	<b>16,869,846</b>	<b>(18,962,463)</b>	<b>49,344,356</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 52,388,277</b>	<b>\$ 26,569,846</b>	<b>\$ (18,962,463)</b>	<b>\$ 59,995,660</b>

*See independent auditor's report on supplementary information.*

**San Antonio Children's Museum dba The DoSeum**  
**Consolidating Statements of Financial Position (Continued)**

<i>December 31, 2017</i>	San Antonio Children's Museum	SACM Title Holdings, Inc.	Eliminations	Total
<b>Assets</b>				
Cash and cash equivalents	\$ 1,321,237	\$ -	\$ -	\$ 1,321,237
Accounts receivable	152,409	-	-	152,409
Inventory	165,884	-	-	165,884
Prepaid expenses and other assets	29,498	-	-	29,498
Operating investments	5,413,609	-	-	5,413,609
Investment in SACM Title Holdings, Inc.	18,962,463	-	(18,962,463)	-
Contributions receivable restricted, net	1,755,095	-	-	1,755,095
Restricted cash	3,676,703	439,286	-	4,115,989
Notes receivable	7,063,000	-	-	7,063,000
Property and equipment, net	12,856,136	26,730,661	-	39,586,797
Artwork	48,200	-	-	48,200
Endowment investments	1,269,858	-	-	1,269,858
<b>Total Assets</b>	<b>\$ 52,714,092</b>	<b>\$ 27,169,947</b>	<b>\$ (18,962,463)</b>	<b>\$ 60,921,576</b>
<b>Liabilities and Net Assets</b>				
<b>Liabilities</b>				
Accounts payable:				
Trade	\$ 187,609	\$ -	\$ -	\$ 187,609
Accrued liabilities	157,225	-	-	157,225
Deferred revenue	555,286	-	-	555,286
Notes payable	-	9,700,000	-	9,700,000
<b>Total Liabilities</b>	<b>900,120</b>	<b>9,700,000</b>	<b>-</b>	<b>10,600,120</b>
<b>Net Assets</b>				
Without Donor Restrictions:				
Operating	8,739,934	(1,492,516)	-	7,247,418
Land, building, equipment and artwork	36,997,997	18,962,463	(18,962,463)	36,997,997
Board-designated	538,594	-	-	538,594
<b>Total Net Assets Without Donor Restrictions</b>	<b>46,276,525</b>	<b>17,469,947</b>	<b>(18,962,463)</b>	<b>44,784,009</b>
With Donor Restrictions:				
Perpetual in nature	1,143,000	-	-	1,143,000
Purpose restricted	2,549,279	-	-	2,549,279
Time restricted for future periods	1,845,168	-	-	1,845,168
<b>Total Net Assets Without Donor Restrictions</b>	<b>5,537,447</b>	<b>-</b>	<b>-</b>	<b>5,537,447</b>
<b>Total Net Assets</b>	<b>51,813,972</b>	<b>17,469,947</b>	<b>(18,962,463)</b>	<b>50,321,456</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 52,714,092</b>	<b>\$ 27,169,947</b>	<b>\$ (18,962,463)</b>	<b>\$ 60,921,576</b>

*See independent auditor's report on supplementary information.*

# San Antonio Children's Museum dba The DoSeum

## Consolidating Statements of Activities and Changes in Net Assets

<i>December 31, 2018</i>	San Antonio Children's Museum	SACM Title Holdings, Inc.	Eliminations	Total
<b>Revenue and Other Support</b>				
Contributions	\$ 365,322	\$ -	\$ -	\$ 365,322
Admissions, net	2,512,162	-	-	2,512,162
Memberships	865,728	-	-	865,728
Program income, net	573,557	-	-	573,557
Merchandise sales, net of cost of of sales of \$230,339	225,959	-	-	225,959
Birthday parties	181,211	-	-	181,211
Special events revenue, net of cost of benefits to donors of \$60,657	480,089	-	-	480,089
In-kind contributions	26,472	-	-	26,472
Interest income, net	106,744	553	-	107,297
Realized and unrealized gains	(138,264)	-	-	(138,264)
Other income, net	196,949	192,551	(192,551)	196,949
Net assets released from restriction:				
Satisfaction of construction and improve	798,360	-	-	798,360
Satisfaction of educational programs	824,412	-	-	824,412
Satisfaction of admission subsidies	199,859	-	-	199,859
<b>Total Net assets released from restriction</b>	<b>1,822,631</b>	<b>-</b>	<b>-</b>	<b>1,822,631</b>
<b>Total Revenue and Other Support</b>	<b>7,218,560</b>	<b>193,104</b>	<b>(192,551)</b>	<b>7,219,113</b>
<b>Expenses</b>				
Program	7,227,218	793,205	(192,551)	7,827,872
Management and general	858,865	-	-	858,865
Fundraising	392,263	-	-	392,263
<b>Total Expenses</b>	<b>8,478,346</b>	<b>793,205</b>	<b>(192,551)</b>	<b>9,079,000</b>
<b>Decrease in net assets without donor restrictions</b>	<b>(1,259,786)</b>	<b>(600,101)</b>	<b>-</b>	<b>(1,859,887)</b>
<b>Changes in Net Assets With Donor Restrictions</b>				
Contributions	2,705,418	-	-	2,705,418
Other income	-	-	-	-
Net assets released from restrictions	(1,822,631)	-	-	(1,822,631)
<b>Increase in Net Assets With Donor Restrictions</b>	<b>882,787</b>	<b>-</b>	<b>-</b>	<b>882,787</b>
<b>Change in Total Net Assets</b>	<b>(376,999)</b>	<b>(600,101)</b>	<b>-</b>	<b>(977,100)</b>
<b>Net Assets, beginning of year</b>	<b>51,813,972</b>	<b>17,469,947</b>	<b>(18,962,463)</b>	<b>50,321,456</b>
<b>Net Assets, end of year</b>	<b>\$ 51,436,973</b>	<b>\$ 16,869,846</b>	<b>\$ (18,962,463)</b>	<b>\$ 49,344,356</b>

*See independent auditor's report on supplementary information.*

# San Antonio Children's Museum dba The DoSeum

## Consolidating Statements of Activities and Changes in Net Assets (Continued)

<i>December 31, 2017</i>	San Antonio Children's Museum	SACM Title Holdings, Inc.	Eliminations	Total
<b>Revenue and Other Support</b>				
Contributions	\$ 355,188	\$ -	\$ -	\$ 355,188
Admissions	2,220,739	-	-	2,220,739
Memberships, net	960,552	-	-	960,552
Program income, net	612,339	-	-	612,339
Merchandise sales, net of cost of sales of \$212,244	224,142	-	-	224,142
Birthday parties	161,444	-	-	161,444
Special events revenue, net of cost of benefits to donors of \$46,282	433,527	-	-	433,527
In-kind contributions	43,361	-	-	43,361
Interest income	138,677	337	-	139,014
Realized and unrealized gains	744,211	-	-	744,211
Other income, net	476,575	192,551	(192,551)	476,575
Net assets released from restriction	1,234,299	-	-	1,234,299
<b>Total Revenue and Other Support</b>	<b>7,605,054</b>	<b>192,888</b>	<b>(192,551)</b>	<b>7,605,391</b>
<b>Expenses</b>				
Program	7,121,548	788,370	(192,551)	7,717,367
Management and general	756,079	6,984	-	763,063
Fundraising	352,135	2,993	-	355,128
<b>Total Expenses</b>	<b>8,229,762</b>	<b>798,347</b>	<b>(192,551)</b>	<b>8,835,558</b>
Decrease in net assets without donor restrictions	(624,708)	(605,459)	-	(1,230,167)
<b>Changes in Net Assets With Donor Restrictions</b>				
Contributions	1,072,772	-	-	1,072,772
Net assets released from restrictions	(1,234,299)	-	-	(1,234,299)
<b>Decrease in Net Assets With Donor Restrictions</b>	<b>(161,527)</b>	<b>-</b>	<b>-</b>	<b>(161,527)</b>
<b>Change in Net Assets</b>	<b>(786,235)</b>	<b>(605,459)</b>	<b>-</b>	<b>(1,391,694)</b>
<b>Net Assets, beginning of year</b>	<b>52,600,207</b>	<b>18,075,406</b>	<b>(18,962,463)</b>	<b>51,713,150</b>
<b>Net Assets, end of year</b>	<b>\$ 51,813,972</b>	<b>\$ 17,469,947</b>	<b>\$ (18,962,463)</b>	<b>\$ 50,321,456</b>

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