

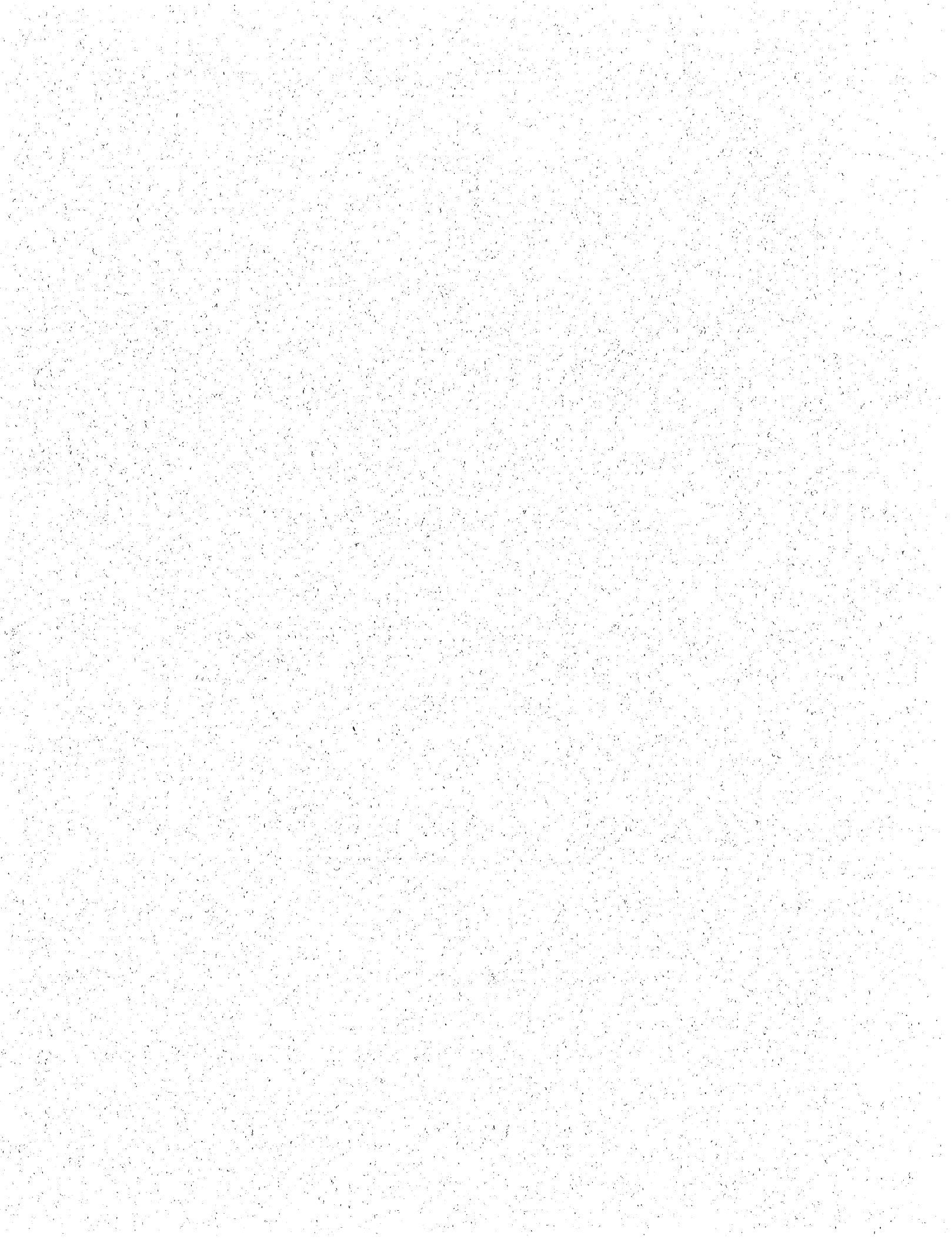
**UNITED STATES DEPARTMENT OF THE INTERIOR  
NATIONAL PARK SERVICE**

**ANNUAL FINANCIAL REPORT  
FOR COOPERATING ASSOCIATIONS**

**MESA VERDE MUSEUM ASSOCIATION  
Mesa Verde National Park, Colorado**

**FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

**A CULTURAL, HISTORICAL AND SCIENTIFIC ASSOCIATION  
OR SOCIETY ENGAGED IN EDUCATIONAL WORK  
IN COOPERATION WITH THE NATIONAL PARK SERVICE**



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MEMBERS:

CHAD B. ATKINSON  
KRIS J. BRAUNBERGER  
DEAN R. BURDICK  
ROBERT S. COX  
TODD B. FELTNER  
BRENT R. HALL  
TODD R. HESS  
KENNETH A. HINTON  
MORRIS J. PEACOCK  
PHILLIP S. PEINE  
MICHAEL K. SPILKER  
MARK E. TICHENOR

**Report of Certified Public Accountants**

The Board of Directors  
Mesa Verde Museum Association  
Mesa Verde National Park, Colorado

We have audited the accompanying statements of financial position of Mesa Verde Museum Association (a nonprofit organization) as of December 31, 2009 and 2008, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audits. The financial statements of Mesa Verde Museum Association as of December 31, 2008 were audited by other auditors. Those auditors expressed an unqualified opinion on those financial statements in their report dated June 15, 2009.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mesa Verde Museum Association as of December 31, 2009 and 2008 and the changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the statements of financial position, activities and cash flows. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the audited financial statements of Mesa Verde Museum Association. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Hinton, Burdick, Hall & Spilker, PLLC*  
HINTON, BURDICK, HALL & SPILKER, PLLC  
July 12, 2010

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**MESA VERDE MUSEUM ASSOCIATION**

**OFFICER'S CERTIFICATION**

**July 12, 2010**

I certify that this report is, to the best of my knowledge and belief, true and complete in all respects.



Officer: Laurel Rematore  
Title: Executive Director

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**MESA VERDE MUSEUM ASSOCIATION**  
**Statements of Financial Position**  
**December 31, 2009 and 2008**

	<u>ASSETS</u>	
	2009	2008
<b>Current assets</b>		
Cash and cash equivalents	\$ 75,487	\$ 53,142
Accounts receivable	3,243	2,787
Grants receivable	-	3,974
Inventories	217,609	232,266
Prepaid expense	30,608	21,659
Total current assets	326,947	313,828
<b>Property and equipment</b>		
Furniture, fixtures and equipment	98,534	98,534
Accumulated depreciation	(97,447)	(96,733)
Total property and equipment	1,087	1,801
<b>Other assets</b>		
Manuscript costs, net	72,729	84,431
Total other assets	72,729	84,431
<b>Total assets</b>	\$ 400,763	\$ 400,060

The accompanying notes are an integral part of the financial statements

**MESA VERDE MUSEUM ASSOCIATION**  
**Statements of Financial Position**  
**December 31, 2009 and 2008**

**LIABILITIES AND NET ASSETS**

	2009	2008
<b>Current liabilities</b>		
Accounts payable	\$ 13,166	\$ 16,741
Accrued wages and benefits	19,340	12,944
Other accrued liabilities	3,222	7,288
Deferred revenue	15,904	1,500
Notes payable, short term	-	16,958
Long term liabilities, current portion	18,767	103,424
Total current liabilities	70,399	158,855
<b>Long term liabilities</b>		
Notes payable, net of current portion	61,233	-
Total liabilities	131,632	158,855
<b>Net assets</b>		
Unrestricted		
Unrestricted - designated	240	239
Unrestricted - undesignated	218,406	190,831
Temporarily restricted	50,485	50,135
Total net assets	269,131	241,205
<b>Total liabilities and net assets</b>	\$ 400,763	\$ 400,060

The accompanying notes are an integral part of the financial statements

**MESA VERDE MUSEUM ASSOCIATION**  
**Statements of Activities**  
**For the Years Ended December 31, 2009 and 2008**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2009</u>	<u>Total 2008</u>
<b>Revenues, gains and other support:</b>				
Sales	\$ 1,137,039	\$ -	\$ 1,137,039	\$ 1,072,963
Management fees	1,500	-	1,500	5,556
Grants and contributions	-	133,143	133,143	273,796
Donations from trail guides	30,780	-	30,780	28,765
Interest income	877	-	877	1,406
Membership dues	31,798	-	31,798	6,813
Program service income	29,053	-	29,053	10,118
Other	3,712	-	3,712	4,086
Net assets released from restrictions:				
Satisfaction of program restrictions	132,793	(132,793)	-	-
<b>Total revenues, gains and other support</b>	<u>1,367,552</u>	<u>350</u>	<u>1,367,902</u>	<u>1,403,503</u>
<b>Expenses and losses:</b>				
Program - Sales	886,571	-	886,571	849,222
Program - Aid to National Park Service	259,592	-	259,592	348,653
Management and general	193,813	-	193,813	142,683
Fundraising	-	-	-	2,799
<b>Total expenses</b>	<u>1,339,976</u>	<u>-</u>	<u>1,339,976</u>	<u>1,343,357</u>
<b>Change in net assets</b>	27,576	350	27,926	60,146
<b>Net assets at beginning of year</b>	<u>191,070</u>	<u>50,135</u>	<u>241,205</u>	<u>181,059</u>
<b>Net assets at end of year</b>	<u>\$ 218,646</u>	<u>\$ 50,485</u>	<u>\$ 269,131</u>	<u>\$ 241,205</u>

The accompanying notes are an integral part of the financial statements

**MESA VERDE MUSEUM ASSOCIATION**  
**Cash Flow Statement**  
**December 31, 2009**

	2009	2008
<b>Cash flows from operating activities:</b>		
Cash received from sales	\$ 1,150,987	\$ 1,094,232
Cash received from fees and other	66,063	-
Cash received from donations and grants	167,897	316,017
Cash received from interest income	877	1,406
Cash paid for inventory and other selling expenses	(882,108)	(994,329)
Cash paid for aid to National Park Service	(259,592)	(348,653)
Cash paid for general and administrative expenses	(171,595)	-
Cash paid for interest expenses	(9,802)	(13,565)
Net cash flows from operating activities	<u>62,727</u>	<u>55,108</u>
<b>Cash flows from investing activities:</b>		
Acquisition of other assets	-	(3,000)
Net cash flows from investing activities	<u>-</u>	<u>(3,000)</u>
<b>Cash flows from financing activities:</b>		
Proceeds from short-term debt	78,650	277,245
Payments on short-term debt	(199,032)	(345,400)
Proceeds from long-term debt	80,000	-
Payments on long-term debt	-	(6,701)
Net cash flows from financing activities	<u>(40,382)</u>	<u>(74,856)</u>
<b>Change in cash and cash equivalents</b>	<b>22,345</b>	<b>(22,748)</b>
Cash and cash equivalents, beginning of year	53,142	75,890
<b>Cash and cash equivalents, end of year</b>	<b><u>\$ 75,487</u></b>	<b><u>\$ 53,142</u></b>
<b>Reconciliation of change in net assets to net cash flows from operating activities:</b>		
Change in net assets	\$ 27,926	\$ 60,146
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	714	4,978
Amortization of manuscript costs	11,702	12,730
Transfer of deferred charges and deposits	-	50
Loss on charge-off of deposits	-	11,097
Changes in operating assets and liabilities:		
Decrease/(increase) in accounts receivable	(456)	(832)
Decrease/(increase) in grants receivable	3,974	8,984
Decrease/(increase) in inventory	14,657	16,245
Decrease/(increase) in prepaids	(8,949)	-
Increase/(decrease) in accounts payable	(3,575)	(44,784)
Increase/(decrease) in accrued wages and benefits	6,396	(11,191)
Increase/(decrease) in accrued liabilities	(4,066)	(2,315)
Increase/(decrease) in deferred revenue	14,404	-
Net cash flows from operating activities	<u>\$62,727</u>	<u>\$ 55,108</u>

The accompanying notes are an integral part of the financial statements

**MESA VERDE MUSEUM ASSOCIATION**  
**Notes to the Financial Statements**  
**December 31, 2009**

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**NOTE 1. Significant Accounting Policies**

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The accompanying financial statements have been prepared on the accrual basis of accounting.

Nature of Operations

Mesa Verde Museum Association (the Association) was incorporated June 23, 1960, as a non-profit organization involved in promoting scientific, historic, prehistoric, educational and interpretive activities of Mesa Verde National Park. The changes in net assets and financial position are reported under the accrual method of accounting.

Inventory and Cost of Sales

Inventories consist of goods held for sale and are stated at the lower of cost or market. Cost is determined by the first-in first-out method. Shipping and handling costs are included in cost of sales.

Contributions

In accordance with SFAS No. 116, "Accounting for Contributions Received and Contributions Made," contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Provision for Income Tax

No provision has been made for Federal income taxes because the Association is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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**NOTE 2. Cash and Cash Equivalents**

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The Association's cash and cash equivalents are considered to be cash-on-hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition for purposes of this note and the statement of cash flows.

As of December 31, 2009 and 2008, respectively, \$70,062 and \$53,142 of the bank balance were fully insured by the FDIC.

**MESA VERDE MUSEUM ASSOCIATION**  
**Notes to the Financial Statements**  
**December 31, 2009**

**NOTE 2. Cash and Cash Equivalents, Continued**

A reconciliation of cash and cash equivalents as shown on the statements of financial position follows:

	2009	2008
Cash on hand	\$ 4,622	\$ 5,595
Carrying amounts of deposits	70,865	47,547
Total	\$ 75,487	\$ 53,142
Cash and cash equivalents	\$ 75,487	\$ 53,142
Total	\$ 75,487	\$ 53,142

**NOTE 3. Accounts Receivable**

The majority of the receivables relates to third-party reimbursements, management fees and other grant income. Management considers all receivables to be collectible; therefore, an allowance for doubtful account is not considered necessary.

**NOTE 4. Property and Equipment**

Property and equipment are carried at cost if purchased or fair market value if contributed. Depreciation of equipment and improvements is provided over the estimated useful life of each asset, which ranges from two to ten years. The straight-line method of depreciation is used. The cost of repairs and maintenance is charged to expense as incurred; significant renewals and betterments are capitalized. It is the policy of the Association to capitalize all items that have a value of \$1,000 or more and have a useful life of over one year.

**MESA VERDE MUSEUM ASSOCIATION**  
**Notes to the Financial Statements**  
**December 31, 2009**

**NOTE 4. Property and Equipment, Continued**

The following is a summary of property and equipment activity for the year ended December 31, 2009:

	Balance December 31, 2008	Additions	Deletions	Balance December 31, 2009
Furniture, fixtures and equipment	\$ 98,534	\$ -	\$ -	\$ 98,534
	\$ 98,534	\$ -	\$ -	\$ 98,534

The following is a summary of property and equipment activity for the year ended December 31, 2008:

	Balance December 31, 2007	Additions	Deletions	Balance December 31, 2008
Furniture, fixtures and equipment	\$ 98,534	\$ -	\$ -	\$ 98,534
	\$ 98,534	\$ -	\$ -	\$ 98,534

**NOTE 5. Manuscripts**

The Association purchases manuscripts for various books and materials that it sells. The cost of these manuscripts are capitalized and amortized on a straight-line basis over a ten year period, which is the estimated economic life. Amortization of manuscript costs was \$11,702 and \$12,730 in 2009 and 2008, respectively. Balances and December 31, 2009 and 2008 are as follows:

	2009	2008
Manuscript costs	\$ 180,738	\$ 180,738
Accumulated amortization	(108,009)	(96,307)
	\$ 72,729	\$ 84,431

**MESA VERDE MUSEUM ASSOCIATION**  
**Notes to the Financial Statements**  
**December 31, 2009**

**Note 6. Long-Term Debt**

The Association's long-term debt consists of the following as of December 31, 2009:

4.75% loan payable to Dolores State Bank, due in annual principal and interest payments of \$22,567.43, maturing September 30, 2013.	\$ 80,000
Less current portion	<u>(18,767)</u>
Total long-term debt, net of current portion	<u><u>\$ 61,233</u></u>

The estimated maturity of the long-term debt is as follows:

	Principal	Interest	Total
2010	\$ 18,767	\$ 3,800	\$ 22,567
2011	19,659	2,908	22,567
2012	20,592	1,975	22,567
2013	20,982	1,585	22,567
Total	<u>\$ 80,000</u>	<u>\$ 10,268</u>	<u>\$ 90,268</u>

**Note 7. Deferred Charges**

Costs incurred for the development of new publications and other media are reflected as deferred charges until the material is complete, at which time the total cost is transferred to manuscripts and amortization begins. Deferred charges not expected to be realized are written off in the period that determination is made.

Deferred charges at December 31, 2009 and 2008 consisted of the following:

	2009	2008
Prepaid royalties and other	\$ 19,246	\$ 21,659
Prepayment on equipment	10,000	-
Deposits - publications	1,362	-
	<u>\$ 30,608</u>	<u>\$ 21,659</u>

**MESA VERDE MUSEUM ASSOCIATION**  
**Notes to the Financial Statements**  
**December 31, 2009**

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**Note 8.            Retirement Plan**

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Mesa Verde Museum Association maintains a defined-contribution plan which provides for retirement benefits based on the actual value of contributions at the time of retirement. Employees must be 21 years of age and must have completed 12 months of service before become eligible to participate. Employees attain 100% vesting immediately. Contributions to the plan are 8% of the participants' salaries. Pension expense was \$10,308 and \$10,459 in 2009 and 2008 respectively.

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**Note 9.            Compensated Absences**

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The Association has a policy for compensated absences for full-time employees. The accrued liability was \$10,679 and \$6,882 and December 31, 2009 and 2008 respectively and is included in accrued wages and benefits in the accompanying balance sheets.

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**Note 10.          Donation of Trail Guides**

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The Association donates its trail guides to the National Park Service and asks for public donations for any trail guides kept by the public. Therefore, an item for donations is shown in donations from trail guides and the related cost of trail guides given away is included in Assistance to National Park Service.

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**Note 11.          Concentrations**

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The Association operates within the confines of Mesa Verde National Park and therefore is dependent on the Park's continued operation.

**MESA VERDE MUSEUM ASSOCIATION**  
**Notes to the Financial Statements**  
**December 31, 2009**

**Note 12. Temporarily Restricted Net Assets**

As of December 31, 2009 and 2008, the Association had the following temporarily restricted net assets:

	<u>2009</u>	<u>2008</u>
Aid to NPS Carryover-2007/2008	\$ 8,215	\$ -
Grants for National Park Service - Educators' Guide	4,688	4,606
SAT Match	1,943	1,909
Sepas	22,519	22,126
USS Mesa Verde	1,389	14,000
Module 440	2,574	-
International Education	-	279
Native American Internship	3,580	3,518
Sun Temple Research	-	2,528
Parmley Memorial	-	12
Reynolds Reader Theatre	609	598
Magnetometry Survey	4,968	-
Centennial Celebration	-	559
Total	<u>\$ 50,485</u>	<u>\$ 50,135</u>

**Note 13. Unrestricted-Designated Net Assets**

Unrestricted, designated net assets consist of funds reserved by the board of directors of the Association. The board has directed that interest earned on designated funds be included in the respective designated fund. As of December 31, 2009 and 2008, unrestricted, designated net assets were \$240 and \$239, respectively.

**Note 14. Related Party Transactions**

During the period ending December 31, 2009, the Association purchased maps from Time Traveler Maps which is owned by a Mesa Verde Museum Association board member, Frank Lister. Total purchases for the period were \$3,097.

**MESA VERDE MUSEUM ASSOCIATION**  
**Notes to the Financial Statements**  
**December 31, 2009**

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**Note 15.      Prior Period Reclassification**

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During the year ended December 31, 2009, the Association discovered an error in previously reported temporarily restricted net assets. A prior period reclassification was made to increase temporarily restricted net assets by \$18,965 and reduce unrestricted – undesignated net assets by the same amount. The effect on total net assets was \$0. See note 12 for a schedule of temporarily restricted net assets with restated prior period amounts.

**SUPPLEMENTARY INFORMATION**

**MESA VERDE MUSEUM ASSOCIATION**  
**Statement of Functional Expenses**  
**For the Year Ended December 31, 2009**

<u>Expense category</u>	<u>Program A</u> <u>Sales</u>	<u>Program B</u> <u>Aid to National</u> <u>Park Service</u>	<u>Management</u> <u>&amp; General</u>	<u>Total</u>
Aid to National Park Service (See Attachment A)	\$ -	\$ 259,592	\$ -	\$ 259,592
Advertising	1,825	-	-	1,825
Amortization of manuscripts	11,702	-	-	11,702
Cost of materials sold	608,247	-	-	608,247
Merchant credit card expense	24,701	-	-	24,701
Depreciation	-	-	714	714
Dues	-	-	2,413	2,413
Employee benefits	21,734	-	13,375	35,109
Employee convention	-	-	3,546	3,546
Equipment expense	-	-	2,331	2,331
Insurance	-	-	5,816	5,816
Interest	-	-	9,441	9,441
Joint membership expense	16,978	-	5,511	22,489
Lease expense	7,698	-	-	7,698
Legal and professional	-	-	22,060	22,060
Mail sale expense	2,254	-	-	2,254
Other	1,348	-	7,282	8,630
Royalty	1,960	-	-	1,960
Supplies	8,780	-	4,338	13,118
Travel	4,700	-	6,798	11,498
Vehicle operations	-	-	5,299	5,299
Utilities	4,041	-	-	4,041
Wages, salaries and payroll taxes	170,603	-	104,889	275,492
<b>Total</b>	<u>\$ 886,571</u>	<u>\$ 259,592</u>	<u>\$ 193,813</u>	<u>\$ 1,339,976</u>

**MESA VERDE MUSEUM ASSOCIATION**  
**Summary of Aid to the National Park Service**  
**Attachment A**  
**For the Year Ended December 31, 2009**

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	Current Year
Interpretation	\$ 104,024
Research	144,018
Administrative support	775
Mesa Verde Institute	<u>10,775</u>
<b>Total</b>	<u><u>\$ 259,592</u></u>

