

**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 YEAR ENDED DECEMBER 31, 2014

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

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Independent Auditors' Report

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

We have audited the accompanying financial statements of Mesa Verde Museum Association (a nonprofit organization) which comprise the statement of financial position as of December 31, 2014 and 2013, and the related statements of activities and cash flows 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 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 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 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 Mesa Verde Museum Association as of December 31, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Statement of Functional Expenses and Summary of Aid to the National Park Service on pages 15 and 16 are presented for purposes of additional analysis and are 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 audit 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.

A handwritten signature in cursive script that reads "Hinton Burdick, PLLC".

HintonBurdick, PLLC
St. George, Utah
April 1, 2015

MESA VERDE MUSEUM ASSOCIATION

OFFICER'S CERTIFICATION

April 1, 2015

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, 2014 and 2013

	<u>ASSETS</u>	
	2014	2013
Current assets		
Cash and cash equivalents	\$ 68,444	\$ 28,015
Accounts receivable	70	39
Inventories	158,165	174,962
Prepaid expense	17,491	15,792
Total current assets	244,170	218,808
Property and equipment		
Furniture, fixtures and equipment	137,766	136,491
Accumulated depreciation	(131,932)	(123,876)
Total property and equipment	5,834	12,615
Other assets		
Manuscript costs, net	25,915	27,691
Total other assets	25,915	27,691
Total assets	\$ 275,919	\$ 259,114

(continued)

The accompanying notes are an integral part of the financial statements

MESA VERDE MUSEUM ASSOCIATION
Statements of Financial Position, Continued
December 31, 2014 and 2013

LIABILITIES AND NET ASSETS

	2014	2013
Current liabilities		
Accounts payable	\$ 4,653	\$ 6,008
Accrued wages and benefits	4,426	-
Accrued compensated absences	15,542	14,032
Other accrued liabilities	1,337	638
Deferred revenue	-	838
Line of credit	-	16,300
Total current liabilities	25,958	37,816
Net assets		
Unrestricted	225,733	194,385
Temporarily restricted	24,228	26,913
Total net assets	249,961	221,298
Total liabilities and net assets	\$ 275,919	\$ 259,114

The accompanying notes are an integral part of the financial statements

MESA VERDE MUSEUM ASSOCIATION
Statements of Activities
For the Years Ended December 31, 2014 and 2013

	Unrestricted	Temporarily Restricted	Total 2014	Total 2013
Revenues, gains and other support:				
Sales	\$ 1,185,759	\$ -	\$ 1,185,759	\$ 1,120,946
Management fees	170	-	170	-
Grants and contributions	27,366	-	27,366	-
Donations	64,203	-	64,203	30,884
Interest income	58	23	81	77
Membership dues	57,135	-	57,135	84,815
Program service income	4,361	5,000	9,361	21,612
Other	16,127	-	16,127	9,117
Net assets released from restrictions:				
Satisfaction of program restrictions	7,708	(7,708)	-	-
Total revenues, gains and other support	1,362,887	(2,685)	1,360,202	1,267,451
Expenses and losses:				
Program - Sales	909,726	-	909,726	958,721
Program - Aid to National Park Service	150,376	-	150,376	112,519
Management and general	271,437	-	271,437	235,292
Total expenses	1,331,539	-	1,331,539	1,306,532
Change in net assets	31,348	(2,685)	28,663	(39,081)
Net assets at beginning of year	194,385	26,913	221,298	260,379
Net assets at end of year	\$ 225,733	\$ 24,228	\$ 249,961	\$ 221,298

The accompanying notes are an integral part of the financial statements

MESA VERDE MUSEUM ASSOCIATION
Statements of Cash Flows
December 31, 2014 and 2013

	2014	2013
Cash flows from operating activities:		
Cash received from sales	\$ 1,184,890	\$ 1,120,907
Cash received from fees and other	82,793	115,544
Cash received from donations and grants	91,569	30,884
Cash received from interest income	81	77
Cash paid for inventory and other selling expenses	(889,348)	(983,424)
Cash paid for aid to National Park Service	(150,376)	(112,519)
Cash paid for general and administrative expenses	(245,961)	(206,533)
Cash paid for interest expenses	(2,130)	(3,340)
Net cash flows from operating activities	<u>71,518</u>	<u>(38,404)</u>
Cash flows from investing activities:		
Acquisition of fixed assets	(1,275)	(3,247)
Acquisition of manuscripts	(13,514)	-
Net cash flows from investing activities	<u>(14,789)</u>	<u>(3,247)</u>
Cash flows from financing activities:		
Proceeds from short-term debt	76,000	80,300
Payments on short-term debt	(92,300)	(64,000)
Net cash flows from financing activities	<u>(16,300)</u>	<u>16,300</u>
Change in cash and cash equivalents	40,429	(25,351)
Cash and cash equivalents, beginning of year	<u>28,015</u>	<u>53,366</u>
Cash and cash equivalents, end of year	<u>\$ 68,444</u>	<u>\$ 28,015</u>
Reconciliation of change in net assets to net cash flows from operating activities:		
Change in net assets	\$ 28,663	\$ (39,081)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	8,056	7,840
Amortization of manuscript costs	15,290	17,579
Changes in operating assets and liabilities:		
Decrease/(increase) in accounts receivable	(31)	(39)
Decrease/(increase) in inventory	16,797	(11,064)
Decrease/(increase) in prepaids	(1,699)	(2,869)
Increase/(decrease) in accounts payable	(1,355)	(10,762)
Increase/(decrease) in accrued wages and benefits	4,426	-
Increase/(decrease) in accrued compensated absences	1,510	700
Increase/(decrease) in accrued liabilities	699	(708)
Increase/(decrease) in deferred revenue	(838)	-
Net cash flows from operating activities	<u>\$ 71,518</u>	<u>\$ (38,404)</u>

The accompanying notes are an integral part of the financial statements

MESA VERDE MUSEUM ASSOCIATION
Notes to the Financial Statements
December 31, 2014

NOTE 1. Significant Accounting Policies

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.

Date of Management's Review

In preparing these financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through April 1, 2015, the date the financial statements were available to be issued.

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 generally accepted accounting principles, 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.

The Association's Forms 990, Return of Organization Exempt from Income Tax, for the years ending 2011, 2012, and 2013 are subject to examination by the IRS, generally for three years after they were filed.

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.

MESA VERDE MUSEUM ASSOCIATION
Notes to the Financial Statements
December 31, 2014

NOTE 2. Cash and Cash Equivalents

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, 2014 and 2013, the bank balance of \$94,418 and \$27,575, respectively was fully insured by the FDIC.

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

	<u>2014</u>	<u>2013</u>
Cash on hand	\$ 8,031	\$ 8,981
Carrying amounts of deposits	<u>60,413</u>	<u>19,034</u>
Total	<u>\$ 68,444</u>	<u>\$ 28,015</u>
Cash and cash equivalents	<u>\$ 68,444</u>	<u>\$ 28,015</u>
Total	<u>\$ 68,444</u>	<u>\$ 28,015</u>

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, 2014

NOTE 4. Property and Equipment, Continued

The following is a summary of property and equipment activity for the year ended December 31, 2014:

	Balance December 31, 2013	Additions	Deletions	Balance December 31, 2014
Furniture, fixtures and equipment	\$ 136,491	\$ 1,275	\$ -	\$ 137,766
	<u>\$ 136,491</u>	<u>\$ 1,275</u>	<u>\$ -</u>	<u>\$ 137,766</u>

The following is a summary of property and equipment activity for the year ended December 31, 2013:

	Balance December 31, 2012	Additions	Deletions	Balance December 31, 2013
Furniture, fixtures and equipment	\$ 133,244	\$ 3,247	\$ -	\$ 136,491
	<u>\$ 133,244</u>	<u>\$ 3,247</u>	<u>\$ -</u>	<u>\$ 136,491</u>

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 \$15,290 and \$17,579 in 2014 and 2013, respectively. The balances of manuscript costs and accumulated amortization as of December 31, 2014 and 2013 are as follows:

	2014	2013
Manuscript costs	\$ 213,653	\$ 200,139
Accumulated amortization	(187,738)	(172,448)
	<u>\$ 25,915</u>	<u>\$ 27,691</u>

MESA VERDE MUSEUM ASSOCIATION
Notes to the Financial Statements
December 31, 2014

Note 6. 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, 2014 and 2013 consisted of the following:

	<u>2014</u>	<u>2013</u>
Prepaid royalties and other	<u>\$ 12,731</u>	<u>\$ 12,731</u>
	<u><u>\$ 12,731</u></u>	<u><u>\$ 12,731</u></u>

Note 7. Retirement Plan

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 6% of the participants' salaries. Pension expense was \$12,705 and \$14,271 in 2014 and 2013, respectively.

Note 8. Compensated Absences

The Association has a policy for compensated absences for full-time employees. The accrued liability was \$15,542 and \$14,032 and December 31, 2014 and 2013 respectively and is included in accrued compensated absences in the accompanying balance sheets.

Note 9. Donation of Trail Guides

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.

MESA VERDE MUSEUM ASSOCIATION
Notes to the Financial Statements
December 31, 2014

Note 10. Concentrations

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

Note 11. Temporarily Restricted Net Assets

As of December 31, 2014 and 2013, the Association had the following temporarily restricted net assets:

	<u>2014</u>	<u>2013</u>
Four Corners Lecture Series	\$ 1,315	\$ -
Long House Tour Tickets	-	1,255
Grants for National Park Service - Educators' Guide	4,783	4,778
SEPAS	15,556	18,306
Module 440	<u>2,574</u>	<u>2,574</u>
Total	<u>\$ 24,228</u>	<u>\$ 26,913</u>

Note 12. Related Party Transactions

During the year ending December 31, 2013, the Association purchased maps from Time Traveler Maps which is owned by a Mesa Verde Museum Association board member; Frank Lister. Total purchases during fiscal year 2013 were \$808. Frank was no longer a board member in 2014.

SUPPLEMENTARY INFORMATION

MESA VERDE MUSEUM ASSOCIATION
Statement of Functional Expenses
For the Year Ended December 31, 2014

Expense category	Program A Sales	Program B Aid to National Park Service	Management & General	Total
Aid to National Park Service (See Attachment A)	\$ -	\$ 150,376	\$ -	\$ 150,376
Advertising	528	-	-	528
Amortization of manuscripts	15,290	-	-	15,290
Cost of materials sold	585,650	-	-	585,650
Merchant credit card expense	28,341	-	-	28,341
Depreciation	-	-	8,056	8,056
Dues	-	-	3,135	3,135
Electronic bookstore expense	2,192	-	-	2,192
Employee benefits	29,825	-	39,098	68,923
Employee convention	-	-	3,382	3,382
Equipment expense	545	-	-	545
Insurance	1,859	-	4,774	6,633
Interest	-	-	2,130	2,130
Joint membership expense	29,065	-	9,688	38,753
Lease expense	5,298	-	-	5,298
Legal and professional	-	-	17,205	17,205
Mail sale expense	3,469	-	-	3,469
Other	3,821	-	8,400	12,221
Supplies and uniforms	8,311	-	5,487	13,798
Technology support	1,645	-	1,591	3,236
Travel	276	-	5,557	5,833
Vehicle operations	6,318	-	-	6,318
Utilities	3,009	-	3,009	6,018
Wages, salaries and payroll taxes	184,284	-	159,925	344,209
Total	\$ 909,726	\$ 150,376	\$ 271,437	\$ 1,331,539

MESA VERDE MUSEUM ASSOCIATION
Summary of Aid to the National Park Service
Attachment A
For the Year Ended December 31, 2014

	Current Year
Interpretation	\$ 123,364
Research	18,528
Administrative support	2,662
Mesa Verde Institute	<u>5,822</u>
Total	<u><u>\$ 150,376</u></u>