

**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, 2015

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

Table of Contents

	<u>Page</u>
Independent Auditors' Report.....	1
Officer's Certification	3
Financial Statements:	
Statements of Financial Position.....	5
Statements of Activities	7
Statements of Cash Flows.....	8
Notes to Financial Statements.....	9
Supplementary Information:	
Statement of Functional Expenses	16
Summary of Aid to the National Park Service.....	17



MEMBERS:

CHAD B. ATKINSON, CPA
KRIS J. BRAUNBERGER, CPA
ROBERT S. COX, CPA
TODD B. FELTNER, CPA
K. MARK FROST, CPA
MORRIS J. PEACOCK, CPA

PHILLIP S. PEINE, CPA
STEVEN D. PALMER, CPA
MICHAEL K. SPILKER, CPA
KEVIN L. STEPHENS, CPA
MARK E. TICHENOR, CPA
MICHAEL J. TORGERSON, CPA

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, 2015 and 2014, 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, 2015, 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.



HintonBurdick, PLLC
St. George, Utah
April 6, 2016

MESA VERDE MUSEUM ASSOCIATION

OFFICER'S CERTIFICATION

April 6, 2016

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

Officer: Sandra Jumper
Title: Interim Executive Director

MESA VERDE MUSEUM ASSOCIATION
Statements of Financial Position
December 31, 2015 and 2014

<u>ASSETS</u>		
	<u>2015</u>	<u>2014</u>
Current assets		
Cash and cash equivalents	\$ 110,044	\$ 44,216
Accounts receivable	-	70
Inventories	176,745	158,165
Prepaid expense	2,162	17,491
Total current assets	<u>288,951</u>	<u>219,942</u>
Property and equipment		
Furniture, fixtures and equipment	143,870	137,766
Accumulated depreciation	<u>(137,216)</u>	<u>(131,932)</u>
Total property and equipment	<u>6,654</u>	<u>5,834</u>
Other assets		
Restricted cash and cash equivalents	24,902	24,228
Manuscript costs, net	<u>10,625</u>	<u>25,915</u>
Total other assets	<u>35,527</u>	<u>50,143</u>
Total assets	<u><u>\$ 331,132</u></u>	<u><u>\$ 275,919</u></u>

The accompanying notes are an integral part of the financial statements

MESA VERDE MUSEUM ASSOCIATION
Statements of Financial Position, Continued
December 31, 2015 and 2014

<u>LIABILITIES AND NET ASSETS</u>		
	<u>2015</u>	<u>2014</u>
Current liabilities		
Accounts payable	\$ 20,181	\$ 4,653
Accrued wages and benefits	1,487	4,426
Accrued compensated absences	16,026	15,542
Other accrued liabilities	3,251	1,337
Total current liabilities	<u>40,945</u>	<u>25,958</u>
Net assets		
Unrestricted	226,747	225,733
Unrestricted - designated	38,538	-
Temporarily restricted	24,902	24,228
Total net assets	<u>290,187</u>	<u>249,961</u>
Total liabilities and net assets	<u><u>\$ 331,132</u></u>	<u><u>\$ 275,919</u></u>

The accompanying notes are an integral part of the financial statements

MESA VERDE MUSEUM ASSOCIATION
Statements of Activities
For the Years Ended December 31, 2015 and 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total 2015</u>	<u>Total 2014</u>
Revenues, gains and other support:				
Sales	\$ 1,365,932	\$ -	\$ 1,365,932	\$ 1,185,759
Management fees	-	-	-	170
Grants and contributions	3,685	4,750	8,435	27,366
Donations	66,851	-	66,851	64,203
Interest income	45	28	73	81
Membership dues	63,670	-	63,670	57,135
Program service income	(2,451)	3,685	1,234	9,361
Other	12,244	-	12,244	16,127
Net assets released from restrictions:				
Satisfaction of program restrictions	7,789	(7,789)	-	-
Total revenues, gains and other support	<u>1,517,765</u>	<u>674</u>	<u>1,518,439</u>	<u>1,360,202</u>
Expenses and losses:				
Program - Sales	1,055,798	-	1,055,798	909,726
Program - Aid to National Park Service	158,260	-	158,260	150,376
Management and general	264,155	-	264,155	271,437
Total expenses	<u>1,478,213</u>	<u>-</u>	<u>1,478,213</u>	<u>1,331,539</u>
Change in net assets	39,552	674	40,226	28,663
Net assets at beginning of year	<u>225,733</u>	<u>24,228</u>	<u>249,961</u>	<u>221,298</u>
Net assets at end of year	<u>\$ 265,285</u>	<u>\$ 24,902</u>	<u>\$ 290,187</u>	<u>\$ 249,961</u>

The accompanying notes are an integral part of the financial statements

MESA VERDE MUSEUM ASSOCIATION
Statements of Cash Flows
December 31, 2015 and 2014

	2015	2014
Cash flows from operating activities:		
Cash received from sales	\$ 1,366,002	\$ 1,184,890
Cash received from fees and other	77,148	82,793
Cash received from donations and grants	75,286	91,569
Cash received from interest income	73	81
Cash paid for inventory and other selling expenses	(1,044,062)	(889,348)
Cash paid for aid to National Park Service	(158,260)	(150,376)
Cash paid for general and administrative expenses	(242,468)	(245,961)
Cash paid for interest expenses	(1,113)	(2,130)
Net cash flows from operating activities	<u>72,606</u>	<u>71,518</u>
Cash flows from investing activities:		
Acquisition of fixed assets	(6,104)	(1,275)
Acquisition of manuscripts	-	(13,514)
Net cash flows from investing activities	<u>(6,104)</u>	<u>(14,789)</u>
Cash flows from financing activities:		
Proceeds from short-term debt	-	76,000
Payments on short-term debt	-	(92,300)
Net cash flows from financing activities	<u>-</u>	<u>(16,300)</u>
Change in cash and cash equivalents	66,502	40,429
Cash and cash equivalents, beginning of year	68,444	28,015
Cash and cash equivalents, end of year	<u>\$ 134,946</u>	<u>\$ 68,444</u>
Reconciliation of change in net assets to net cash flows from operating activities:		
Change in net assets	\$ 40,226	\$ 28,663
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	5,284	8,056
Amortization of manuscript costs	15,290	15,290
Changes in operating assets and liabilities:		
Decrease/(increase) in accounts receivable	70	(31)
Decrease/(increase) in inventory	(18,580)	16,797
Decrease/(increase) in prepaids	15,329	(1,699)
Increase/(decrease) in accounts payable	15,528	(1,355)
Increase/(decrease) in accrued wages and benefits	(2,939)	4,426
Increase/(decrease) in accrued compensated absences	484	1,510
Increase/(decrease) in accrued liabilities	1,914	699
Increase/(decrease) in deferred revenue	-	(838)
Net cash flows from operating activities	<u>\$ 72,606</u>	<u>\$ 71,518</u>

The accompanying notes are an integral part of the financial statements

MESA VERDE MUSEUM ASSOCIATION
Notes to the Financial Statements
December 31, 2015

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 6, 2016, 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 2012, 2013, 2014, and 2015 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, 2015

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, 2015 and 2014, the bank balance of \$137,348 and \$94,418, respectively was fully insured by the FDIC.

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

	2015	2014
Cash on hand	\$ 5,405	\$ 8,031
Carrying amounts of deposits	129,541	60,413
Total	\$ 134,946	\$ 68,444
Cash and cash equivalents	\$ 110,044	\$ 44,216
Restricted cash and cash equivalents	24,902	24,228
Total	\$ 134,946	\$ 68,444

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.

MESA VERDE MUSEUM ASSOCIATION
Notes to the Financial Statements
December 31, 2015

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.

The following is a summary of property and equipment activity for the year ended December 31, 2015:

	Balance December 31, 2014	Additions	Deletions	Balance December 31, 2015
Furniture, fixtures and equipment	\$ 137,766	\$ 6,104	\$ -	\$ 143,870
	<u>\$ 137,766</u>	<u>\$ 6,104</u>	<u>\$ -</u>	<u>\$ 143,870</u>

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>

MESA VERDE MUSEUM ASSOCIATION
Notes to the Financial Statements
December 31, 2015

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 2015 and 2014, respectively. The balances of manuscript costs and accumulated amortization as of December 31, 2015 and 2014 are as follows:

	2015	2014
Manuscript costs	\$ 213,653	\$ 213,653
Accumulated amortization	(203,028)	(187,738)
	\$ 10,625	\$ 25,915

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, 2015 and 2014 consisted of the following:

	2015	2014
Prepaid royalties and other	\$ -	\$ 12,731
	\$ -	\$ 12,731

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 \$13,644 and \$12,705 in 2015 and 2014, respectively.

MESA VERDE MUSEUM ASSOCIATION
Notes to the Financial Statements
December 31, 2015

Note 8. Compensated Absences

The Association has a policy for compensated absences for full-time employees. The accrued liability was \$16,026 and \$15,542 and December 31, 2015 and 2014 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.

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, 2015 and 2014, the Association had the following temporarily restricted net assets:

	2015	2014
Four Corners Lecture Series	\$ 1,425	\$ 1,315
Grants for National Park Service - Educators' Guide	4,787	4,783
SEPAS	11,552	15,556
Module 440	2,574	2,574
Grants for National Park Service - Ticket to Ride	4,564	-
Total	\$ 24,902	\$ 24,228

MESA VERDE MUSEUM ASSOCIATION
Notes to the Financial Statements
December 31, 2015

Note 12. Unrestricted – Designated Net Assets

Unrestricted – Designated Net Assets consist of funds reserved by the Board of Directors of the Association. The Association had unrestricted-designated net assets of \$38,538 and \$0 as of December 31, 2015 and 2014, respectively.

SUPPLEMENTARY INFORMATION

MESA VERDE MUSEUM ASSOCIATION
Statement of Functional Expenses
For the Year Ended December 31, 2015

<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>& General</u>	<u>Total</u>
Aid to National Park Service (See Attachment A)	\$ -	\$ 158,260	\$ -	\$ 158,260
Advertising	769	-	-	769
Amortization of manuscripts	15,290	-	-	15,290
Cost of materials sold	707,781	-	-	707,781
Merchant credit card expense	34,112	-	-	34,112
Depreciation	-	-	5,285	5,285
Dues	-	-	1,905	1,905
Electronic bookstore expense	2,590	-	-	2,590
Employee benefits	31,761	-	39,611	71,372
Employee convention	-	-	6,118	6,118
Equipment expense	3,944	-	-	3,944
Insurance	1,528	-	4,103	5,631
Interest	-	-	1,113	1,113
Joint membership expense	25,702	-	8,567	34,269
Lease expense	5,876	-	-	5,876
Legal and professional	-	-	15,605	15,605
Mail sale expense	4,165	-	-	4,165
Other	4,514	-	2,211	6,725
Royalty	199	-	-	199
Supplies and uniforms	10,933	-	5,673	16,606
Technology support	1,625	-	1,625	3,250
Travel	1,467	-	6,988	8,455
Vehicle operations	6,445	-	-	6,445
Utilities	2,974	-	2,974	5,948
Wages, salaries and payroll taxes	194,123	-	162,377	356,500
Total	\$ 1,055,798	\$ 158,260	\$ 264,155	\$ 1,478,213

MESA VERDE MUSEUM ASSOCIATION
Summary of Aid to the National Park Service
Attachment A
For the Year Ended December 31, 2015

	Current Year
Interpretation	\$ 154,279
Research	500
Administrative support	3,357
Mesa Verde Institute	<u>124</u>
Total	<u><u>\$ 158,260</u></u>