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To the Board of Directors
Admiral Nimitz Foundation
Fredericksburg, Texas

In planning and performing our audit of the financial statements of Admiral Nimitz Foundation (the Foundation) as of and for the years ended December 31, 2019 and 2018, in accordance with auditing standards generally accepted in the United States of America, we considered the Foundation's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Foundation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control that we consider to be significant deficiencies or material weaknesses.

This communication is intended solely for the information and use of management, the Board of Directors, and others within the Foundation, and is not intended to be and should not be used by anyone other than these specified parties.

Randy Walker & Co.

San Antonio, Texas
May 8, 2020

May 8, 2020

To the Board of Directors
Admiral Nimitz Foundation
Fredericksburg, Texas

We have audited the financial statements of Admiral Nimitz Foundation (the Foundation) for the years ended December 31, 2019 and 2018, and have issued our report thereon dated May 8, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated February 23, 2020. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Foundation are described in Note 1 to the financial statements. As described in Note 1, the Foundation changed accounting policies related to investments, contributions, and revenue recognition by adopting the following FASB Accounting Standards Updates in 2019: ASU 2016-01, *Recognition and Measurement of Financial Assets and Financial Liabilities*; ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*; and ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Accordingly, the accounting changes have been retrospectively applied to periods presented as if the policies have always been used. We noted no transactions entered into by the Foundation during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The attached schedule summarizes adjustments resulting from both auditor-proposed reclassifications and client-proposed adjustments, some which are material, to the financial statements. Management has recorded all such adjustments.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated May 8, 2020.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Foundation's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Foundation's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

We would like to express our appreciation for the courtesy and cooperation extended to us by Gary Neffendorf and his staff.

This information is intended solely for the use of the Board of Directors and management of the Foundation and is not intended to be, and should not be, used by anyone other than these specified parties.

Please do not hesitate to contact us if you want to discuss any of the matters contained herein.

Sincerely,

Randy Walker & Co.

Client: **Admiral Nimitz Foundation**
Engagement: **2019 - Admiral Nimitz Foundation**
Period Ending: **12/31/2019**
Trial Balance:
Workpaper: **Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 1		2300		
CLIENT PROPOSED ENTRY - To record capital asset additions and disposals at year-end.				
1555	1630 → Accumulated Depreciation:1555 → Accum Deprec. - Museum Equip		10,915.00	
1592	1509 → Buildings & Improvements:1592 → Hobby Education Center		7,911.00	
1552	1530 → Equipment:1552 → Equipment - Museum			10,915.00
7020	7000 → Fixed Charges:7020 → Property Costs - Ruff House			7,911.00
Total			18,826.00	18,826.00
Adjusting Journal Entries JE # 2		2300		
CLIENT PROPOSED ENTRY - To record outstanding payables at year-end.				
1300	1299 → Inventories:1300 → Inventory - Bookstore		764.00	
6010h	6000 → Personnel Costs:6010h → Employee Costs		453.00	
6110	6100 → Museum Activities:6110 → Collection Management		224.00	
6120	6100 → Museum Activities:6120 → Exhibit Supplies & Development		110.00	
6130	6100 → Museum Activities:6130 → Volunteer Costs		767.00	
6330	6300 → Fundraising Expense:6330 → Nimitz Golf Classic Expense		2,386.00	
6350	6300 → Fundraising Expense:6350 → Direct Mail Expense (FRS)		4,430.00	
6410a	6400 → Programs Expense:6410 → Commemorative Gifts Expense:6410a → Memorial Wall Expense		16,169.00	
6410b	6400 → Programs Expense:6410 → Commemorative Gifts Expense:6410b → Veterans Walk Expense		373.00	
6420c	6400 → Programs Expense:6420 → Living History Expense:6420c → Quartermaster		257.00	
6420d	6400 → Programs Expense:6420 → Living History Expense:6420d → Motor Pool		52.00	
6420e	6400 → Programs Expense:6420 → Living History Expense:6420e → Living History Miscellaneous		119.00	
6430a	6400 → Programs Expense:6430 → Education Expenses:6430a → Education Operations		919.00	
6470	6400 → Programs Expense:6430 → Education Expenses:6470 → Miscellaneous Programs Expense		817.00	
6550	6500 → Cost of Good Sold:6550 → Shipping Expense		167.00	
6565	6500 → Cost of Good Sold:6565 → Retail Supplies		57.00	
6630	6600 → General & Administrative:6630 → Office Supplies		67.00	
6630	6600 → General & Administrative:6630 → Office Supplies		275.00	
6640	6600 → General & Administrative:6640 → Postage & Shipping		313.00	
6670	6600 → General & Administrative:6670 → Travel		1,278.00	
6732	6700 → Information Technology:6732 → Software		172.00	
6820	6800 → Marketing & Public Relations:6820 → Marketing - Hotel Tax Funds		3,514.00	
6830	6800 → Marketing & Public Relations:6830 → Marketing - Museum - Other		921.00	
6850	6800 → Marketing & Public Relations:6850 → Marketing - Rental Facilities		10.00	
6910	6900 → Facilities:6910 → Repairs & Maintenance		11,105.00	
6940	6900 → Facilities:6940 → Maintenance Supplies		2,297.00	
7040	7000 → Fixed Charges:7040 → Strategic Initiatives		708.00	
2003	2004 → Accounts Payable:2003 → A/P - Operations			48,724.00
Total			48,724.00	48,724.00
Adjusting Journal Entries JE # 3		2300		
CLIENT PROPOSED ENTRY - To record FRS activity at year-end.				
1016	1005 → Cash On Hand:1016 → Deposits - Postage - FRS		4,031.00	
2008	2004 → Accounts Payable:2008 → A/P - FRS		74,096.00	
6350	6300 → Fundraising Expense:6350 → Direct Mail Expense (FRS)		53,851.00	
6370	6300 → Fundraising Expense:6370 → Fundraising Expense-Consultants		42,647.00	
6610	6600 → General & Administrative:6610 → Computer Expense		23,628.00	
6640	6600 → General & Administrative:6640 → Postage & Shipping		36,064.00	
6640	6600 → General & Administrative:6640 → Postage & Shipping		137,164.00	
6660	6600 → General & Administrative:6660 → Printing		112,326.00	
6810	6800 → Marketing & Public Relations:6810 → Marketing - ANF		71,024.00	
1012	1005 → Cash On Hand:1012 → Cash at Fund Raising Services			23,674.00
1285	1282 → Prepaid Expenses:1285 → Prepaid Expenses - FRS			10,801.00
1325	1299 → Inventories:1325 → Inventory - FRS			6,243.00
4250	4200 → Fundraising:4250 → Direct Mail (FRS)			495,013.00
4250a	4200 → Fundraising:4250 → Direct Mail (FRS):4250a → List Royalty Income			19,100.00
Total			554,831.00	554,831.00
Adjusting Journal Entries JE # 4		10-3c		
To reclass the non-exchange portion of Nimitz Golf Classic revenue at year-end.				
4210	4200 → Fundraising:4210 → Nimitz Golf Classic		185,535.00	
4210a	Nimitz Golf Classic - Contribution			185,535.00
Total			185,535.00	185,535.00
Adjusting Journal Entries JE # 5		10-3d		
To reclass non-exchange portion of Education revenue at year-end.				
4325	4300 → Programs:4324 → Education:4325 → Speaker Series - Nimitz		241,312.00	
4324a	Education - Contribution			241,312.00
Total			241,312.00	241,312.00

Client: **Admiral Nimitz Foundation**
 Engagement: **2019 - Admiral Nimitz Foundation**
 Period Ending: **12/31/2019**
 Trial Balance:
 Workpaper: **Adjusting Journal Entries Report**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries JE # 6		ZZ-3		
To properly classify restricted and designated net asset balances at year-end.				
3300	3199 → Fund Balance:3300 → Undesignated		1,521,417.00	
3330	3199 → Fund Balance:3330 → Temporarily Restricted		1,472,740.00	
3305	3199 → Fund Balance:3305 → Board Designated - PCZ			438,917.00
3310	3199 → Fund Balance:3310 → Board Designated - FDN Endw			1,715,971.00
3320	3199 → Fund Balance:3320 → Board Designated - Museum Endw			839,269.00
Total			<u>2,994,157.00</u>	<u>2,994,157.00</u>
Adjusting Journal Entries JE # 7		B-2		
To reclass cash balances out of brokerage accounts.				
1089	Cash in Endowment Accounts		25,946.00	
1099	1099 → Foundation Short Term Fund			8,695.00
1441	1100 → Investment - Endowments:1441 → M.A. & M.A. McDougall Endowment			765.00
1442	1100 → Investment - Endowments:1442 → Museum Endowment - Sloan/Schwab			5,983.00
1444	1100 → Investment - Endowments:1444 → Foundation Endowment			10,503.00
Total			<u>25,946.00</u>	<u>25,946.00</u>