

JOSHUA TREE NATIONAL PARK ASSOCIATION
FINANCIAL STATEMENTS
AS OF
SEPTEMBER 30, 2015

JOSHUA TREE NATIONAL PARK ASSOCIATION
(A Nonprofit Organization)
SEPTEMBER 30, 2015

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INDEPENDENT AUDITOR'S REPORT

Joshua Tree National Park Association
Twentynine Palms, California

We have audited the accompanying statements of financial position of Joshua Tree National Park Association (a nonprofit organization) as of September 30, 2015, and the related statements of activities and cash flows for the year 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

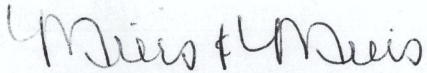
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 entities 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 Joshua Tree National Park Association as of September 30, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.



Miers & Miers CPAs, LLP
Barstow, CA
February 1, 2016

JOSHUA TREE NATIONAL PARK ASSOCIATION
 (A Nonprofit Organization)
 STATEMENT OF FINANCIAL POSITION
 SEPTEMBER 30, 2015

ASSETS

CURRENT ASSETS		
Cash	\$	433,719
Restricted cash		209,574
Accounts Receivable		1,692
Prepaid insurance		6,719
Inventory		<u>257,029</u>
TOTAL CURRENT ASSETS	\$	908,733
PROPERTY AND EQUIPMENT		
Building		1,081,038
Building improvements		9,985
Furniture and fixtures		8,746
Machinery and equipment		<u>15,723</u>
		1,115,492
Less accumulated depreciation		<u>(253,482)</u>
TOTAL NET PROPERTY AND EQUIPMENT		<u>862,010</u>
	\$	<u><u>1,770,743</u></u>

See accompanying notes and independent auditor's report.

JOSHUA TREE NATIONAL PARK ASSOCIATION
 (A Nonprofit Organization)
 STATEMENT OF FINANCIAL POSITION
 (Continued)
 SEPTEMBER 30, 2015

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES			
Accounts payable	\$	16,485	
Sales tax payable		5,509	
Accrued expenses		10,937	
Note payable, current portion		19,713	
Obligations to various projects:			
Arid lands	\$	2,000	
Security deposit		<u>1,125</u>	<u>3,125</u>
TOTAL CURRENT LIABILITIES			\$ 55,769
LONG-TERM DEBT			
Note payable		804,270	
Less current portion above		<u>(19,713)</u>	
TOTAL LONG-TERM DEBT			<u>784,557</u>
TOTAL LIABILITIES			840,326
NET ASSETS			
Unrestricted		635,127	
Temporarily restricted		<u>295,290</u>	
TOTAL NET ASSETS			<u>930,417</u>
			<u>\$ 1,770,743</u>

See accompanying notes and independent auditor's report.

JOSHUA TREE NATIONAL PARK ASSOCIATION
(A Nonprofit Organization)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2015

UNRESTRICTED NET ASSETS

Revenue			
Sales at bookstores	\$	1,174,832	
Web and mail order		5,901	
Wholesale		4,377	
Shipping		1,696	
Membership dues		14,585	
Donations		3,669	
Desert Institute		57,547	
Art festival		6,754	
Water and phone cards		27,716	
Interest		319	
Lectures		4,555	
Rent/utilities reimbursements		30,283	
Annual park pass		<u>697,863</u>	
Total Revenue			\$ 2,030,097
Cost of Goods Sold			
Inventory, beginning		215,094	
Purchases		<u>1,259,690</u>	
Goods available for sales		1,474,784	
Inventory, ending		<u>257,029</u>	
Total Cost of Goods Sold			<u>1,217,755</u>
Gross Revenue			812,342

	<u>Administrative and General</u>	<u>Aid Program Services</u>	<u>Combined Expenses</u>
Expenses			
Advertising and promotion	\$ ---	\$ 3,284	\$ 3,284
Art show expense	865	---	865
Artist in residence	---	1,881	1,881
Bank, credit card and website	76,233	---	76,233
Board and superintendent	544	---	544
Chief	---	530	530
Computers and equipment	754	---	754
Concession	---	624	624
Depreciation	24,989	---	24,989
Donation	---	212	212
Dues and subscriptions	1,505	---	1,505
Education, orientation, training	---	905	905
Employee benefits	2,983	---	2,983
Employment expenses	485	1,719	2,204
Insurance	42,969	3,900	46,869
Joshua Tree interest	---	50,903	50,903

See accompanying notes and independent auditor's report.

JOSHUA TREE NATIONAL PARK ASSOCIATION
(A Nonprofit Organization)
STATEMENT OF ACTIVITIES
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2015

UNRESTRICTED NET ASSETS
(Continued)

	<u>Administrative and General</u>	<u>Aid Program Services</u>	<u>Combined Expenses</u>	
Expenses (Continued)				
Joshua Tree repairs and Maintenance	\$ ---	\$ 15,800	\$ 15,800	
Joshua Tree security	---	4,244	4,244	
Joshua Tree supplies	---	4,656	4,656	
Joshua Tree telephone	---	2,108	2,108	
Joshua Tree utilities	---	5,523	5,523	
Junior Ranger Program	---	1,085	1,085	
Lecturers and instructors	---	19,799	19,799	
Meeting and conventions	571	326	896	
Membership association	694	---	694	
Mileage reimbursement	4,006	1,134	5,140	
Minerva Hoyt	---	2,498	2,498	
Office and district operations	8,276	909	9,185	
Payroll taxes	18,554	17,542	36,096	
Postage, shipping and printing	5,009	2,303	7,312	
Professional fees	9,800	---	9,800	
Repairs & Maintenance	52	---	52	
Supplies	2,615	1,563	4,178	
Telephones	2,258	1,164	3,422	
University credit fees	---	2,275	2,275	
Wages and salaries	<u>137,989</u>	<u>196,009</u>	<u>333,998</u>	
Total Expenses	341,151	342,896	<u>\$ 684,047</u>	
Increase (Decrease) in Unrestricted Net Assets			\$ 128,295	
TEMPORARILY RESTRICTED NET ASSETS				
Donations	\$ 12,135	\$ ---	\$ 12,135	
Education/Borick	62,600	---	62,600	
Event fundraising	10,915	---	10,915	
Everyday event grant	2,000	---	2,000	
Interest	278	---	278	
Lee Research Grant	22,000	---	22,000	
Research Grant	5,740	---	5,740	
Volunteer	<u>592</u>	<u>---</u>	<u>592</u>	
Total Support	116,260	---	116,260	

See accompanying notes and independent auditor's report.

JOSHUA TREE NATIONAL PARK ASSOCIATION
(A Nonprofit Organization)
STATEMENT OF ACTIVITIES
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2015

TEMPORARILY RESTRICTED
NET ASSETS (continued)

	Administrative and General	Aid Program Services	Combined Expenses
Expenses			
Art- Cottonwood	\$ 302	\$ ---	\$ 302
Bank charges	28	---	28
Bio Diversity	7,059	---	7,059
Brewton	2,611	---	2,611
Earthwatch	5,270	---	5,270
Education/Borick	67,568	---	67,568
Grants	7,901	---	7,901
Hilsop	3,399	---	3,399
Inknayan	3,086	---	3,086
Natasha Seeds	412	---	412
Orr	935	---	935
Keys Ranch Funds	11,760	---	11,760
Pod Cast	423	---	423
Sandy	265	---	265
Supers Toyota	10,062	---	10,062
Supplies	584	---	584
Volunteer	210	---	210
Winkler	1,133	---	1,133
Total Program Services	123,008	---	\$ 123,008
Increase in Temporarily Restricted Assets			(6,748)
TOTAL INCREASE IN NET ASSETS			121,547
NET ASSETS, BEGINNING OF YEAR			
Unrestricted			506,832
Temporarily Restricted			302,038
			808,870
NET ASSETS, END OF YEAR			
Unrestricted			635,127
Temporarily Restricted			295,290
			\$ 930,417

See accompanying notes and independent auditor's report.

JOSHUA TREE NATIONAL PARK ASSOCIATION
 (A Nonprofit Organization)
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED SEPTEMBER 30, 2015

CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$	121,547
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation		24,989
(Increase) decrease in inventory		(41,935)
(Increase) decrease in accounts receivable		1,083
(Increase) decrease in prepaid insurance		(369)
Increase (decrease) in accounts payable		8,839
Increase (decrease) in sales tax payable		1,698
Increase (decrease) in accrued expenses		<u>200</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$	116,052
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on long-term debt		<u>(18,519)</u>
NET CASH PROVIDED BY FINANCING ACTIVITY		<u>(18,519)</u>
NET INCREASE (DECREASE) IN CASH		97,533
CASH AT BEGINNING OF YEAR		<u>545,760</u>
CASH AT END OF YEAR (Including \$209,574 restricted cash)	\$	<u><u>643,293</u></u>
SUPPLEMENTAL DISCLOSURES:		
Interest expense	\$	<u><u>50,903</u></u>

See accompanying notes and independent auditor's report.

JOSHUA TREE NATIONAL PARK ASSOCIATION
(A Nonprofit Organization)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Joshua Tree National Park Association (JTNPA), a nonprofit association incorporated in 1962, is the primary educational partner for Joshua Tree National Park. It provides products, services and programs to park visitors, association members and other interested parties, under terms of a Concession Contract and Cooperating Association Agreement from the U.S. National Park Service (NPS). In fiscal year ending September 30, 2006, JTNPA purchased the Joshua Tree Visitor Center and operates it for the NPS as an official visitor center at the west entrance to the Park. It operates and assists with staffing three bookstores in Park Service facilities, a website, and sells to selected retailers. It operates the Desert Institute, which provides weekend classes in the park taught by experts in natural science, history and art. The Desert Institute offers 75 lectures, held in 3 venues, reaching a total audience in the thousands. The JTNPA aids the NPS through financial donations that support scientific research. It publishes park-specific books, prints park visitor publications, staffs park visitor centers, purchases supplies, books, equipment and training material for the NPS, and hosts an annual arts festival each spring.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting, in accordance with generally accepted accounting principles and guidelines appropriate for a not-for-profit NPS service provider with taxable sales. JTNPA does not use fund accounting for its record-keeping or interim financial statement presentation. Cash flows are presented on the net change (indirect approach) basis. Contributions with donor-imposed restrictions that temporarily or permanently restrict net assets have been appropriately identified as restricted cash, current liabilities and reserved net assets.

Revenues (including contributions, grants, sales, and contributed services)

The primary revenue for JTNPA is derived from bookstore sales; additional revenue is from donations, membership fees and Desert Institute registrations. Grants from private foundations, which obligate JTNPA to perform specific activities, are recorded as current revenue when granted, but related cash and net assets (fund balance) are restricted by board resolution until grant performance is complete and related current liabilities are recorded. Interest is regarded as operating revenue, since it is incidental from operating bank accounts. Interest from an employee note is not regarded as an investment. Association annual membership entitles members to discounts on Desert Institute courses and JTNPA merchandise and to invitation to JTNPA events. Pledges, which are unrestricted promises to give, are not legally enforceable, and therefore are not recorded until received. During the past year, the value of contributed services meeting the requirements for recognition in the financial statements was not material and was not recorded.

JOSHUA TREE NATIONAL PARK ASSOCIATION
(A Nonprofit Organization)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Prepaid Expenses

JTNPA has paid its insurance policy premiums in advance, which is shown as a short-term prepayment, prorated for its remaining term, that is less than twelve months.

Inventory

JTNPA maintains inventory at cost for the items sold in its bookstores on the first-in, first-out method.

Property and Equipment

Office furniture, computers, software, display fixtures, building, machinery and sales equipment JTNPA owns to operate its office and bookstores are recorded at cost-basis. Depreciation is provided for these assets on the straight-line basis, over useful lives varying from five to forty years. JTNPA policy generally requires repairs and minor fixed assets costing \$1,000 or less to be expensed when bought individually.

Income and Sales Taxes

JTNPA is a not-for-profit association, incorporated in California under IRC 501(c) (3). JTNPA withholds, then transmits state and federal employment payroll taxes when due and collects and remits California sales and use tax on applicable personal property sales.

Estimates and Functional Allocation of Expenses

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 because of those estimates. JTNPA is prohibited from certain fundraising by its agreements with the NPS. Management allocates between expenses for administrative and general and program services based on facts and estimates. Program services are not limited to the category described as Aid to the Park.

Cash and Investments

JTNPA maintains all its funds, except for small currency amounts kept at its stores, in federally insured bank accounts. JTNPA has cash on hand, cash on deposit and cash from grants restricted by its board. Cash from grants that is expected to be expended in accordance with the grant conditions (restricted cash) within the coming fiscal year is classified as a current asset. Net change in cash is the focus of its cash flows statement.

JOSHUA TREE NATIONAL PARK ASSOCIATION
(A Nonprofit Organization)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 2: CONCENTRATION OF RISK

JTNPA operates in buildings owned by the NPS under its Concession Contract and Cooperating Association Agreement. Under the agreement, the NPS may terminate the agreement at any time when it is determined to be in the best interest of the public, or by default, without any legal process whatsoever, by giving the JTNPA thirty day's written notice of termination.

JTNPA and NPS have entered into a ten-year Concession Contract enabling JTNPA to sell convenience items. A 4% fee will be paid to NPS on the convenience items only.

Except for minimal cash on hand, JTNPA maintains its cash funds in checking and interest-bearing, money market bank accounts, within fully insured deposit limits.

NOTE 3: COMMITMENTS

At this time, JTNPA does not have lease commitments.

NOTE 4: EMPLOYEE PENSION AND BENEFIT OBLIGATIONS

JTNPA has no pension or medical plan, but does pay for accrued but unused vacation time when employees leave. Accrual of unpaid vacation pay for eligible employees is estimated, based on rates of pay. JTNPA does offer an IRA to full-time employees.

NOTE 5: INSURANCE COVERAGE

JTNPA maintains insurance policies covering workers' compensation, personal property and commercial and comprehensive general liability. The Concession Contract and Cooperating Association Agreement with the NPS specifies insurance policy requirements and allows for incidental use by JTNPA staff of government vehicles, solely for authorized work for the NPS, with park superintendent approval. JTNPA volunteers are entitled to benefits and protection from workers' compensation and federal tort claims, as specified in the federal Volunteers in the Park Act. The NPS is named as additional insured. JTNPA has no right of subrogation against the United States for premiums or deductibles. The policy also specifies that insurance is assumed by, is for the account of, and be at the insured's sole risk.

JOSHUA TREE NATIONAL PARK ASSOCIATION
(A Nonprofit Organization)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2015

NOTE 5: INSURANCE COVERAGE (Continued)

During the period ended, and up to the effective date of these statements, the policy coverage limits were as follows:

General aggregate	\$2,000,000, each occurrence
Product comp. Op. Aggregate	\$1,000,000, each occurrence
Fire Damage	\$100,000
Medical expense	\$5,000
Personal property	\$126,000
Automobile insurance	None
Workers' compensation	California requirement, which excludes volunteers

NOTE 6: LONG-TERM DEBT

The Organization's long-term debt consists of the following:

Note payable to Bank of Southern California, secured by building, due in monthly installments of \$5,785.06, including interest at 6.25% per annum, until May 2036.	\$ 804,270
Less current portion	<u>(19,713)</u>
	<u>\$ 784,557</u>

Future scheduled maturities of long-term debt are as follows:

Year Ending Sept. 30,	Amount Due
2016	\$ 19,713
2017	20,980
2018	22,330
2019	23,766
2020	25,295
2021 – 2025	153,077
2026 – 2030	209,062
2031 – 2035	285,522
2036 – 2038	<u>44,525</u>
	<u>\$ 804,270</u>

