

**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, 2019

**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 statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses, 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 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 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, 2019 and 2018, 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 summary of aid to the National Park Service 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 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

HintonBurdick, PLLC

St. George, Utah

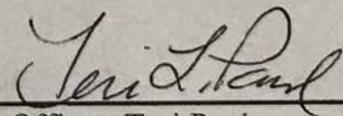
March 20, 2020

MESA VERDE MUSEUM ASSOCIATION

OFFICER'S CERTIFICATION

March 20, 2020

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



Officer: Teri Paul

Title: Executive Director

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MESA VERDE MUSEUM ASSOCIATION
Statements of Financial Position
December 31, 2019 and 2018

	<u>ASSETS</u>	
	<u>2019</u>	<u>2018</u>
Current assets		
Cash and cash equivalents	\$ 530,529	\$ 450,187
Accounts receivable	8,952	8,336
Inventories	180,305	206,049
Prepaid expense	8,356	8,964
Total current assets	<u>728,142</u>	<u>673,536</u>
Property and equipment		
Furniture, fixtures and equipment	200,991	195,153
Accumulated depreciation	<u>(180,137)</u>	<u>(167,700)</u>
Total property and equipment	<u>20,854</u>	<u>27,453</u>
Other assets		
Restricted cash and cash equivalents	125,376	90,336
Manuscript costs, net	<u>-</u>	<u>13</u>
Total other assets	<u>125,376</u>	<u>90,349</u>
Total assets	<u>\$ 874,372</u>	<u>\$ 791,338</u>

The accompanying notes are an integral part of the financial statements

MESA VERDE MUSEUM ASSOCIATION
Statements of Financial Position, Continued
December 31, 2019 and 2018

<u>LIABILITIES AND NET ASSETS</u>		
	2019	2018
Current liabilities		
Accounts payable	\$ 1,962	\$ 11,194
Accrued wages and benefits	5,275	-
Accrued compensated absences	14,283	19,004
Other accrued liabilities	138	354
Total current liabilities	21,658	30,552
Net assets		
Without donor restrictions	477,568	420,930
Without donor restrictions-board designated	249,770	249,520
With donor restrictions	125,376	90,336
Total net assets	852,714	760,786
Total liabilities and net assets	\$ 874,372	\$ 791,338

The accompanying notes are an integral part of the financial statements

MESA VERDE MUSEUM ASSOCIATION
Statements of Activities
For the Years Ended December 31, 2019 and 2018

	Without Donor Restrictions	With Donor Restrictions	Total 2019	Total 2018
Revenues, gains and other support:				
Sales	\$ 1,631,004	\$ -	\$ 1,631,004	\$ 1,584,987
Grants and contributions	-	20,000	20,000	17,875
Donations	47,438	19,554	66,992	76,860
Interest income	851	47	898	682
Membership dues	90,111	-	90,111	80,803
Program service income	745	-	745	1,410
Other	14,859	-	14,859	13,415
Net assets released from restrictions:				
Satisfaction of program restrictions	4,561	(4,561)	-	-
Total revenues, gains and other support	1,789,569	35,040	1,824,609	1,776,032
Expenses and losses:				
Program - Sales	1,299,944	-	1,299,944	1,305,461
Program - Aid to National Park Service	269,832	-	269,832	357,096
Management and general	162,905	-	162,905	150,199
Total expenses	1,732,681	-	1,732,681	1,812,756
Net loss on disposal of fixed assets	-	-	-	413
Total expenses and losses	1,732,681	-	1,732,681	1,813,169
Change in net assets	56,888	35,040	91,928	(37,137)
Net assets at beginning of year	670,450	90,336	760,786	797,923
Net assets at end of year	\$ 727,338	\$ 125,376	\$ 852,714	\$ 760,786

The accompanying notes are an integral part of the financial statements

MESA VERDE MUSEUM ASSOCIATION
Statement of Functional Expenses
For the Year Ended December 31, 2019

Expense category	Program A Sales	Program B Aid to National Park Service *	Management & General	Total
Advertising	\$ 1,014	\$ -	\$ -	\$ 1,014
Amortization of manuscripts	13	-	-	13
Cost of materials sold	788,209	-	-	788,209
Depreciation	-	-	12,437	12,437
Dues	-	-	2,005	2,005
Electronic bookstore expense	2,730	-	-	2,730
Employee benefits	76,948	9,710	22,635	109,293
Employee convention	-	-	2,038	2,038
Equipment expense	710	-	-	710
Grants and aid	-	162,143	-	162,143
Insurance	1,741	-	4,536	6,277
Lease expense	4,840	-	-	4,840
Legal and professional	-	-	19,691	19,691
Mail sale expense	5,865	-	-	5,865
Membership expense	14,978	-	4,705	19,683
Merchant credit card expense	47,573	-	-	47,573
Other	16,364	-	1,984	18,348
Supplies and uniforms	16,465	-	2,200	18,665
Travel	1,226	-	6,026	7,252
Vehicle operations	2,537	-	-	2,537
Utilities	3,081	-	3,081	6,162
Wages, salaries and payroll taxes	315,650	97,979	81,567	495,196
Total	\$ 1,299,944	\$ 269,832	\$ 162,905	\$ 1,732,681

The accompanying notes are an integral part of the financial statements

MESA VERDE MUSEUM ASSOCIATION
Statement of Functional Expenses
For the Year Ended December 31, 2018

Expense category	Program A Sales	Program B Aid to National Park Service	Management & General	Total
Advertising	\$ 969	\$ -	\$ -	\$ 969
Amortization of manuscripts	2,703	-	-	2,703
Cost of materials sold	790,463	-	-	790,463
Depreciation	-	-	11,349	11,349
Dues	-	-	2,420	2,420
Electronic bookstore expense	1,504	-	-	1,504
Employee benefits	81,754	9,934	23,178	114,866
Employee convention	-	-	2,336	2,336
Equipment expense	727	-	-	727
Grants and aid	-	249,321	-	249,321
Insurance	1,789	-	4,631	6,420
Joint membership expense	13,117	-	4,113	17,230
Lease expense	4,544	-	-	4,544
Legal and professional	-	-	19,182	19,182
Mail sale expense	6,283	-	-	6,283
Merchant credit card expense	43,744	-	-	43,744
Other	15,133	-	7,421	22,554
Supplies and uniforms	25,074	-	2,610	27,684
Travel	2,136	2,412	2,739	7,287
Vehicle operations	1,340	-	-	1,340
Utilities	2,900	-	2,900	5,800
Wages, salaries and payroll taxes	311,281	95,429	67,320	474,030
Total	\$ 1,305,461	\$ 357,096	\$ 150,199	\$ 1,812,756

The accompanying notes are an integral part of the financial statements

MESA VERDE MUSEUM ASSOCIATION
Statement of Cash Flows
For the Years Ended December 31, 2019 and 2018

	2019	2018
Cash flows from operating activities:		
Cash received from sales	\$ 1,630,388	\$ 1,585,492
Cash received from fees and other	105,715	95,628
Cash received from donations and grants	86,992	94,735
Cash received from interest income	898	682
Cash paid for inventory and other selling expenses	(1,282,486)	(1,296,618)
Cash paid for aid to National Park Service	(269,832)	(357,096)
Cash paid for general and administrative expenses	(150,455)	(136,148)
Net cash flows from operating activities	<u>121,220</u>	<u>(13,325)</u>
Cash flows from investing activities:		
Acquisition of fixed assets	(5,838)	(8,985)
Sale of fixed assets	-	800
Net cash flows from investing activities	<u>(5,838)</u>	<u>(8,185)</u>
Change in cash and cash equivalents	115,382	(21,510)
Cash, cash equivalents, and restricted cash, beginning of year	<u>540,523</u>	<u>562,033</u>
Cash, cash equivalents, and restricted cash, end of year	<u><u>\$ 655,905</u></u>	<u><u>\$ 540,523</u></u>
Reconciliation of change in net assets to net cash flows from operating activities:		
Change in net assets	\$ 91,928	\$ (37,137)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	12,437	11,348
Amortization of manuscript costs	13	2,703
Loss on disposal of fixed assets	-	413
Changes in operating assets and liabilities:		
Decrease/(increase) in accounts receivable	(616)	505
Decrease/(increase) in inventory	25,744	7,628
Decrease/(increase) in prepaids	608	(7,864)
Increase/(decrease) in accounts payable	(9,232)	7,851
Increase/(decrease) in accrued wages and benefits	5,275	-
Increase/(decrease) in accrued compensated absences	(4,721)	1,922
Increase/(decrease) in accrued liabilities	(216)	(694)
Net cash flows from operating activities	<u><u>\$ 121,220</u></u>	<u><u>\$ (13,325)</u></u>

The accompanying notes are an integral part of the financial statements

MESA VERDE MUSEUM ASSOCIATION
Notes to the Financial Statements
December 31, 2019 and 2018

NOTE 1. Significant Accounting Policies

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.

Description of Programs

The Association uses the revenues earned and the contributions received to cover operating costs and to provide capital improvements and other services for the benefit of the National Park Service. Aid to National Park Service is donated at cost or basis.

Date of Management's Review

In preparing these financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through March 20, 2020, 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 net realizable value. Cost is determined by the first-in first-out method. Shipping and handling costs are included in cost of sales.

Revenue Recognition

Revenue for store sales is recognized when the customer receives and pays for the merchandise. For online transactions, revenue is recognized when ordered and shipped. For membership dues, the portion of the dues associated with a benefit are recognized as the benefit is fulfilled.

Contributions

Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence 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 has implemented accounting guidance associated with accounting for uncertainty in income taxes. There was no impact to the Association's financial statements as a result of the implementation of this guidance

MESA VERDE MUSEUM ASSOCIATION
Notes to the Financial Statements
December 31, 2019 and 2018

NOTE 1. Significant Accounting Policies, Continued

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.

Cost Allocation

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, employee benefits, payroll taxes, and membership expense which are allocated on the basis of estimates of time and effort, as well as insurance and telephone expense, which are allocated on the basis of estimates of use.

New Pronouncements

For the year ended December 31, 2019, the Association implemented the provisions of ASU 2014-09 (Topic 606), *Revenue from Contracts with Customers* and ASU 2018-08 (Topic 958), *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Adoption of these two new pronouncements did not have a material impact on the Association's financial statements.

MESA VERDE MUSEUM ASSOCIATION
Notes to the Financial Statements
December 31, 2019 and 2018

NOTE 2. Liquidity and Availability of Financial Assets

The following reflects the Association's financial assets available within one year of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date. Amounts available for general use include the board-designated reserves the Association could be drawn upon if the governing board approves that action.

	2019	2018
Financial Assets:		
Cash	\$ 530,529	\$ 450,187
Accounts receivable	8,952	8,336
Restricted cash and cash equivalents	125,376	90,336
Subtotal	664,857	548,859
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions:		
Restricted by donor with purpose restrictions (see Note 12)	(125,376)	(90,336)
Financial assets available to meet cash needs for general expenditures within one year	\$ 539,481	\$ 458,523

As part of the Association's liquidity management, it invests cash in excess of daily requirements in short-term investments, typically savings accounts. In addition, as disclosed in Note 13, the Association has board-designated reserves to fill unexpected liquidity needs that may arise in addition to general expenditures. The Association also has a \$200,000 line of credit if a liquidity need arises.

MESA VERDE MUSEUM ASSOCIATION
Notes to the Financial Statements
December 31, 2019 and 2018

NOTE 3. 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, 2019 and 2018, the bank balance of the Association's deposits was \$662,972 and \$573,506, respectively. Of the bank balance, none at year end, was uninsured by the FDIC.

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

	<u>2019</u>	<u>2018</u>
Cash on hand	\$ 7,586	\$ 4,475
Carrying amounts of deposits	<u>648,319</u>	<u>536,048</u>
Total	<u>\$ 655,905</u>	<u>\$ 540,523</u>
Cash and cash equivalents	\$ 530,529	\$ 450,187
Restricted cash and cash equivalents	<u>125,376</u>	<u>90,336</u>
Total	<u>\$ 655,905</u>	<u>\$ 540,523</u>

Restricted cash and cash equivalents consists of donor-imposed restrictions on the organization's use of the cash and cash equivalents.

NOTE 4. Accounts Receivable

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

MESA VERDE MUSEUM ASSOCIATION
Notes to the Financial Statements
December 31, 2019 and 2018

NOTE 5. 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, 2019:

	Balance December 31, 2018	Additions	Deletions	Balance December 31, 2019
Furniture, fixtures and equipment	\$ 195,153	\$ 5,838		\$ 200,991
	<u>\$ 195,153</u>	<u>\$ 5,838</u>	<u>\$ -</u>	<u>\$ 200,991</u>

The following is a summary of property and equipment activity for the year ended December 31, 2018:

	Balance December 31, 2017	Additions	Deletions	Balance December 31, 2018
Furniture, fixtures and equipment	\$ 187,684	\$ 8,985	\$ (1,516)	\$ 195,153
	<u>\$ 187,684</u>	<u>\$ 8,985</u>	<u>\$ (1,516)</u>	<u>\$ 195,153</u>

MESA VERDE MUSEUM ASSOCIATION
Notes to the Financial Statements
December 31, 2019 and 2018

NOTE 6. 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 \$13 and \$2,703 in 2019 and 2018, respectively. The balances of manuscript costs and accumulated amortization as of December 31, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Manuscript costs	\$ 213,653	\$ 213,653
Accumulated amortization	<u>(213,653)</u>	<u>(213,640)</u>
	<u>\$ -</u>	<u>\$ 13</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, 2019 and 2018 are \$0.

Note 8. 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 they become eligible to participate. Employees attain 100% vesting immediately. Contributions to the plan are 6% of the participants' salaries. Pension expense was \$17,033 and \$15,837 in 2019 and 2018, respectively.

MESA VERDE MUSEUM ASSOCIATION
Notes to the Financial Statements
December 31, 2019 and 2018

Note 9. Compensated Absences

The Association has a policy for compensated absences for full-time employees. The accrued liability was \$14,283 and \$19,004 at December 31, 2019 and 2018, respectively and is included in accrued compensated absences in the accompanying balance sheets.

Note 10. 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 11. Concentrations

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

Note 12. Restrictions on Net Assets

As of December 31, 2019 and 2018, the Association had the following net assets with donor restrictions available for the following purposes:

	2019	2018
Grants for National Park Service - Educators' Guide	\$ 4,823	\$ 4,809
SEPAS	11,044	11,011
Module 440	2,574	2,574
Grants for National Park Service - Ticket to Ride	17,514	1,202
Colorado State Historical Fund Grant	882	1,755
National Park Foundation - Guest Donation Program	82,607	63,052
Mesa Verde Voices Podcast	5,933	5,933
Total	\$ 125,376	\$ 90,336

MESA VERDE MUSEUM ASSOCIATION
Notes to the Financial Statements
December 31, 2019 and 2018

Note 13. Net Assets Without Donor Restrictions – Board-Designated

Net assets without donor restrictions-board designated consist of funds reserved by the Board of Directors of the Association to be used for operating periods with severe downturns in sales, government shutdowns, and unforeseen emergencies. The Association had board-designated net assets of \$249,770 and \$249,520 as of December 31, 2019 and 2018, respectively.

Note 14. Subsequent Events

The COVID-19 outbreak in the United States has resulted in closings of the Association's sales outlets. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. Therefore, the Association expects this matter to negatively impact its operating results. However, the related financial impact and duration cannot be reasonably estimated at this time.

SUPPLEMENTARY INFORMATION

MESA VERDE MUSEUM ASSOCIATION
Summary of Aid to the National Park Service
Attachment A
For the Year Ended December 31, 2019

	Current Year
Interpretation	\$ 243,650
Research	348
Administrative support	25,834
Total	\$ 269,832