

**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, 2020

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

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Independent Accountant's Review Report

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

We have reviewed the accompanying financial statements of Mesa Verde Museum Association (a not-for-profit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Report on 2019 Financial Statements

The December 31, 2019 financial statements were audited by us, and we expressed an unmodified opinion on them in our report dated March 20, 2020. We have not performed any auditing procedures since that date.

Supplementary Information

The accompanying summary of aid to the National Park Service is presented for purposes of additional analysis and is not a required part of the basic 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 supplementary information has been subjected to the review procedures applied in our review of the basic financial statements. We are not aware of any material modifications that should be made to the supplementary information in order for it to be in accordance with accounting principles generally accepted in the United States of America. We have not audited the supplementary information and do not express an opinion on such information.

Hinton Burdick, PLLC

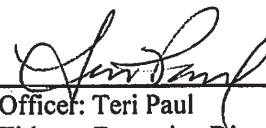
HintonBurdick, PLLC
St. George, Utah
April 26, 2021

MESA VERDE MUSEUM ASSOCIATION

OFFICER'S CERTIFICATION

April 26, 2021

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

A handwritten signature in cursive script, appearing to read "Teri Paul", is written over a horizontal line.

Officer: Teri Paul
Title: Executive Director

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MESA VERDE MUSEUM ASSOCIATION
Statements of Financial Position
December 31, 2020 and 2019

	<u>ASSETS</u>	
	<u>2020</u>	<u>2019</u>
Current assets		
Cash and cash equivalents	\$ 394,000	\$ 530,529
Accounts receivable	-	8,952
Inventories	236,846	180,305
Prepaid expense	-	8,356
	<u>630,846</u>	<u>728,142</u>
Property and equipment		
Furniture, fixtures and equipment	210,673	200,991
Accumulated depreciation	(192,727)	(180,137)
	<u>17,946</u>	<u>20,854</u>
Other assets		
Restricted cash and cash equivalents	115,138	125,376
Manuscript costs, net	-	-
	<u>115,138</u>	<u>125,376</u>
Total assets	<u>\$ 763,930</u>	<u>\$ 874,372</u>

See accompanying notes and independent accountant's review report.

MESA VERDE MUSEUM ASSOCIATION
Statements of Financial Position, Continued
December 31, 2020 and 2019

<u>LIABILITIES AND NET ASSETS</u>		
	<u>2020</u>	<u>2019</u>
Current liabilities		
Accounts payable	\$ 428	\$ 1,962
Accrued wages and benefits	-	5,275
Accrued compensated absences	21,382	14,283
Other accrued liabilities	-	138
Total current liabilities	<u>21,810</u>	<u>21,658</u>
Net assets		
Without donor restrictions	487,102	477,568
Without donor restrictions-board designated	139,880	249,770
With donor restrictions	<u>115,138</u>	<u>125,376</u>
Total net assets	<u>742,120</u>	<u>852,714</u>
Total liabilities and net assets	<u>\$ 763,930</u>	<u>\$ 874,372</u>

See accompanying notes and independent accountant's review report.

MESA VERDE MUSEUM ASSOCIATION
Statements of Activities
For the Years Ended December 31, 2020 and 2019

	Without Donor Restrictions	With Donor Restrictions	Total 2020	Total 2019
Revenues, gains and other support:				
Sales	\$ 404,359	\$ -	\$ 404,359	\$ 1,631,004
Grants and contributions	25,000	-	25,000	20,000
PPP loan forgiveness	92,713	-	92,713	-
Donations	31,689	24,171	55,860	66,992
Interest income	461	57	518	898
Membership dues	33,595	-	33,595	90,111
Program service income	600	-	600	745
Other	7,416	-	7,416	14,859
Net assets released from restrictions:				
Satisfaction of program restrictions	34,466	(34,466)	-	-
Total revenues, gains and other support	630,299	(10,238)	620,061	1,824,609
Expenses and losses:				
Program - Sales	471,337	-	471,337	1,299,944
Program - Aid to National Park Service	112,033	-	112,033	269,832
Management and general	147,285	-	147,285	162,905
Total expenses and losses	730,655	-	730,655	1,732,681
Change in net assets	(100,356)	(10,238)	(110,594)	91,928
Net assets at beginning of year	727,338	125,376	852,714	760,786
Net assets at end of year	\$ 626,982	\$ 115,138	\$ 742,120	\$ 852,714

See accompanying notes and independent accountant's review report.

MESA VERDE MUSEUM ASSOCIATION
Statement of Functional Expenses
For the Year Ended December 31, 2020

<u>Expense category</u>	<u>Program A Sales</u>	<u>Program B Aid to National Park Service *</u>	<u>Management & General</u>	<u>Total</u>
Advertising	\$ 693	\$ -	\$ -	\$ 693
Cost of materials sold	190,617	-	-	190,617
Depreciation	-	-	12,590	12,590
Dues	-	-	120	120
Electronic bookstore expense	3,013	-	-	3,013
Employee benefits	41,157	7,401	17,287	65,845
Employee convention	-	-	2,191	2,191
Equipment expense	988	-	-	988
Grants and aid	-	53,852	-	53,852
Insurance	1,766	-	4,587	6,353
Lease expense	2,488	-	-	2,488
Legal and professional	-	-	19,735	19,735
Mail sale expense	5,759	-	-	5,759
Membership expense	6,298	-	2,099	8,397
Merchant credit card expense	14,526	-	-	14,526
Other	3,640	-	8,746	12,386
Supplies and uniforms	5,336	-	397	5,733
Travel	317	-	7,751	8,068
Vehicle operations	628	-	-	628
Utilities	2,944	-	2,944	5,888
Wages, salaries and payroll taxes	191,167	50,780	68,838	310,785
Total	<u>\$ 471,337</u>	<u>\$ 112,033</u>	<u>\$ 147,285</u>	<u>\$ 730,655</u>

* See Attachment A for a summary of aid to cooperating agencies

See accompanying notes and independent accountant's review report.

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

Expense category	Program B			Total
	Program A Sales	Aid to National Park Service	Management & General	
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

See accompanying notes and independent accountant's review report.

MESA VERDE MUSEUM ASSOCIATION
Statement of Cash Flows
For the Years Ended December 31, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Cash received from sales	\$ 413,311	\$ 1,630,388
Cash received from fees and other	41,611	105,715
Cash received from donations and grants	173,573	86,992
Cash received from interest income	518	898
Cash paid for inventory and other selling expenses	(519,370)	(1,282,486)
Cash paid for aid to National Park Service	(112,033)	(269,832)
Cash paid for general and administrative expenses	(134,695)	(150,455)
Net cash flows from operating activities	<u>(137,085)</u>	<u>121,220</u>
Cash flows from investing activities:		
Acquisition of fixed assets	<u>(9,682)</u>	<u>(5,838)</u>
Net cash flows from investing activities	<u>(9,682)</u>	<u>(5,838)</u>
Change in cash and cash equivalents	(146,767)	115,382
Cash, cash equivalents, and restricted cash, beginning of year	<u>655,905</u>	<u>540,523</u>
Cash, cash equivalents, and restricted cash, end of year	<u><u>\$ 509,138</u></u>	<u><u>\$ 655,905</u></u>
Reconciliation of change in net assets to net cash flows from operating activities:		
Change in net assets	\$ (110,594)	\$ 91,928
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	12,590	12,437
Amortization of manuscript costs	-	13
Changes in operating assets and liabilities:		
Decrease/(increase) in accounts receivable	8,952	(616)
Decrease/(increase) in inventory	(56,541)	25,744
Decrease/(increase) in prepaids	8,356	608
Increase/(decrease) in accounts payable	(1,534)	(9,232)
Increase/(decrease) in accrued wages and benefits	(5,275)	5,275
Increase/(decrease) in accrued compensated absences	7,099	(4,721)
Increase/(decrease) in accrued liabilities	(138)	(216)
Net cash flows from operating activities	<u><u>\$ (137,085)</u></u>	<u><u>\$ 121,220</u></u>

See accompanying notes and independent accountant's review report.

MESA VERDE MUSEUM ASSOCIATION
Notes to the Financial Statements
December 31, 2020 and 2019

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 April 26, 2021, 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. Program service fees, if any, are recognized when the related services are performed. The Association recognizes a liability for payments received in advance, if any, of performing the related services.

Contributions

Contributions are recognized when the donor makes a promise to give to the Association that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Conditional contributions, including certain grants and PPP forgiven loans (see Note 14), are recognized when the Association overcomes the donor/grantor stipulations that represent a barrier to being entitled to the assets transferred or promised. A transfer of assets that is conditional contribution is recognized as an advance until the conditions have been substantially met or explicitly waived by the donor/grantor.

MESA VERDE MUSEUM ASSOCIATION
Notes to the Financial Statements
December 31, 2020 and 2019

NOTE 1. Significant Accounting Policies, Continued

Advertising Costs

Advertising costs are expensed as incurred.

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.

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.

MESA VERDE MUSEUM ASSOCIATION
Notes to the Financial Statements
December 31, 2020 and 2019

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.

	2020	2019
Financial Assets:		
Cash	\$ 394,000	\$ 530,529
Accounts receivable	-	8,952
Restricted cash and cash equivalents	115,138	125,376
Subtotal	509,138	664,857
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)	(115,138)	(125,376)
Financial assets available to meet cash needs for general expenditures within one year	\$ 394,000	\$ 539,481

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, 2020 and 2019

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, 2020 and 2019, the bank balance of the Association's deposits was \$511,180 and \$662,972, respectively. Of the bank balance at year end, \$119,591 and \$0, respectively, was uninsured by the FDIC.

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

	<u>2020</u>	<u>2019</u>
Cash on hand	\$ 5,033	\$ 7,586
Carrying amounts of deposits	<u>504,105</u>	<u>648,319</u>
Total	<u>\$ 509,138</u>	<u>\$ 655,905</u>
Cash and cash equivalents	\$ 394,000	\$ 530,529
Restricted cash and cash equivalents	<u>115,138</u>	<u>125,376</u>
Total	<u>\$ 509,138</u>	<u>\$ 655,905</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, 2020 and 2019

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, 2020:

	Balance December 31, 2019	Additions	Deletions	Balance December 31, 2020
Furniture, fixtures and equipment	\$ 200,991	\$ 9,682	\$ -	\$ 210,673
	<u>\$ 200,991</u>	<u>\$ 9,682</u>	<u>\$ -</u>	<u>\$ 210,673</u>

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>

MESA VERDE MUSEUM ASSOCIATION
Notes to the Financial Statements
December 31, 2020 and 2019

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 \$0 and \$13 in 2020 and 2019, respectively. The balances of manuscript costs and accumulated amortization as of December 31, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Manuscript costs	\$ 213,653	\$ 213,653
Accumulated amortization	<u>(213,653)</u>	<u>(213,653)</u>
	<u>\$ -</u>	<u>\$ -</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, 2020 and 2019 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 \$13,746 and \$17,033 in 2020 and 2019, respectively.

MESA VERDE MUSEUM ASSOCIATION
Notes to the Financial Statements
December 31, 2020 and 2019

Note 9. Compensated Absences

The Association has a policy for compensated absences for full-time employees. The accrued liability was \$21,382 and \$14,283 at December 31, 2020 and 2019, 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, 2020 and 2019, the Association had the following net assets with donor restrictions available for the following purposes:

	2020	2019
Grants for National Park Service - Educators' Guide	\$ 4,843	\$ 4,823
SEPAS	4,680	11,044
Module 440	2,574	2,574
Grants for National Park Service - Ticket to Ride	10,579	17,514
Colorado State Historical Fund Grant	882	882
National Park Foundation - Guest Donation Program	91,580	82,606
Mesa Verde Voices Podcast	-	5,933
Total	\$ 115,138	\$ 125,376

MESA VERDE MUSEUM ASSOCIATION
Notes to the Financial Statements
December 31, 2020 and 2019

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 \$139,880 and \$249,770 as of December 31, 2020 and 2019, respectively.

Note 14. PPP Loans and Subsequent Events

The COVID-19 pandemic has had a significant impact on the Association's operations, activities and financial resources. The Association's stores and related sites were closed for much of the fiscal year and subsequent to the fiscal year, which substantially reduced sales and other revenue.

In April 2020, the Association obtained an SBA loan under the Payroll Protection Program (PPP) in the amount of \$92,713 to help keep the Association's staff employed during the pandemic. This PPP loan was fully forgiven by the SBA in February 2021. In light of guidance provided by the AICPA (TQ&A Section 3200), the Association believes that the PPP loan represents, in substance, a grant that is expected to be forgiven and accounts for the loan in accordance with FASB ASC 958-605 as a conditional contribution (see Note 1). Since the Association had substantially met the conditions of PPP loan forgiveness and had incurred the related expenses as of December 31, 2020, the loan forgiveness grant is recognized in these financial statements.

In January 2021, the Association obtained a second SBA PPP loan in the amount of \$92,713. However, like the first PPP loan, management of the Association believes the second PPP loan will also be forgiven by the SBA.

SUPPLEMENTARY INFORMATION

MESA VERDE MUSEUM ASSOCIATION
Summary of Aid to the National Park Service
Attachment A
For the Year Ended December 31, 2020

	Current Year
Interpretation	\$ 108,750
Administrative support	3,283
Total	\$ 112,033

See independent accountant's review report