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FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITOR'S  
REPORT

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SEPTEMBER 30, 2021



Roberts & McGee CPA

**FRONTIER TEXAS!, INC.**

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## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the **Frontier Texas!, Inc.** (a nonprofit organization), which comprise the statement of financial position as of September 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the **Frontier Texas!, Inc.** as of September 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Roberts + McGee, CPA*  
Roberts & McGee, CPA

Abilene, Texas  
February 8, 2022

**FRONTIER TEXAS!, INC.**  
Statement of Financial Position  
September 30, 2021

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**ASSETS**

Current Assets:	
Cash and cash equivalents	\$ 422,744
Pledge receivable	6,224
Inventory	59,574
Prepaid expenses	<u>34,250</u>
Total Current Assets	<u>522,792</u>
Beneficial interest in assets held by others	415,981
Capital assets, net	2,380,123
Sculptures, historical artifacts and other non-depreciable assets	<u>303,712</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>3,622,608</u></b>

**LIABILITIES AND NET ASSETS**

Current Liabilities:	
Accounts payable	\$ 5,572
Accrued liabilities	19,050
Unearned revenue	5,100
Note payable - Paycheck Protection Program	<u>-</u>
Total Current Liabilities	<u>29,722</u>
Total Liabilities	<u>29,722</u>
<b>NET ASSETS</b>	
Without donor restrictions	3,589,905
With donor restrictions	<u>2,981</u>
Total Net Assets	<u>3,592,886</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ <u>3,622,608</u></b>

The accompanying notes are an integral part of these financial statements

**FRONTIER TEXAS!, INC.**  
Statement of Activities  
For the Year Ended September 30, 2021

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	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue, Gains, and Other Support:</b>			
Contributions, Grants and Sales:			
Charges for service	\$ 111,760	\$	\$ 111,760
Local government grant - venue tax	478,113		478,113
Contribution and fundraising net of costs	60,874	11,283	72,157
Noncash contribution	73,728		73,728
Grant - Forgiveness of PPP loan	135,525		135,525
Gift shop sales, net	53,541		53,541
Net investment return	84,325		84,325
Interest income	83		83
Net assets released from restrictions	11,283	(11,283)	-
<b>Total Revenue, Gains, and Other Support</b>	<u>1,009,232</u>	<u>-</u>	<u>1,009,232</u>
<b>Expenses:</b>			
Program Expenses			
Exhibit	696,831		696,831
Support Services			
Management and general	149,053		149,053
Fundraising	59,551		59,551
<b>Total Expenses</b>	<u>905,435</u>	<u>-</u>	<u>905,435</u>
<b>TOTAL CHANGE IN NET ASSETS</b>	103,797	-	103,797
<b>NET ASSETS BEGINNING OF YEAR</b>	<u>3,486,108</u>	<u>2,981</u>	<u>3,489,089</u>
<b>NET ASSETS END OF YEAR</b>	<u>\$ 3,589,905</u>	<u>\$ 2,981</u>	<u>\$ 3,592,886</u>

The accompanying notes are an integral part of these financial statements

**FRONTIER TEXAS!, INC.**  
Statement of Functional Expenses  
For the Year Ended September 30, 2021

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	<u>Program Services</u>	<u>Support Services</u>		<u>Total Program and Supporting Services</u>
	<u>Exhibit Expenses</u>	<u>General &amp; Administrative</u>	<u>Fund Raising</u>	
Salaries and wages	\$ 263,729	\$ 84,401	\$ 29,220	\$ 377,350
Advertising	42,978		10,744	53,722
Building maintenance	35,110	10,035	5,016	50,161
Utilities	29,666	8,476	4,238	42,380
Employee development	5,613			5,613
Insurance	18,615	7,978		26,593
Office supplies and postage		2,960	2,960	5,920
Credit card fees		4,565		4,565
Professional Services		15,892		15,892
Depreciation	249,510			249,510
Noncash rent	51,610	14,746	7,373	73,729
Total expenses	\$ <u>696,831</u>	\$ <u>149,053</u>	\$ <u>59,551</u>	\$ <u>905,435</u>

The accompanying notes are an integral part of these financial statements

**FRONTIER TEXAS!, INC**  
**Statement of Cash Flows**  
**For the Year Ended September 30, 2021**

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<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Change in net assets	\$ 103,797
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	249,510
Forgiveness of PPP Loan Proceeds	(135,525)
Change in beneficial interest in assets held by others	(84,325)
(Increase) decrease in operating assets:	
Pledge receivable	(2,424)
Inventory	2,963
Prepaid expenses	(12,473)
Increase (decrease) in operating liabilities:	
Accounts payable and accrued expenses	4,928
Deferred income	<u>5,000</u>
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>131,451</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Acquisition of capital assets	(6,140)
Purchase of investments	-
Acquisition of non-depreciable assets - sculptures	<u>(3,000)</u>
<b>NET CASH USED BY INVESTING ACTIVITIES</b>	<u>(9,140)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>	
Paycheck Protection Program note payable proceeds	<u>68,495</u>
<b>NET CASH USED BY FINANCING ACTIVITIES</b>	<u>68,495</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	190,806
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>231,938</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 422,744</u>

The accompanying notes are an integral part of these financial statements



## **FRONTIER TEXAS!, INC.**

### Notes to the Financial Statements

September 30, 2021

#### *NOTE 1: ORGANIZATION AND NATURE OF ACTIVITIES*

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*

A summary of the Museum's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

##### Financial Statement Presentation

The accompanying financial statements of the Museum have been prepared using the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. Accordingly, the Museum's financial statements are presented based on the existence or absence of donor-imposed restrictions. This has been accomplished by classification of fund balances and transactions into two classes of net assets – net assets without donor restrictions and net assets with donor restrictions.

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 granters. 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, whereby the donor has stipulated the funds be maintained in perpetuity.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between applicable classes of net assets.

##### 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.

##### 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.

**FRONTIER TEXAS!, INC.**

Notes to the Financial Statements

September 30, 2021

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

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.

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 Organizations 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.

Capital Assets

Property and equipment additions greater than \$100 and have a useful life greater than one year are recorded at cost. Donated capital assets are capitalized at estimated fair value and recorded as contributions in the year received. Maintenance, repairs and renewals are expensed as incurred while additions and improvements are capitalized. Depreciation is computed using the straight-line method in amounts sufficient to amortize the cost of depreciable assets to operations over their estimated service lives, which are as follows:

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-depreciation 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.

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.

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.

**FRONTIER TEXAS!, INC.**

Notes to the Financial Statements

September 30, 2021

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

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.

Contributions

Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved.

Contributions of assets other than cash are recorded at their estimated fair value. Contributions to be received after one year are discounted at a discount rate commensurate with the risks involved. Amortization of discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible contributions receivable is provided based upon management's judgment including such factors as prior collection history, type of contribution and nature of the activity.

Income and net gains on investments of endowments and similar funds are reported as increases in net assets with donor restriction if the terms of the gift require that they be added to the principal of the endowment fund. If the investment gains are available for current use by the Museum, the gains are reported as increases in net assets without donor restriction.

With respect to net assets with donor restrictions, the Museum has adopted the following accounting policies:

**FRONTIER TEXAS!, INC.**

Notes to the Financial Statements

September 30, 2021

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

- Contributions with donor-imposed restrictions that are met in the same year received are reported as revenues of the net asset with donor restriction class, and a reclassification to net assets without donor restrictions is made to reflect the expiration of such restrictions. The Organization will use net assets with donor restrictions first for contributions received for which both net assets with and without donor restrictions are available.

Donated Use of Facilities

Donated use of facilities are reflected as contributions in the accompanying financial statements at their estimated values on the day of receipt. A contribution for the donated use of office space is recognized as revenue in the amount of \$73,728 for the years ending September 30, 2021.

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.

Functional Expenses

The expenses of providing various program and support services have been categorized on a functional basis in the statements of functional expenses. Certain categories of expenses are attributable to more than one program or supporting function.

Therefore, expenses require allocation on a reasonable basis that is consistently applied. Salary and related taxes and benefits are allocated based on time and effort of the employees. Occupancy costs, insurance, and building repairs and maintenance are allocated based on the space utilized.

Federal Income Taxes

The Museum has been granted tax-exempt status under the provisions of Section 501(c)(3) of the Internal Revenue Service 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 the financial statements, and therefore, the Museum has not recorded a liability for uncertain tax positions in the financial statements for 2021 or 2020. The Museum is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years before 2018.

Advertising Costs

All advertising costs in the statements of functional expenses are charged to operations when incurred. The Museum has not estimated the value of any future benefits from these expenses. Advertising costs for the year ended September 30, 2021 totaled \$53,722.

**FRONTIER TEXAS!, INC.**

Notes to the Financial Statements

September 30, 2021

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

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from these estimates.

Subsequent Events

Management has evaluated subsequent events through February 8, 2022, the date the financial statements were available to be issued.

*NOTE 3: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS*

The Museum has \$425,987 of financial assets available within year of the statement of financial position dates of December 31, 2021, to meet cash needs for general operating expenditures, which consist of:

Cash and cash equivalents	\$ 422,744
Pledge receivable	6,224
Beneficial Interest in Assets Held by Others	<u>415,981</u>
Total Financial assets	<u>844,949</u>
Less amounts not available to be used within one year:	
Net assets with donor restrictions	(2,981)
Quasi endowments and accumulated earnings subject to appropriation beyond one year	<u>(415,981)</u>
Financial assets available within one year to meet cash needs for general expenditures	<u>\$ 425,987</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.

**FRONTIER TEXAS!, INC.**

Notes to the Financial Statements

September 30, 2021

*NOTE 4: 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 Hold 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, 2021, the Museum was the owner of one (1) agency endowment fund with a combined fair value of \$415,981. 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, 2021:

Beginning Balance	\$ 331,656
Contributions	-
Investment income	8,156
Investment fees	(3,391)
Net realized and unrealized gain on investment	<u>79,560</u>
Ending Balance	<u>\$ 415,981</u>

*NOTE 5: FAIR VALUE MEASUREMENTS AND DISCLOSURE*

Generally accepted accounting principles under ASC 820 require the use of valuation techniques that are consistent with the market approach, the income approach and/or the cost approach. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets and liabilities. The income approach uses valuation to convert future amounts, such as cash flows or earnings, to a single present amount on a discounted basis. The cost approach is based on the amount that currently would be required to replace the service capacity of an asset (replacement cost). Valuation techniques should be consistently applied. Inputs to valuation techniques refer to the assumptions that market participants would use in pricing the asset or liability.

**FRONTIER TEXAS!, INC.**

Notes to the Financial Statements

September 30, 2021

*NOTE 5: FAIR VALUE MEASUREMENTS AND DISCLOSURE – continued*

Inputs may be observable, meaning those that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from independent sources, or unobservable, meaning those that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. A fair value hierarchy exists for valuation inputs that give the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The fair value hierarchy is as follows:

Level 1 – Quoted market prices (unadjusted) in active markets for identical assets and liabilities. Level 1 assets include publicly traded securities and mutual funds. Valuations of these instruments do not require a higher degree of judgment, as valuations are based on quoted prices in a readily available, active market.

Level 2 – Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities that are not active; and inputs other than quoted prices that are observable, such as models or other valuation methodologies. Assets in this category generally include real estate, certain hedge funds, and other equity instruments.

Level 3 – Unobservable inputs for the valuation of the asset or liability. Level 3 assets include instruments for which there is little, if any, market activity. These inputs require significant management judgement or estimation. Assets in this category generally include certain hedge funds, private equity funds, privately held stock, and debenture bonds. These financial instruments have inputs that cannot be validated by readily determinable market data and generally involve considerable judgement by management.

The following table summarize financial assets measured at fair value on a recurring basis, segregated by the level of valuation inputs within the fair value hierarchy utilized to measure fair value.

	Fair Value Measurements at September 30, 2021			
	Level 1	Level 2	Level 3	Total
	<u>Inputs</u>	<u>Inputs</u>	<u>Inputs</u>	
Beneficial interest in assets held by CFA **	\$ _____	\$ _____	\$ _____	\$ <u>415,981</u>
Total	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>415,981</u>

\*\* In accordance with Subtopic 820-10, certain investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in the table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

The beneficial interest in assets held at Community Foundation of Abilene (CFA) has been valued as a practical expedient, at the fair value of the Foundation's share of CFA's investment pool as of the measurement dates of September 30, 2021.

**FRONTIER TEXAS!, INC.**Notes to the Financial Statements

September 30, 2021

*NOTE 5: FAIR VALUE MEASUREMENTS AND DISCLOSURE – continued*

The CFA values securities and other financial instruments on a fair value basis of accounting. The estimated fair values of certain investments of the CFA, which includes private placements and other securities for which prices are not readily available, are determined by management of CFA and may not reflect amounts that could be realized upon immediate sale, nor amounts that ultimately may be realized. Accordingly, the estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments.

*NOTE 6: CAPITAL ASSETS*

Property and equipment at September 30 consists of the following:

	<u>2021</u>
<b>Depreciable Assets:</b>	
Exhibit construction and programming	\$ 3,584,470
Exhibit redevelopment	1,941,858
Audio visual equipment	137,134
Leasehold improvements	77,503
Office and computer equipment	114,627
Software	<u>3,582</u>
Total depreciable assets	5,859,174
Less: Accumulated depreciated	<u>(3,479,051)</u>
Net Capital Assets	<u><u>\$ 2,380,123</u></u>

Depreciation expense for the years ended September 30, 2021 was \$249,510.

*NOTE 7: 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, 2021 in the amount of \$30,352. The Museum had accounts payables to related parties for the years ended September 30, 2021 in the amount of \$2,381.

The City of Abilene owns and maintains facilities utilized by the Museum. The Board of Directors of the Museum is governed by the City of Abilene. The terms of the lease require an annual payment of \$1 to be made to the City of Abilene for a period of 10 years. The Museum estimates the market value of the lease and records an annual in-kind contribution and corresponding lease expense for the estimated market value. The estimated expense and contribution was \$73,728 for the periods ended September 30, 2021. The lease may be terminated by either party with 180 days written notice.



**FRONTIER TEXAS!, INC.**Notes to the Financial Statements

September 30, 2021

*NOTE 7: RELATED PARTY TRANSACTIONS - continued*

The following schedule summarizes the future payment requirements and estimated in-kind contributions for the lease:

Year-Ended September 30	Cash Payment	In-Kind Contributions
2022	\$ 1	\$ 73,728
2023	1	73,728
2024	1	73,728
	\$ 3	\$ 221,184

*NOTE 8: CONCENTRATION 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 9: PAYCHECK PROTECTION PROGRAM*

On April 8, 2020, the Museum entered into a note payable with First Financial Bank under the Payroll Protection Program (PPP) which was part of the government stimulus package, the Coronavirus Aid, Relief, and Economic Securities (CARES) Act. The amount of the loan is \$67,030 and was recognized as a note payable on the Statement of Financial Position at September 30, 2020. In accordance with the provisions in the CARES Act, the Center has spent the loan on allowable payroll expenses and has filed for forgiveness with the Small Business Administration. On April 15, 2021, the Museum received a letter from First Financial Bank approving the PPP loan for forgiveness and dictating that the Small Business Administration had satisfied the loan. The amount of the loan along with the accrued interest funded by the SBA is recognized as grant revenue in the statement of activities for the year ended September 30, 2021.

In January 2021 the Center received an additional loan from the Payroll Protection Program (PPP) as a part of a second government stimulus package. The loan amount was \$68,495. In accordance with the provisions in the CARES Act, the Center has spent the loan on allowable payroll expenses and has filed for forgiveness with the Small Business Administration. The loan was forgiven in September 2021 and was recognized as grant revenue in the statement of activities for the year ended September 30, 2021.