

**STATE REPUBLICAN EXECUTIVE COMMITTEE  
AKA REPUBLICAN PARTY OF TEXAS**

**FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT**

**FOR THE YEARS ENDED  
DECEMBER 31, 2018 AND 2017**

**STATE REPUBLICAN EXECUTIVE COMMITTEE  
AKA REPUBLICAN PARTY OF TEXAS**

**TABLE OF CONTENTS**

|   | <u>Page</u> |
|---|-------------|
| Independent Auditors' Report  | 1           |
| Financial Statements  |             |
| Statements of Assets and Liabilities Arising from Cash Transactions   | 3           |
| Statements of Revenues Collected, Expenses Paid, and Changes in Net Assets - Cash Basis                       | 4           |
| Statements of Cash Flows - Cash Basis   | 5           |
| Notes to the Financial Statements   | 6           |
| Supplementary Information   |             |
| Combining Statement of Assets and Liabilities Arising from Cash Transactions (Schedule 1)                     | 12          |
| Combining Statement of Revenues Collected, Expenses Paid, and Changes in Net Assets - Cash Basis (Schedule 2) | 14          |
| Combining Statement of Cash Flows (Schedule 3)  | 16          |
| Statements of Assets and Liabilities Arising from Cash Transactions (Schedule 4)                              |             |
| December 31, 2018 Through 2015  | 18          |
| Statements of Revenues Collected, Expenses Paid, and Changes in Net Assets - Cash Basis (Schedule 5)          |             |
| For The Years Ended December 31, 2018 Through 2015  | 19          |



## **Independent Auditors' Report**

The Members of the  
State Republican Executive Committee  
AKA Republican Party of Texas

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

We have audited the accompanying financial statements of the State Republican Executive Committee (an unincorporated political organization) which comprise the statements of assets and liabilities arising from cash transactions as of December 31, 2018 and 2017, and the related statements of revenues collected and expenses paid and changes in net assets - cash basis, and cash flows - cash basis for the years then ended, and the related notes to the financial statements.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting as described in Note A; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 auditors consider 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 opinions.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets and liabilities arising from cash transactions of the State Republican Executive Committee as of December 31, 2018 and 2017, and its revenue collected and expenses paid during the years then ended in accordance with the cash basis of accounting described in Note A.

## **Basis of Accounting**

We draw attention to Note A of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

## **Supplementary Information**

The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

## **Emphasis of Matter**

As described in Note A to the financial statements, the State Republican Executive Committee has retrospectively adopted the cash basis of accounting in 2018. The 2017 financial statements were restated to conform with this change in accounting and the changes are detailed in Note F. Our opinion is not modified with respect to this matter.



Austin, Texas  
March 25, 2019

**STATE REPUBLICAN EXECUTIVE COMMITTEE  
AKA REPUBLICAN PARTY OF TEXAS  
STATEMENTS OF ASSETS AND LIABILITIES ARISING  
FROM CASH TRANSACTIONS  
DECEMBER 31, 2018 AND 2017**

|  | <u>2018</u>                | <u>2017</u>                |
|--|----------------------------|----------------------------|
| <b><u>ASSETS</u></b>                     |                            |                            |
| <b>CURRENT ASSETS</b>                    |                            |                            |
| Cash and cash equivalents                | <u>\$ 1,487,331</u>        | <u>\$ 1,098,041</u>        |
| Total current assets                     | <u>1,487,331</u>           | <u>1,098,041</u>           |
| <b>OTHER ASSETS</b>                      |                            |                            |
| Security deposits                        | <u>14,264</u>              | <u>13,512</u>              |
| Total assets                             | <u><u>\$ 1,501,595</u></u> | <u><u>\$ 1,111,553</u></u> |
| <b><u>LIABILITIES AND NET ASSETS</u></b> |                            |                            |
| <b>CURRENT LIABILITIES</b>               |                            |                            |
| Security deposits held                   | <u>\$ 3,450</u>            | <u>\$ 2,387</u>            |
| Total current liabilities                | <u>3,450</u>               | <u>2,387</u>               |
| <b>NET ASSETS</b>                        |                            |                            |
| Net assets without donor restrictions    | <u>1,498,145</u>           | <u>1,109,166</u>           |
| Total liabilities and net assets         | <u><u>\$ 1,501,595</u></u> | <u><u>\$ 1,111,553</u></u> |

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

**STATE REPUBLICAN EXECUTIVE COMMITTEE  
AKA REPUBLICAN PARTY OF TEXAS  
STATEMENTS OF REVENUES COLLECTED, EXPENSES PAID,  
AND CHANGES IN NET ASSETS - CASH BASIS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

|                                   | <u>2018</u>         | <u>2017</u>         |
|-----------------------------------|---------------------|---------------------|
| Revenues                          |                     |                     |
| Direct mail -                     |                     |                     |
| Sustaining                        | \$ 1,199,007        | \$ 574,354          |
| Prospecting                       | 267,526             | 78,160              |
| Telemarketing -                   |                     |                     |
| Sustaining                        | 193,590             | 190,872             |
| Prospecting                       | 93,569              | 57,509              |
| Other fundraising -               |                     |                     |
| Events                            | 444,051             | 680,046             |
| Major donors                      | 4,498,628           | 283,590             |
| Other income                      | 2,649,972           | 204,305             |
| Convention fees                   | 1,551,790           | 92,981              |
| Primary filing fees               | 900                 | 696,766             |
| List fulfillment revenues         | 1,530               | 200                 |
|                                   | <u>10,900,563</u>   | <u>2,858,783</u>    |
| Expenses                          |                     |                     |
| Accounting                        | 111,993             | 166,330             |
| Administration                    | 187,425             | 240,943             |
| Communications                    | 16,943              | 16,817              |
| Departmental allocations          | 458,578             | 429,271             |
| Field offices                     | 373,494             | 77,316              |
| Finance/Fundraising               | 855,551             | 693,512             |
| Party activities                  | 1,701,883           | 342,198             |
| Political                         | 645,846             | 429,191             |
| Primary                           | 102,073             | 94,105              |
| Victory                           | 6,057,798           | 819                 |
|                                   | <u>10,511,584</u>   | <u>2,490,502</u>    |
| Increase (decrease) in net assets | 388,979             | 368,281             |
| Net assets - beginning of year    | <u>1,109,166</u>    | <u>740,885</u>      |
| Net assets - end of year          | <u>\$ 1,498,145</u> | <u>\$ 1,109,166</u> |

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

**STATE REPUBLICAN EXECUTIVE COMMITTEE  
AKA REPUBLICAN PARTY OF TEXAS  
STATEMENTS OF CASH FLOWS - CASH BASIS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

|   | <u>2018</u>                | <u>2017</u>                |
|---|----------------------------|----------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                            |                            |
| Increase (decrease) in net assets   | \$ 388,979                 | \$ 368,281                 |
| Adjustment to reconcile increase (decrease) in net assets<br>to cash provided (used) by operating activities: |                            |                            |
| (Increase) decrease in operating assets -   |                            |                            |
| Security deposits   | (752)                      | -                          |
| Increase (decrease) in operating liabilities -  |                            |                            |
| Security deposits held  | 1,063                      | -                          |
|   | <u>389,290</u>             | <u>368,281</u>             |
| Net cash provided (used) by operating activities  |                            |                            |
|   | <u>-</u>                   | <u>-</u>                   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |                            |                            |
|   | <u>-</u>                   | <u>-</u>                   |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>   |                            |                            |
|   | <u>-</u>                   | <u>-</u>                   |
| Net increase (decrease) in cash and cash equivalents  | 389,290                    | 368,281                    |
| Cash and cash equivalents - beginning of year   | <u>1,098,041</u>           | <u>729,760</u>             |
| Cash and cash equivalents - end of year   | <u><u>\$ 1,487,331</u></u> | <u><u>\$ 1,098,041</u></u> |
| <b>Supplemental information:</b>  |                            |                            |
| Cash paid during the year for:  |                            |                            |
| Interest  | <u><u>\$ -</u></u>         | <u><u>\$ -</u></u>         |
| Federal income taxes  | <u><u>\$ 131</u></u>       | <u><u>\$ 19</u></u>        |

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

**STATE REPUBLICAN EXECUTIVE COMMITTEE  
AKA REPUBLICAN PARTY OF TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

**NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT  
ACCOUNTING POLICIES**

The following is a summary of the significant accounting policies of the State Republican Executive Committee, aka the Republican Party of Texas (the Party), an unincorporated political organization, which have been consistently applied in the preparation of the accompanying financial statements.

Nature of Activities

The Party is the permanent organization which administers the Republican Party primary elections and conventions in Texas and which certifies Republican candidates for office in general elections. The Party also certifies Texas delegates to the Republican National Convention. The Party is governed by the State Republican Executive Committee which consists of elected and appointed officers and a committeeman and committeewoman elected from each of the 31 Texas senatorial districts. Through its activities, the Party assists the organization of Republican Party units at the county and precinct levels and works to help elect Republican candidates in general elections.

Fund Accounting

In order to ensure observance of limitations and restrictions placed on the use of the resources available to the Party, the accounts of the Party are maintained in accordance with the principles of fund accounting. These are the procedures by which resources for various purposes are classified, for accounting and reporting purposes, into funds related to specified activities or objectives. The Party uses the following funds:

*Republican Party of Texas Allocation Fund* - To account for the administrative and operating expenditures of the Party, a portion of which must be paid with funds that are raised in accordance with federal law. Funds are transferred into this account to pay expenses in accordance with federal law. A designated minimum percentage of 21% and 21% for 2018 and 2017, respectively, is allocated to the Republican Party of Texas Federal Fund.

*Republican Party of Texas Federal Fund* - To account for the Party's participation in direct campaign activities of Republican candidates for election to public offices of the United States and for payment of the federal portion of certain operating expenditures from the Allocation Fund.

*Republican Party State Fund* - To account for the Party's participation in direct campaign activities of Republican candidates for election to public offices other than federal offices of the United States and for payment of the non-federal portion of certain operating expenditures from the Allocation Fund.



**STATE REPUBLICAN EXECUTIVE COMMITTEE  
AKA REPUBLICAN PARTY OF TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

**NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT  
ACCOUNTING POLICIES (Continued)**

Fund Accounting (Continued)

*Candidate Resource Committee* - To account for the Party's participation in Republican candidates campaign activities for county and district level public offices.

*Corporate Fund* - To account for revenue and support from corporations. Use of corporate donations is restricted to the payment of certain operating expenditures and may not be used to support federal or state candidates.

*Primary Fund* - To account for activities related to the State primary elections with amounts not spent being reimbursed to the State of Texas.

*Victory Fund* - To account for the Party's participation in volunteer activities and other allowable election activities to support the Republican ticket of candidates as permitted by federal and state law.

*Convention Fund* - To account for the Party's activities related to holding their biannual State Convention for the purpose of electing party officials and delegates to the Republican National Convention.

Basis of Accounting

During 2018, the Party adopted the cash basis of accounting. This is a change in accounting policy and as such will be applied retrospectively, see Note F. The financial statements are prepared on the cash basis of accounting. Under this method, support and revenue are recognized when received rather than when earned and expenses are recognized when paid rather than when incurred. Therefore, receivables, fixed assets, payables, accrued income and expenses, which would be recognized under generally accepted accounting principles, and which may be material in amount, are not recognized in the accompanying financial statements.

**STATE REPUBLICAN EXECUTIVE COMMITTEE  
AKA REPUBLICAN PARTY OF TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

**NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT  
ACCOUNTING POLICIES (Continued)**

Net Assets

The Party classifies net assets into two categories: without donor restrictions and with donor restrictions. Contributions of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction passes or purpose restriction is accomplished, net assets with donor restrictions restricted are reclassified as net assets without donor restrictions and reported in the statements of revenues collected and expenses paid and changes in net assets - cash basis as net assets released from restrictions. The Party currently has only net assets without donor restrictions. There were no net assets with donor restrictions at December 31, 2018 and 2017.

Income Taxes

The Party is taxed as a political organization, in accordance with Internal Revenue Code Section 527, and is taxed only on income not specifically exempted, such as interest and dividend income.

The Party follows the accounting standard on accounting for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under this guidance, the Committee may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The guidance on accounting for uncertainty in income taxes also addresses de-recognition, classification, interest and penalties on income taxes, and accounting in interim periods.

Pro-rata Transfers and Other Transfers

Expenditures paid by one fund on behalf of another fund are recorded as interfund receivables and payables if repayment is expected. If repayment is not expected, they are recorded as transfers. Transfers among funds are reported as additions to or subtractions from the respective fund balances. The pro-rata allocation of expenses also represents transfers of funds to the allocation fund in order to comply with Federal Election Commission requirements. All transfers, whether pro-rata allocation of expenses or other transfers, are reflected as part of the change in net assets.

**STATE REPUBLICAN EXECUTIVE COMMITTEE  
AKA REPUBLICAN PARTY OF TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

**NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT  
ACCOUNTING POLICIES (Continued)**

Compliance with Campaign Acts

The Party is subject to audit for compliance with federal and state election regulations by representatives of the Federal Election Commission and Texas Ethics Commission. In the opinion of management, the Party has complied with federal and state election regulations, and adjustments, if any, resulting from an audit of the Party would not materially affect their financial position.

Subsequent Events

Management of the Party has evaluated subsequent events for disclosure through the date of the Independent Auditors' Report, the date the financial statements were available to be issued.

**NOTE B - INCOME TAXES**

The Party records federal income tax expense on investment income at a 21% tax rate after direct investment expenses and exemptions of \$100. In accordance with regulations, the federal income taxes are paid out of the Republican Party of Texas Allocation Fund and the allocation fund included within the Victory Funds. Taxes paid for the years ended December 31, 2018 and 2017, were \$131 and \$19, respectively.

**NOTE C- CONCENTRATION OF CREDIT RISK**

The Party maintains its cash deposits in a single high credit quality financial institution. At various times during the year, these deposits may exceed Federal Deposit Insurance Corporation (FDIC) limits. Management assesses the credit risk associated with the deposits on an ongoing basis. The Party has not experienced any losses in such accounts and management believes it is not exposed to any significant credit risk on these deposits. At December 31, 2018, the Party's deposits at this institution exceeded FDIC insurance limits by \$1,420,775.

**STATE REPUBLICAN EXECUTIVE COMMITTEE  
AKA REPUBLICAN PARTY OF TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

**NOTE D - LEASE COMMITMENTS**

The Party leases office space and equipment under several long-term operating leases. The Party has entered into sublease agreements, from time to time, for a portion of the leased space. At December 31, 2018, the Party had a sublease for \$3,200 per month with a corporation from November of 2018 through March of 2019. At December 31, 2017, the Party had a sublease for \$2,387 per month with a corporation from October of 2016 through May of 2018. Rental income from the sublease agreements was \$21,353 and \$28,644, for the years ended December 31, 2018 and 2017, respectively. Rent expense for office space included in the Statements of Revenues Collected, Expenses Paid, and Changes in Net Assets - Cash Basis for 2018 and 2017 was \$258,653 and \$253,858, respectively.

The following is a summary of future minimum rental payments under these operating leases:

| <u>Year ending December 31,</u> | <u>Amount</u>     |
|---------------------------------|-------------------|
| 2019                            | \$ 163,534        |
| 2020                            | 226,024           |
| 2021                            | <u>3,690</u>      |
| Total                           | <u>\$ 393,248</u> |

In addition to the above basic rental costs, the Party is responsible for approximately \$8,300 per month in common area maintenance charges, parking fees, and property taxes.

**NOTE E - COMMITMENTS AND CONTINGENCIES**

The Party may be involved from time to time in various lawsuits in the normal course of business. The Party's management assesses such contingent liabilities and such assessment inherently involves an exercise of judgment. Management does not believe any pending litigation at December 31, 2018, would have a negative financial impact on these financial statements.

**NOTE F: RESTATEMENT**

During the year ended December 31, 2018, the Party adopted the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Prior to the year ended December 31, 2018, the Party prepared its financial statements on the accrual basis of accounting, whereby support and revenue are recognized when earned and expenses are recognized when incurred. The change in the basis of accounting resulted in a increase of net assets as of December 31, 2017, of \$416,513 from \$692,653 to \$1,109,166.

**STATE REPUBLICAN EXECUTIVE COMMITTEE  
AKA REPUBLICAN PARTY OF TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017**

**NOTE F: RESTATEMENT (Continued)**

The following is a summary of changes from the year ended December 31, 2017:

Statements of Assets and Liabilities Arising from Cash Transactions

|  | As Previously<br><u>Stated</u> | <u>As Restated</u> | <u>Change</u> |
|--|--------------------------------|--------------------|---------------|
| Prepaid expenses                         | \$ 231,042                     | \$ -               | \$ (231,042)  |
| Furniture, equipment, and software       | 86,387                         | -                  | (86,387)      |
| Accumulated depreciation                 | (81,256)                       | -                  | 81,256        |
| Accounts payable and accrued liabilities | 45,900                         | -                  | (45,900)      |
| Primary fees held in trust               | 609,173                        | -                  | (609,173)     |
| Net assets without donor restrictions    | 692,653                        | 1,109,166          | 416,513       |

Statements of Revenue Collected and Expenses Paid and Changes in Net Assets

|                          | As Previously<br><u>Stated</u> | <u>As Restated</u> | <u>Change</u> |
|--------------------------|--------------------------------|--------------------|---------------|
| Other income             | \$ 197,277                     | \$ 204,305         | \$ 7,028      |
| Primary filing fees      | 87,643                         | 696,766            | 609,123       |
| In-kind contributions    | 52,125                         | -                  | (52,125)      |
| Accounting               | 168,754                        | 166,330            | (2,424)       |
| Administration           | 204,481                        | 240,943            | 36,462        |
| Communications           | 94,105                         | 16,817             | (77,288)      |
| Departmental allocations | 423,874                        | 429,271            | 5,397         |
| Field offices            | 7,581                          | 77,316             | 69,735        |
| Finance/Fundraising      | 689,014                        | 693,512            | 4,498         |
| Party activities         | 215,226                        | 342,198            | 126,972       |
| Political                | 448,141                        | 429,191            | (18,950)      |
| Primary                  | 79,808                         | 94,105             | 14,297        |
| Victory                  | 16,817                         | 819                | (15,998)      |
| In-kind expenses         | 52,125                         | -                  | (52,125)      |

**SUPPLEMENTARY  
INFORMATION**

**STATE REPUBLICAN EXECUTIVE COMMITTEE  
AKA REPUBLICAN PARTY OF TEXAS  
COMBINING STATEMENT OF ASSETS AND LIABILITIES ARISING  
FROM CASH TRANSACTIONS  
DECEMBER 31, 2018**

|  | <u>Republican<br/>Party of Texas<br/>Allocation<br/>Fund</u> | <u>Republican<br/>Party of Texas<br/>Federal<br/>Fund</u> | <u>Republican<br/>Party State<br/>Fund</u> |
|--|--|---|--|
| <b><u>ASSETS</u></b>                     |  |   |  |
| <b>CURRENT ASSETS</b>                    |  |   |  |
| Cash and cash equivalents                | \$ 250   | \$ 395,565  | \$ 216,063                                 |
| Total current assets                     | <u>250</u>   | <u>395,565</u>  | <u>216,063</u>                             |
| <b>OTHER ASSETS</b>                      |  |   |  |
| Security deposit                         | <u>14,264</u>  | <u>-</u>  | <u>-</u>                                   |
| Total assets                             | <u>\$ 14,514</u>   | <u>\$ 395,565</u>   | <u>\$ 216,063</u>                          |
| <b><u>LIABILITIES AND NET ASSETS</u></b> |  |   |  |
| <b>CURRENT LIABILITIES</b>               |  |   |  |
| Security deposits held                   | <u>\$ -</u>  | <u>\$ -</u>   | <u>\$ -</u>                                |
| Total current liabilities                | <u>-</u>   | <u>-</u>  | <u>-</u>                                   |
| <b>NET ASSETS</b>                        |  |   |  |
| Net assets without donor restrictions    | <u>14,514</u>  | <u>395,565</u>  | <u>216,063</u>                             |
| Total liabilities and net assets         | <u>\$ 14,514</u>   | <u>\$ 395,565</u>   | <u>\$ 216,063</u>                          |

See Independent Auditors' Report.

Schedule 1

| <u>Candidate<br/>Resource<br/>Committee</u> | <u>Corporate<br/>Fund</u> | <u>Primary<br/>Fund</u> | <u>Victory<br/>Funds</u> | <u>Convention<br/>Funds</u> | <u>Total of<br/>All Funds</u> |
|---|---------------------------|-------------------------|--------------------------|-----------------------------|-------------------------------|
| <u>\$ 12,609</u>                            | <u>\$ 131,780</u>         | <u>\$ 520,508</u>       | <u>\$ 161,099</u>        | <u>\$ 49,457</u>            | <u>\$ 1,487,331</u>           |
| <u>12,609</u>                               | <u>131,780</u>            | <u>520,508</u>          | <u>161,099</u>           | <u>49,457</u>               | <u>1,487,331</u>              |
| <u>-</u>                                    | <u>-</u>                  | <u>-</u>                | <u>-</u>                 | <u>-</u>                    | <u>14,264</u>                 |
| <u>\$ 12,609</u>                            | <u>\$ 131,780</u>         | <u>\$ 520,508</u>       | <u>\$ 161,099</u>        | <u>\$ 49,457</u>            | <u>\$ 1,501,595</u>           |
| <u>\$ -</u>                                 | <u>\$ 3,450</u>           | <u>\$ -</u>             | <u>\$ -</u>              | <u>\$ -</u>                 | <u>\$ 3,450</u>               |
| <u>-</u>                                    | <u>3,450</u>              | <u>-</u>                | <u>-</u>                 | <u>-</u>                    | <u>3,450</u>                  |
| <u>12,609</u>                               | <u>128,330</u>            | <u>520,508</u>          | <u>161,099</u>           | <u>49,457</u>               | <u>1,498,145</u>              |
| <u>\$ 12,609</u>                            | <u>\$ 131,780</u>         | <u>\$ 520,508</u>       | <u>\$ 161,099</u>        | <u>\$ 49,457</u>            | <u>\$ 1,501,595</u>           |

See Independent Auditors' Report.



**STATE REPUBLICAN EXECUTIVE COMMITTEE  
AKA REPUBLICAN PARTY OF TEXAS  
COMBINING STATEMENT OF REVENUES COLLECTED, EXPENSES PAID,  
AND CHANGES IN NET ASSETS - CASH BASIS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

|  | Republican<br>Party of Texas<br>Allocation<br>Fund | Republican<br>Party of Texas<br>Federal<br>Fund | Republican<br>Party State<br>Fund |
|--|--|---|-----------------------------------|
| <b>Revenues</b>                              |  |   |                                   |
| Direct mail -                                |  |   |                                   |
| Sustaining                                   | \$ -   | \$ 1,188,756                                    | \$ 4,153                          |
| Prospecting                                  | -  | 266,101   | 225                               |
| Telemarketing -                              |  |   |                                   |
| Sustaining                                   | -  | 193,035   | -                                 |
| Prospecting                                  | -  | 93,149  | -                                 |
| Other fundraising                            |  |   |                                   |
| Events                                       | -  | 42,100  | 78,500                            |
| Major donors                                 | -  | 74,400  | 448,825                           |
| Other income                                 | -  | 452,464   | 9,345                             |
| Convention fees                              | -  | -   | -                                 |
| Primary filing fees                          | -  | -   | -                                 |
| List fulfillment revenues                    | -  | 300   | 300                               |
|  | <u>-</u>   | <u>2,310,305</u>                                | <u>541,348</u>                    |
| Total unrestricted revenues                  |  |   |                                   |
| <b>Expenses</b>                              |  |   |                                   |
| Accounting                                   | 4,173  | 107,820   | -                                 |
| Administration                               | 8,796  | 178,629   | -                                 |
| Communications                               | 796  | 16,147  | -                                 |
| Departmental allocations                     | 435,807  | 8,559   | 1,976                             |
| Field offices                                | -  | 373,494   | -                                 |
| Finance/Fundraising                          | -  | 852,409   | 69                                |
| Party activities                             | 147,516  | 8,609   | 21,983                            |
| Political                                    | 48,270   | 345,328   | 75,748                            |
| Primary                                      | -  | -   | -                                 |
| Victory                                      | -  | -   | -                                 |
|  | <u>645,358</u>                                     | <u>1,890,995</u>                                | <u>99,776</u>                     |
| Total expenses                               |  |   |                                   |
| Increase (Decrease) in net assets            | (645,358)  | 419,310   | 441,572                           |
| Net assets - beginning of year - as restated | 13,607   | 335,895   | 17,974                            |
| Pro-rata and other transfers in (out)        | 646,265  | (359,640)                                       | (243,483)                         |
| Net assets - end of year                     | <u>\$ 14,514</u>                                   | <u>\$ 395,565</u>                               | <u>\$ 216,063</u>                 |

See Independent Auditors' Report.

## Schedule 2

| Candidate<br>Resource<br>Committee | Corporate<br>Fund | Primary<br>Fund   | Victory<br>Funds  | Convention<br>Funds | Total of<br>All Funds |
|------------------------------------|-------------------|-------------------|-------------------|---------------------|-----------------------|
| \$ -                               | \$ 4,768          | \$ -              | \$ 1,330          | \$ -                | \$ 1,199,007          |
| -                                  | 1,200             | -                 | -                 | -                   | 267,526               |
| -                                  | 555               | -                 | -                 | -                   | 193,590               |
| -                                  | 420               | -                 | -                 | -                   | 93,569                |
| 158,894                            | 91,500            | -                 | 73,057            | -                   | 444,051               |
| -                                  | 35,000            | -                 | 3,940,403         | -                   | 4,498,628             |
| -                                  | 24,861            | -                 | 2,163,302         | -                   | 2,649,972             |
| -                                  | -                 | -                 | -                 | 1,551,790           | 1,551,790             |
| -                                  | -                 | 900               | -                 | -                   | 900                   |
| -                                  | 930               | -                 | -                 | -                   | 1,530                 |
| <u>158,894</u>                     | <u>159,234</u>    | <u>900</u>        | <u>6,178,092</u>  | <u>1,551,790</u>    | <u>10,900,563</u>     |
| -                                  | -                 | -                 | -                 | -                   | 111,993               |
| -                                  | -                 | -                 | -                 | -                   | 187,425               |
| -                                  | -                 | -                 | -                 | -                   | 16,943                |
| 10                                 | 1,758             | -                 | 760               | 9,708               | 458,578               |
| -                                  | -                 | -                 | -                 | -                   | 373,494               |
| -                                  | 35                | -                 | -                 | 3,038               | 855,551               |
| 4,664                              | 20,000            | -                 | -                 | 1,499,111           | 1,701,883             |
| 176,500                            | -                 | -                 | -                 | -                   | 645,846               |
| -                                  | -                 | 102,073           | -                 | -                   | 102,073               |
| -                                  | -                 | -                 | 6,057,798         | -                   | 6,057,798             |
| <u>181,174</u>                     | <u>21,793</u>     | <u>102,073</u>    | <u>6,058,558</u>  | <u>1,511,857</u>    | <u>10,511,584</u>     |
| (22,280)                           | 137,441           | (101,173)         | 119,534           | 39,933              | 388,979               |
| 34,889                             | 19,501            | 609,173           | 46,533            | 31,594              | 1,109,166             |
| -                                  | (28,612)          | 12,508            | (4,968)           | (22,070)            | -                     |
| <u>\$ 12,609</u>                   | <u>\$ 128,330</u> | <u>\$ 520,508</u> | <u>\$ 161,099</u> | <u>\$ 49,457</u>    | <u>\$ 1,498,145</u>   |

See Independent Auditors' Report.

**STATE REPUBLICAN EXECUTIVE COMMITTEE  
AKA REPUBLICAN PARTY OF TEXAS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2018**

|  | Republican<br>Party of Texas<br>Allocation<br>Fund | Republican<br>Party of Texas<br>Federal<br>Fund | Republican<br>Party State<br>Fund |
|--|--|---|-----------------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |  |   |                                   |
| Net increase (decrease) in net assets  | \$ (645,358)                                       | \$ 419,310                                      | \$ 441,572                        |
| Transfers in (out)   | 646,265  | (359,640)                                       | (243,483)                         |
| Increase (decrease) in net assets after<br>transfers in (out)  | 907  | 59,670  | 198,089                           |
| Adjustment to reconcile increase (decrease) in net<br>assets to cash provided (used) by operating activities |  |   |                                   |
| <u>(Increase) decrease in operating assets -</u>   |  |   |                                   |
| Security deposits  | (752)  | -   | -                                 |
| <u>Increase (decrease) in operating liabilities -</u>  |  |   |                                   |
| Security deposits held   | -  | -   | -                                 |
| Net cash provided (used) by operating activities   | 155  | 59,670  | 198,089                           |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  | -  | -   | -                                 |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>  | -  | -   | -                                 |
| Net increase (decrease) in cash and cash equivalents   | 155  | 59,670  | 198,089                           |
| Cash and cash equivalents - beginning of year  | 95   | 335,895   | 17,974                            |
| Cash and cash equivalents - end of year  | \$ 250   | \$ 395,565                                      | \$ 216,063                        |
| <b>Supplemental information:</b>   |  |   |                                   |
| Cash paid during the year for:   |  |   |                                   |
| Interest   | \$ -   | \$ -  | \$ -                              |
| Federal income taxes   | \$ 131   | \$ -  | \$ -                              |

See Independent Auditors' Report.

Schedule 3

| Candidate<br>Resource<br>Committee | Corporate<br>Fund | Primary<br>Fund   | Victory<br>Funds  | Convention<br>Funds | Total of<br>All Funds |
|------------------------------------|-------------------|-------------------|-------------------|---------------------|-----------------------|
| \$ (22,280)                        | \$ 137,441        | \$ (101,173)      | \$ 119,534        | \$ 39,933           | \$ 388,979            |
| -                                  | (28,612)          | 12,508            | (4,968)           | (22,070)            | -                     |
| (22,280)                           | 108,829           | (88,665)          | 114,566           | 17,863              | 388,979               |
| -                                  | -                 | -                 | -                 | -                   | (752)                 |
| -                                  | 1,063             | -                 | -                 | -                   | 1,063                 |
| <u>(22,280)</u>                    | <u>109,892</u>    | <u>(88,665)</u>   | <u>114,566</u>    | <u>17,863</u>       | <u>389,290</u>        |
| <u>-</u>                           | <u>-</u>          | <u>-</u>          | <u>-</u>          | <u>-</u>            | <u>-</u>              |
| <u>-</u>                           | <u>-</u>          | <u>-</u>          | <u>-</u>          | <u>-</u>            | <u>-</u>              |
| (22,280)                           | 109,892           | (88,665)          | 114,566           | 17,863              | 389,290               |
| <u>34,889</u>                      | <u>21,888</u>     | <u>609,173</u>    | <u>46,533</u>     | <u>31,594</u>       | <u>1,098,041</u>      |
| <u>\$ 12,609</u>                   | <u>\$ 131,780</u> | <u>\$ 520,508</u> | <u>\$ 161,099</u> | <u>\$ 49,457</u>    | <u>\$ 1,487,331</u>   |
| <u>\$ -</u>                        | <u>\$ -</u>       | <u>\$ -</u>       | <u>\$ -</u>       | <u>\$ -</u>         | <u>\$ -</u>           |
| <u>\$ -</u>                        | <u>\$ -</u>       | <u>\$ -</u>       | <u>\$ -</u>       | <u>\$ -</u>         | <u>\$ 131</u>         |

See Independent Auditors' Report.

**STATE REPUBLICAN EXECUTIVE COMMITTEE  
AKA REPUBLICAN PARTY OF TEXAS  
STATEMENTS OF ASSETS AND LIABILITIES ARISING  
FROM CASH TRANSACTIONS  
DECEMBER 31, 2018 THROUGH 2015**

Schedule 4

| <b>State Chair<br/>State Vice Chair<br/>Election Cycle</b> | <b>Dickey<br/>Jackson<br/>Gubernatorial<br/>2018</b> | <b>Mechler/Dickey<br/>Clark<br/>Off<br/>2017</b> | <b>Mechler<br/>Clark<br/>Presidential<br/>2016</b> | <b>Mechler<br/>Clark<br/>Off<br/>2015</b> |
|--|--|--|--|---|
| <b><u>ASSETS</u></b>                                       |  |  |  |   |
| <b>CURRENT ASSETS</b>                                      |  |  |  |   |
| Cash and cash equivalents                                  | \$ 1,487,331   | \$ 1,098,041                                     | \$ 729,760   | \$ 1,327,421                              |
| Total current assets                                       | <u>1,487,331</u>                                     | <u>1,098,041</u>                                 | <u>729,760</u>                                     | <u>1,327,421</u>                          |
| <b>OTHER ASSETS</b>  |  |  |  |   |
| Security deposit   | <u>14,264</u>  | <u>13,512</u>                                    | <u>13,512</u>                                      | <u>13,512</u>                             |
| Total assets   | <u>\$ 1,501,595</u>                                  | <u>\$ 1,111,553</u>                              | <u>\$ 743,272</u>                                  | <u>\$ 1,340,933</u>                       |
| <b><u>LIABILITIES AND NET ASSETS</u></b>                   |  |  |  |   |
| <b>CURRENT LIABILITIES</b>                                 |  |  |  |   |
| Security deposits held                                     | \$ 3,450   | \$ 2,387   | \$ 2,387   | \$ -                                      |
| Total current liabilities                                  | <u>3,450</u>   | <u>2,387</u>                                     | <u>2,387</u>                                       | <u>-</u>                                  |
| <b>NET ASSETS</b>  |  |  |  |   |
| Unrestricted net assets (deficit)                          | <u>1,498,145</u>                                     | <u>1,109,166</u>                                 | <u>740,885</u>                                     | <u>1,340,933</u>                          |
| Total liabilities and net assets                           | <u>\$ 1,501,595</u>                                  | <u>\$ 1,111,553</u>                              | <u>\$ 743,272</u>                                  | <u>\$ 1,340,933</u>                       |

See Independent Auditors' Report.

**STATE REPUBLICAN EXECUTIVE COMMITTEE  
AKA REPUBLICAN PARTY OF TEXAS  
STATEMENTS OF REVENUES COLLECTED, EXPENSES PAID,  
AND CHANGES IN NET ASSETS - CASH BASIS  
FOR THE YEARS ENDED DECEMBER 31, 2018 THROUGH 2015**

Schedule 5

| <b>State Chair<br/>State Vice Chair<br/>Election Cycle</b> | <b>Dickey<br/>Jackson<br/>Gubernatorial<br/>2018</b> | <b>Mechler/Dickey<br/>Clark<br/>Off<br/>2017</b> | <b>Mechler<br/>Clark<br/>Presidential<br/>2016</b> | <b>Mechler<br/>Clark<br/>Off<br/>2015</b> |
|--|--|--|--|---|
| <b>CHANGES IN UNRESTRICTED NET ASSETS</b>                  |  |  |  |   |
| Revenues   |  |  |  |   |
| Direct mail -  |  |  |  |   |
| Sustaining   | \$ 1,199,007   | \$ 574,354                                       | \$ 923,913   | \$ 593,343                                |
| Prospecting  | 267,526  | 78,160   | 96,876   | 92,446                                    |
| Telemarketing -  |  |  |  |   |
| Sustaining   | 193,590  | 190,872  | 229,174  | 146,495                                   |
| Prospecting  | 93,569   | 57,509   | 136,229  | 32,856                                    |
| Other fundraising -  |  |  |  |   |
| Events   | 444,051  | 680,046  | 487,477  | 482,376                                   |
| Major donors   | 4,498,628  | 283,590  | 1,805,431  | 399,975                                   |
| Other income   | 2,649,972  | 204,305  | 596,247  | 546,337                                   |
| Convention fees  | 1,551,790  | 92,981   | 1,663,843  | 134,100                                   |
| Primary filing fees  | 900  | 696,766  | 4,522  | 629,650                                   |
| List fulfillment revenues                                  | 1,530  | 200  | 8,781  | 597                                       |
|  | <u>10,900,563</u>                                    | <u>2,858,783</u>                                 | <u>5,952,493</u>                                   | <u>3,058,175</u>                          |
| Expenses   |  |  |  |   |
| Accounting   | 111,993  | 166,330  | 151,780  | 151,362                                   |
| Administration   | 187,425  | 240,943  | 183,831  | 209,086                                   |
| Communications   | 16,943   | 16,817   | 10,869   | 19,356                                    |
| Departmental allocations                                   | 458,578  | 429,271  | 419,721  | 478,033                                   |
| Field offices  | 373,494  | 77,316   | 220,374  | 489,923                                   |
| Finance/Fundraising  | 855,551  | 693,512  | 849,471  | 605,173                                   |
| Party activities   | 1,701,883  | 342,198  | 1,757,060  | 255,974                                   |
| Political  | 645,846  | 429,191  | 406,525  | 427,095                                   |
| Primary  | 102,073  | 94,105   | 597,197  | 42,335                                    |
| Victory  | 6,057,798  | 819  | 1,955,713  | 17,692                                    |
|  | <u>10,511,584</u>                                    | <u>2,490,502</u>                                 | <u>6,552,541</u>                                   | <u>2,696,029</u>                          |
| Increase (Decrease) in Unrestricted Net Assets             | 388,979  | 368,281  | (600,048)  | 362,146                                   |
| Net assets - beginning of year                             | <u>1,109,166</u>                                     | <u>740,885</u>                                   | <u>1,340,933</u>                                   | <u>978,787</u>                            |
| Net assets - end of year                                   | <u>\$ 1,498,145</u>                                  | <u>\$ 1,109,166</u>                              | <u>\$ 740,885</u>                                  | <u>\$ 1,340,933</u>                       |

See Independent Auditors' Report.