

JOSHUA TREE NATIONAL PARK ASSOCIATION

FINANCIAL STATEMENTS

AS OF

SEPTEMBER 30, 2018

**JOSHUA TREE NATIONAL PARK ASSOCIATION
(A Nonprofit Organization)
SEPTEMBER 30, 2018**

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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, 2018, 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, 2018, 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

June 20, 2019

JOSHUA TREE NATIONAL PARK ASSOCIATION
(A Nonprofit Organization)
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED
SEPTEMBER 30, 2018

ASSETS

CURRENT ASSETS

Cash	\$	626,946	
Restricted cash		306,702	
Prepaid insurance		2,343	
Inventory		401,638	
TOTAL CURRENT ASSETS			\$ 1,337,629

PROPERTY AND EQUIPMENT

Building		1,081,038	
Building Improvements		9,985	
Furniture and fixtures		8,746	
Machinery and equipment		15,723	
Van		32,500	
JTVC restroom renovations		103,713	
Total Property and Equipment		1,251,705	
Less: accumulated depreciation		(338,148)	
TOTAL NET PROPERTY AND EQUIPMENT			913,557

TOTAL ASSETS			\$ 2,251,186
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JOSHUA TREE NATIONAL PARK ASSOCIATION
(A Nonprofit Organization)
STATEMENT OF FINANCIAL POSITION (Continued)
FOR THE YEAR ENDED
SEPTEMBER 30, 2018

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$	1,159	
Sales tax payable		8,667	
Accrued expenses		15,068	
Note payable, current portion		50,052	
Obligations to various projects:			
Art festival		(500)	
Arid lands		2,000	
Security deposit		1,125	
TOTAL CURRENT LIABILITIES			\$ 77,571

LONG-TERM DEBT

Note payable		332,219	
Less: current portion above		(50,052)	
TOTAL LONG-TERM DEBT			282,167

			359,738
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NET ASSETS

Unrestricted		1,547,348	
Temporarily restricted		344,100	
TOTAL NET PROPERTY AND EQUIPMENT			1,891,448

			\$ 2,251,186
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JOSHUA TREE NATIONAL PARK ASSOCIATION
(A Nonprofit Organization)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED
SEPTEMBER 30, 2018

UNRESTRICTED NET ASSETS

REVENUE

Sales at bookstore	\$	2,396,048	
Web and mail order		10,642	
Wholesale		5,119	
Shipping		2,517	
Membership dues		21,570	
Donations		3,375	
Desert institute		56,400	
Art festival		3,403	
Water and phone cards		36,139	
Interest		407	
Lectures		1,970	
Rent/utilities reimbursements		25,276	
Annual park pass		1,160,974	
TOTAL REVENUE			\$ 3,723,840

COST OF GOODS SOLD

Inventory, beginning		409,942	
Purchases		2,274,848	
Goods available for sales		2,684,790	
Inventory, ending		401,638	
TOTAL COST OF GOOD SOLD			2,283,152

GROSS REVENUE **\$ 1,440,688**

	<u>Administrative and General</u>	<u>Aid Program Services</u>	<u>Combined Expenses</u>
<u>EXPENSES</u>			
Advertising and promotion	\$ ---	\$ 2,829	\$ 2,829
Art show expense	807	---	807
Bank, credit card and website	109,995	---	109,995
Board and superintendent	225	1,937	2,162
Chief	---	966	966
Climate change	---	1,525	1,525
Computers and tech support	6,293	---	6,293
Depreciation	30,486	---	30,486
Donations expense	413	---	413
Dues and subscriptions	4,486	---	4,486
Education, orientation, training	---	4,390	4,390
Employee benefits	8,989	---	8,989
Employment expenses	2,568	1,013	3,581
Grant	---	2,000	2,000

JOSHUA TREE NATIONAL PARK ASSOCIATION
(A Nonprofit Organization)
STATEMENT OF ACTIVITIES (Continued)
FOR THE YEAR ENDED
SEPTEMBER 30, 2018

UNRESTRICTED NET ASSETS (Continued)

	Administrative and General	Aid Program Services	Combined Expenses
<u>EXPENSES (Continued)</u>			
Insurance	\$ 77,621	\$ 3,781	\$ 81,402
Interns	---	5,510	5,510
Joshua Tree interest	37,943	---	37,943
Joshua Tree repairs and maintenance	10,357	---	10,357
Joshua Tree security	1,077	---	1,077
Joshua Tree supplies	4,780	---	4,780
Joshua Tree telephone	3,705	---	3,705
Joshua Tree utilities	6,563	---	6,563
Junior Ranger program	---	1,993	1,993
Lecturers and instructors	---	18,810	18,810
Media	---	758	758
Meeting and conventions	16,287	3,089	19,376
Membership association	4,340	---	4,340
Mileage reimbursement	3,715	560	4,275
Minerva Hoyt	3,117	---	3,117
Office and district operations	5,790	768	6,558
Payroll taxes	28,032	28,627	56,659
Portables	2,684	---	2,684
Postage, shipping and printing	6,965	1,956	8,921
Professional fees	13,006	---	13,006
Repairs & maintenance	3,850	---	3,850
Shopify	324	---	324
Supplies	9,769	2,423	12,192
Telephones	645	1,602	2,247
University credit fees	---	4,125	4,125
Wages and salaries	168,602	348,426	517,028
Website	5,330	---	5,330
TOTAL EXPENSES	578,764	437,088	1,015,852
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS			\$ 424,836

TEMPORARILY RESTRICTED NET ASSETS

SUPPORT

Air program	\$ 1,205
Cornett Desert Ecology	2,000
Donations	855
Earthwatch	6,377
Education	41,182
Event fundraising	20,318

JOSHUA TREE NATIONAL PARK ASSOCIATION
(A Nonprofit Organization)
STATEMENT OF ACTIVITIES (Continued)
FOR THE YEAR ENDED
SEPTEMBER 30, 2018

TEMPORARILY RESTRICTED NET ASSETS (Continued)

SUPPORT (Continued)

Interest	\$ 454
Lee research grant	7,500
Minerva grant	1,000
Resources	1,901
Search and rescue	2,000
SCI center	2,000
Superintendent	10,431
Volunteer	500

TOTAL SUPPORT

97,722

EXPENSES

Aid 2018	\$ 26,893
Air program	212
Bank charges	12
Brewton	302
Bus ambassadors	6,743
Cornett Desert Ecology	\$ 5,121
Earthwatch	1,662
Education	47,663
Emily Palm	75
Equipment rental expense	2,775
Events	2,151
Film	2,994
Grants	560
HJ fine arts	1,600
Kathren McHuge	1,037
Leave no trace	550
Mary Amanda Balough	161
Matt Prisco	2,000
Media	1,329
Miller trail	4,537
Nuttapon	181
New project	3,257
Outside service	600
Parfit-Mahaney house	4,350
PEW expenses	11,929
Ryan Heintzman	591
Sandy	133
SCI center	512
Sullivan	86
Donation	13,425
Supplies	1,800
TA Agreement	1,157
Volunteer	681

TOTAL PROGRAM SERVICES

\$ 147,078

JOSHUA TREE NATIONAL PARK ASSOCIATION
(A Nonprofit Organization)
STATEMENT OF ACTIVITIES (Continued)
FOR THE YEAR ENDED
SEPTEMBER 30, 2018

INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS		\$ (49,356)
TOTAL INCREASE (DECREASE) IN NET ASSETS		375,480
<u>NET ASSETS, BEGINNING OF YEAR</u>		
Unrestricted	\$ 1,193,348	
Temporarily restricted	<u>322,620</u>	
TOTAL NET ASSETS, BEGINNING OF YEAR		<u>1,515,968</u>
<u>NET ASSETS, END OF YEAR</u>		
Unrestricted	1,547,348	
Temporarily restricted	<u>344,100</u>	
TOTAL NET ASSETS, END OF YEAR		<u>\$ 1,891,448</u>

JOSHUA TREE NATIONAL PARK ASSOCIATION
(A Nonprofit Organization)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED
SEPTEMBER 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES

Increase in net assets	\$	375,480
Adjustments to reconcile change in net assets to net cash provided by:		
Depreciation		30,486
(Increase) decrease in inventory		8,305
(Increase) decrease in prepaid insurance		192
(Increase) decrease in legacy collection		(735)
(Decrease) increase in accounts payable		(1,665)
(Decrease) increase in sales tax payable		(3,047)
(Decrease) increase in accrued expenses		(389)

NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES **\$ 408,627**

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property and equipment		(27,248)
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NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES **(27,648)**

CASH FLOWS FROM FINANCING ACTIVITIES

Payments on long-term debt		(406,478)
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NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES **(406,478)**

NET INCREASE (DECREASE) IN CASH **(25,499)**

CASH AT BEGINNING OF YEAR **958,412**

CASH AT END OF YEAR **\$ 932,913**

(Including \$305,967 restricted cash)

SUPPLEMENTAL DISCLOSURES

Interest expense		\$ 37,943
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JOSHUA TREE NATIONAL PARK ASSOCIATION
(A Nonprofit Organization)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

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 nonprofit partner for Joshua Tree National Park. Its mission is to support the park in its education, interpretation, scientific, and historic research and activities through financial and in-kind contributions. It sells products and provides services to park visitors, association members, and other interested parties, under the terms of a Concessions Contract and Cooperating Association Agreement with the United States National Park Service (NPS). In the 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 three other Visitor Centers located in Park Service facilities, operates a website, and wholesales selected merchandise to retailers in the community as appropriate. JTNPA may also publish park-specific books, print park visitor publications, and purchase supplies, books, equipment, and training materials for the NPS as requested, within the guidelines of governing Department of the Interior Director's Orders. It additionally operates the Desert Institute, which provides educational classes in the park and surrounding public lands. These classes are taught by experts across a wide array of fields, from natural sciences to liberal arts to historical and cultural interests. The Desert Institute further offers lectures on related, relevant topics, held in a variety of venues across communities surrounding the park.

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 Cooperating Association. 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 Park Store sales, including a percentage of the sales of park passes purchased at the Visitor Centers. Additional revenues are generated from donations, membership fees, and Desert Institute registrations. Grants from private foundations, which generally obligate JTNPA to perform specific activities, are recorded as current revenue when received, 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. Association annual membership entitles members to discounts on Desert Institute offerings and JTNPA merchandise. Pledges 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.

Prepaid Expenses

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

JOSHUA TREE NATIONAL PARK ASSOCIATION
(A Nonprofit Organization)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Park Stores 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 as a nonprofit corporation. 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's ability to raise funds is limited 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 currently 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 the cash flows statement.

NOTE 2: CONCENTRATION OF RISK

JTNPA operates in buildings owned by the NPS, as well as the building owned by JTNPA in Joshua Tree, under its Concessions Contract and Cooperating Association Agreement.

The Cooperating Association Agreement states that 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 JTNPA thirty days' notice of termination.

JTNPA and NPS have entered into a ten-year Concessions Contract enabling JTNPA to sell convenience items. A 5% fee will be paid, on a quarterly basis, to NPS on the convenience items only.

**JOSHUA TREE NATIONAL PARK ASSOCIATION
(A Nonprofit Organization)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

NOTE 2: CONCENTRATION OF RISK (Continued)

Except for minimal cash on hand, JTNPA maintains its cash funds in checking, and, at present, in 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 provides a 401k plan with a 3% match for participating employees, a compensation of up to \$6,000 per year per full-time employee for health insurance, and pays for accrued but unused vacation time when employees separate from the organization. Accrual of unpaid vacation pay for eligible employees is estimated, based on rates of pay. JTNPA offers 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 Concessions Contract and Cooperating Association Agreement with the NPS specify insurance policy requirements and allow 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 is at the insured's sole risk.

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

**JOSHUA TREE NATIONAL PARK ASSOCIATION
(A Nonprofit Organization)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2018**

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 June 2024	\$ 332,219
Less: current portion	<u>(50,052)</u>
TOTAL LONG-TERM DEBT	<u>\$ 282,167</u>

The JTNPA Board of Directors authorized an accelerated prepayment plan 5-year plan on this debt to commence in October 2018.

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

Year Ending September 30,	Amount Due
2019	50,052
2020	53,275
2021	56,706
2022	60,358
2023	64,245
2024	<u>47,583</u>
	<u>\$ 332,219</u>

NOTE 7: SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 20, 2019, the date the financial statements were available to be issued. No significant subsequent events have been identified that would require adjustment or disclosure in the accompanying financial statements.

