

JOSHUA TREE NATIONAL PARK ASSOCIATION

FINANCIAL STATEMENTS

AS OF

SEPTEMBER 30, 2017

*JTNPA
7-24*

JOSHUA TREE NATIONAL PARK ASSOCIATION
(A Nonprofit Organization)
SEPTEMBER 30, 2017

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Jeffery D. Miers, C.P.A.
Laurel A. Jordan, C.P.A.
Joan F. Miers

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, 2017, 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

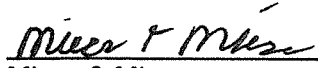
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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, 2017, 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
Certified Public Accountants, LLP
Barstow, California

April 9, 2018

JOSHUA TREE NATIONAL PARK ASSOCIATION
 (A Nonprofit Organization)
 STATEMENT OF FINANCIAL POSITION
 SEPTEMBER 30, 2017

ASSETS

CURRENT ASSETS

Cash	\$	697,592	
Restricted cash		260,821	
Prepaid insurance		2,534	
Inventory		<u>409,942</u>	
TOTAL CURRENT ASSETS	\$		1,370,889

PROPERTY AND EQUIPMENT

Building		1,081,038	
Building improvements		9,985	
Furniture and fixtures		8,746	
Van		32,500	
JTVC restroom renovations		76,064	
Machinery and equipment		<u>15,723</u>	
		1,224,056	
Less accumulated depreciation		<u>(307,661)</u>	
TOTAL NET PROPERTY AND EQUIPMENT			<u>916,395</u>

\$ 2,287,284

JOSHUA TREE NATIONAL PARK ASSOCIATION
 (A Nonprofit Organization)
 STATEMENT OF FINANCIAL POSITION
 (Continued)
 SEPTEMBER 30, 2017

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES			
Accounts payable	\$		2,823
Sales tax payable			11,714
Accrued expenses			15,457
Note payable, current portion			23,930
Obligations to various projects:			
Art festival	\$	(500)	
Arid lands		2,000	
Security deposit		<u>1,125</u>	<u>2,625</u>
TOTAL CURRENT LIABILITIES			\$ 56,549
LONG-TERM DEBT			
Note payable		738,697	
Less current portion above		<u>(23,930)</u>	
TOTAL LONG-TERM DEBT			<u>714,767</u>
TOTAL LIABILITIES			771,316
NET ASSETS			
Unrestricted		1,193,348	
Temporarily restricted		<u>322,620</u>	
TOTAL NET ASSETS			<u>1,515,968</u>
			<u>\$ 2,287,284</u>

JOSHUA TREE NATIONAL PARK ASSOCIATION
(A Nonprofit Organization)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED
SEPTEMBER 30, 2017

UNRESTRICTED NET ASSETS

Revenue			
Sales at bookstores		\$	2,119,676
Web and mail order			11,729
Wholesale			13,028
Shipping			2,796
Membership dues			25,035
Donations			9,315
Desert Institute			53,511
Art festival			3,651
Water and phone cards			28,880
Interest			304
Lectures			2,320
JNP IN/OUT			699
Rent/utilities reimbursements			31,552
Annual park pass			<u>936,643</u>
Total Revenue		\$	3,239,139
Cost of Goods Sold			
Inventory, beginning			300,650
Purchases			<u>2,025,917</u>
Goods available for sales			2,326,567
Inventory, ending			<u>409,942</u>
Total Cost of Goods Sold			<u>1,916,625</u>
Gross Revenue			1,322,514

	Administrative and General	Aid Program Services	Combined Expenses
Expenses			
Advertising and promotion	\$ ---	\$ 1,869	\$ 1,869
Art show expense	855	---	855
Artist in residence	---	20	20
Bank, credit card and website	113,024	---	113,024
Board and superintendent	370	1,316	1,686
Chief	---	1,084	1,084
Climate change	---	3,628	3,628
Computers and tech support	3,102	---	3,102
Depreciation	29,190	---	29,190
Distance learning	---	2,872	2,872
Donations expense	---	117	117
Dues and subscriptions	7,115	---	7,115
Education, orientation, training	---	5,153	5,153
Employee benefits	6,775	---	6,775
Employment expenses	758	993	1,751
Grant	---	2,000	2,000
Insurance	59,221	5,500	64,721
Interns	---	5,599	5,599
Joshua Tree interest	---	47,554	47,554
Joshua Tree repairs and maintenance	---	26,741	26,741

JOSHUA TREE NATIONAL PARK ASSOCIATION
(A Nonprofit Organization)
STATEMENT OF ACTIVITIES
(Continued)
FOR THE YEAR ENDED
SEPTEMBER 30, 2017

UNRESTRICTED NET ASSETS (Continued)

	Administrative and General	Aid Program Services	Combined Expenses
Expenses (Continued)			
Joshua Tree security	\$ ---	\$ 863	\$ 863
Joshua Tree supplies	---	4,308	4,308
Joshua Tree telephone	---	2,946	2,946
Joshua Tree utilities	---	5,983	5,983
Junior Ranger program	---	6,853	6,853
Lecturers and instructors	---	17,567	17,567
Media	---	800	800
Meeting and conventions	1,619	3,348	4,967
Membership association	3,874	---	3,874
Mileage reimbursement	2,009	2,259	4,268
Minerva Hoyt	2,782	---	2,782
Office and district operations	5,851	835	6,686
Payroll taxes	25,375	10,945	36,320
Portables	---	12,510	12,510
Postage, shipping and printing	6,890	4,393	11,283
Professional fees	10,300	---	10,300
Repairs & maintenance	---	1,540	1,540
Supplies	8,636	2,466	11,102
Telephones	1,989	1,469	3,458
University credit fees	---	2,100	2,100
Wages and salaries	<u>184,959</u>	<u>290,505</u>	<u>475,464</u>
Total Expenses	474,694	476,136	<u>\$ 950,830</u>

Increase (Decrease) in Unrestricted Net Assets 371,684

TEMPORARILY RESTRICTED NET ASSETS

Support		\$ 2,000
Cornett Desert Ecology		7,430
Donations		4,336
Earthwatch		70,700
Education – Toyota		4,155
Event fundraising		307
Interest		2,880
Research Grant		1,901
Resources		478
Volunteer		<u>94,187</u>
Total Support		
Expenses		\$ 259
Archaeology		2,098
Avila-Lovera		31
Bio Diversity		3,287
Brewton		210
Climate change		

JOSHUA TREE NATIONAL PARK ASSOCIATION
 (A Nonprofit Organization)
STATEMENT OF ACTIVITIES
 (Continued)
FOR THE YEAR ENDED
SEPTEMBER 30, 2017

TEMPORARILY RESTRICTED NET ASSETS (Continued)

Expenses			
Cornett Desert Ecology	\$	2,304	
Cottonwood		2,780	
Earthwatch		3,989	
Education – Toyota		63,751	
Equipment rental expense		894	
Film		5,987	
Fruge		7,500	
Fundraising		863	
Grants		1,781	
HJ fine Arts		6,705	
JR Ranger badges		2,515	
Kathren McHuge		2,659	
Maianna Wagner		1,323	
Miller Trail		545	
Nuttapon		2,953	
New Project		2,400	
Ottis		1,758	
Outside service		9,409	
Parfit-Mahaney house		1,956	
Rose Foundation		1,393	
Ryan McCarthy		2,034	
Ryan Heintzman		1,669	
Sandy		394	
Social media		1,560	
Sullivan		86	
Superintendent's Toyota Account		11,104	
Supplies		223	
TA agreement		2,209	
Volunteer		515	
Total Program Services		<u>149,144</u>	\$ 149,144
Increase (Decrease) in Temporarily Restricted Assets			<u>(54,957)</u>
TOTAL INCREASE (DECREASE) IN NET ASSETS			316,727
NET ASSETS, BEGINNING OF YEAR			
Unrestricted		821,664	
Temporarily Restricted		<u>377,577</u>	
			<u>1,199,241</u>
NET ASSETS, END OF YEAR			
Unrestricted		1,193,348	
Temporarily Restricted		<u>322,620</u>	
			<u>\$ 1,515,968</u>

JOSHUA TREE NATIONAL PARK ASSOCIATION
 (A Nonprofit Organization)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED
SEPTEMBER 30, 2017

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in net assets	\$ 316,727
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	29,190
(Increase) decrease in inventory	(109,292)
(Increase) decrease in accounts receivable	---
(Increase) decrease in prepaid insurance	140
Increase (decrease) in accounts payable	(3,727)
Increase (decrease) in sales tax payable	3,385
Increase (decrease) in deposits	(500)
Increase (decrease) in accrued expenses	<u>5,025</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 240,949
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property and equipment	<u>(108,564)</u>
NET CASH PROVIDED BY FINANCING ACTIVITY	<u>(108,564)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Payments on long-term debt	<u>(45,762)</u>
NET CASH PROVIDED BY FINANCING ACTIVITY	<u>(45,762)</u>
NET INCREASE (DECREASE) IN CASH	86,622
CASH AT BEGINNING OF YEAR	<u>871,791</u>
CASH AT END OF YEAR (Including \$293,258 restricted cash)	<u>\$ 958,413</u>
SUPPLEMENTAL DISCLOSURES:	
Interest expense	<u>\$ 47,554</u>

JOSHUA TREE NATIONAL PARK ASSOCIATION
(A Nonprofit Organization)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

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, 2017

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, 2017

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, 2017

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 Palm Desert National Bank, secured by building, due in monthly installments of \$5,785.06, including interest at 6.25% per annum, until April 2035.	\$ 738,697
Less current portion	<u>(23,930)</u>
	<u>\$ 714,767</u>

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

Year Ending Sept. 30,	Amount Due
2018	\$ 23,930
2019	25,469
2020	27,107
2021	28,851
2022	30,707
2023 – 2027	185,827
2028 – 2032	253,789
2033 – 2037	163,017
	<u>\$ 738,697</u>