

JOSHUA TREE NATIONAL PARK ASSOCIATION

FINANCIAL STATEMENTS

AS OF

SEPTEMBER 30, 2016



JTNIA 7-23

JOSHUA TREE NATIONAL PARK ASSOCIATION
(A Nonprofit Organization)
SEPTEMBER 30, 2016

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INDEPENDENT AUDITOR'S REPORT

Joshua Tree National Park Association
Twentynine Palms, California

We have audited the accompanying financial statements of Joshua Tree National Park Association (a nonprofit organization), which comprise the statement of financial position as of September 30, 2016, 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 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 Joshua Tree National Park Association as of September 30, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America

Miers & Miers

Miers & Miers
Certified Public Accountants, LLP
Barstow, California

March 22, 2017

JOSHUA TREE NATIONAL PARK ASSOCIATION
(A Nonprofit Organization)
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2016

ASSETS

CURRENT ASSETS

Cash	\$ 578,533
Restricted cash	293,258
Prepaid insurance	2,674
Inventory	<u>300,650</u>

TOTAL CURRENT ASSETS \$ 1,175,115

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 (278,471)

TOTAL NET PROPERTY AND EQUIPMENT

837,021

\$ 2,012,136

JOSHUA TREE NATIONAL PARK ASSOCIATION
 (A Nonprofit Organization)
 STATEMENT OF FINANCIAL POSITION
 (Continued)
 SEPTEMBER 30, 2016

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES			
Accounts payable	\$	6,550	
Sales tax payable		8,329	
Accrued expenses		10,432	
Note payable, current portion		20,980	
Obligations to various projects:			
Arid lands	\$ 2,000		
Security deposit	<u>1,125</u>	<u>3,125</u>	
TOTAL CURRENT LIABILITIES			\$ 49,416
LONG-TERM DEBT			
Note payable		784,458	
Less current portion above		<u>(20,980)</u>	
TOTAL LONG-TERM DEBT			<u>763,478</u>
TOTAL LIABILITIES			812,894
NET ASSETS			
Unrestricted		821,664	
Temporarily restricted		<u>377,578</u>	
TOTAL NET ASSETS			<u>1,199,242</u>
			<u>\$ 2,012,136</u>

JOSHUA TREE NATIONAL PARK ASSOCIATION
(A Nonprofit Organization)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2016

UNRESTRICTED NET ASSETS

Revenue		
Sales at bookstores	\$ 1,557,694	
Web and mail order	9,110	
Wholesale	3,679	
Shipping	2,258	
Membership dues	17,720	
Donations	3,873	
Desert Institute	55,886	
Art festival	8,084	
Water and phone cards	23,342	
Interest	258	
Lectures	3,690	
Rent/utilities reimbursements	30,206	
Annual park pass	<u>736,175</u>	
Total Revenue		\$ 2,451,975
Cost of Goods Sold		
Inventory, beginning	257,029	
Purchases	<u>1,525,694</u>	
Goods available for sales	1,782,723	
Inventory, ending	<u>300,650</u>	
Total Cost of Goods Sold		<u>1,482,073</u>
Gross Revenue		969,902

	<u>Administrative and General</u>	<u>Aid Program Services</u>	<u>Combined Expenses</u>
Expenses			
Advertising and promotion	\$ 157	\$ 2,961	\$ 3,118
Art show expense	1,115	---	1,115
Artist in residence	1,500	779	2,279
Bank, credit card and website	81,535	---	81,535
Board and superintendent	342	1,948	2,290
Chief	---	620	620
Computers and equipment	1,360	---	1,360
Depreciation	24,989	---	24,989
Donations expense	---	178	178
Dues and subscriptions	1,720	---	1,720
Education, orientation, training	---	4,190	4,190
Employee benefits	4,679	---	4,679
Employment expenses	1,382	778	2,160
Grant	---	2,000	2,000
Insurance	46,478	6,500	52,978
Joshua Tree interest	---	49,610	49,610
Joshua Tree repairs and maintenance	---	25,116	25,116
Joshua Tree security	---	1,447	1,447
Joshua Tree supplies	---	4,509	4,509
Joshua Tree telephone	---	3,115	3,115
Joshua Tree utilities	---	5,552	5,552

JOSHUA TREE NATIONAL PARK ASSOCIATION
(A Nonprofit Organization)
STATEMENT OF ACTIVITIES
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2016

UNRESTRICTED NET ASSETS (Continued)

	<u>Administrative and General</u>	<u>Aid Program Services</u>	<u>Combined Expenses</u>
Expenses (Continued)			
Junior Ranger program	\$ ---	\$ 1,601	\$ 1,601
Lecturers and instructors	---	20,597	20,597
Media	---	694	694
Meeting and conventions	9,023	2,798	11,821
Membership association	2,435	---	2,435
Mileage reimbursement	2,236	1,086	3,322
Minerva Hoyt	1,485	---	1,485
Office and district operations	5,889	819	6,708
Payroll taxes	21,989	15,512	37,501
Postage, shipping and printing	5,786	4,053	9,839
Professional fees	10,300	---	10,300
Repairs & maintenance	280	---	280
Supplies	5,011	1,789	6,800
Telephones	2,327	1,289	3,616
University credit fees	---	2,100	2,100
Wages and salaries	161,188	228,518	389,706
	<hr/>	<hr/>	<hr/>
Total Expenses	393,206	390,159	\$ 783,365
Increase (Decrease) in Unrestricted Net Assets			\$ 186,537

TEMPORARILY RESTRICTED NET ASSETS

Support			
Archaeology		\$	260
Cornett Desert Ecology			2,000
Donations			2,074
Education – Borick Foundation			65,000
Event fundraising			10,774
Heather James Fine Art			21,250
Ilene Garber			3,750
Interest			270
Lee Research Grant			12,000
Matt Prisco			2,445
Pew Charitable Trust – Matching Gift Program			45,000
Mary Graham – Pew Charitable Matching Gift Program			15,000
Research Grant			1,050
CA Grassroots Fund of Rose Foundation			4,000
Superintendent's account			320
TA Trans			4,375
Volunteer			600
			<hr/>
Total Support			190,168

JOSHUA TREE NATIONAL PARK ASSOCIATION
 (A Nonprofit Organization)
 STATEMENT OF ACTIVITIES
 (Continued)
 FOR THE YEAR ENDED SEPTEMBER 30, 2016

TEMPORARILY RESTRICTED NET ASSETS (Continued)

Expenses			
Alfaro	\$	3,973	
Avila-Lovera		1,901	
Bank charges		1	
Bio Diversity		550	
Brewton		1,636	
Cornett Desert Ecology		2,096	
Cottonwood		444	
Earthwatch		3,050	
Education – Borick Foundation		62,329	
Edison		385	
Fruge		8,717	
Grants		951	
Harrowwe		4,000	
Hilsop		4,984	
Nuttapon		415	
New Project		31	
Orr		2,895	
Superintendent's Toyota Account		5,675	
Training		680	
Volunteer		549	
Winkler		<u>2,618</u>	
Total Program Services			\$ <u>107,880</u>
Increase in Temporarily Restricted Assets			<u>82,288</u>
TOTAL INCREASE IN NET ASSETS			268,825
NET ASSETS, BEGINNING OF YEAR			
Unrestricted		635,127	
Temporarily Restricted		<u>295,290</u>	
			<u>930,417</u>
NET ASSETS, END OF YEAR			
Unrestricted		821,664	
Temporarily Restricted		<u>377,578</u>	
			<u>\$ 1,199,242</u>

JOSHUA TREE NATIONAL PARK ASSOCIATION
 (A Nonprofit Organization)
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED SEPTEMBER 30, 2016

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in net assets	\$ 268,825
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	24,989
(Increase) decrease in inventory	(43,621)
(Increase) decrease in accounts receivable	1,692
(Increase) decrease in prepaid insurance	4,045
Increase (decrease) in accounts payable	(9,935)
Increase (decrease) in sales tax payable	2,820
Increase (decrease) in accrued expenses	<u>(506)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 248,309
CASH FLOWS FROM FINANCING ACTIVITIES	
Payments on long-term debt	<u>(19,811)</u>
NET CASH PROVIDED BY FINANCING ACTIVITY	<u>(19,811)</u>
NET INCREASE (DECREASE) IN CASH	228,498
CASH AT BEGINNING OF YEAR	<u>643,293</u>
CASH AT END OF YEAR (Including \$293,258 restricted cash)	<u>\$ 871,791</u>
SUPPLEMENTAL DISCLOSURES:	
Interest expense	<u>\$ 49,610</u>

JOSHUA TREE NATIONAL PARK ASSOCIATION
(A Nonprofit Organization)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016

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 near the west entrance to the Park. It operates and assists with staffing four 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, 2016

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, 2016

NOTE 2: CONCENTRATION OF RISK

JTNPA operates in buildings owned by the NPS, as well as the building owned by the NPA in Joshua Tree, 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, 2016

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	\$2,000,000, each occurrence
Fire Damage	\$100,000
Medical expense	\$20,000
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 Palm Desert National Bank, secured by building, due in monthly installments of \$5,785.06, including interest at 6.25% per annum, until April 2038	\$ 784,458
Less current portion	<u>(20,980)</u>
	<u>\$ 763,478</u>

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

Year Ending Sept. 30,	Amount Due
2016	\$ 20,980
2017	22,330
2018	23,766
2019	25,295
2020	26,922
2021 – 2025	162,923
2026 – 2030	222,509
2031 – 2035	279,733
2036 – 2038	---
	<u>\$ 784,458</u>

