

**CHIMNEY ROCK INTERPRETIVE
ASSOCIATION**

FINANCIAL STATEMENTS AND INDEPENDENT
ACCOUNTANT'S REVIEW REPORT

December 31, 2016



FREDRICKZINK & Associates

A professional corporation. | CPAs

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
Chimney Rock Interpretive Association
Pagosa Springs, Colorado

We have reviewed the accompanying financial statements of Chimney Rock Interpretive Association (a nonprofit organization) which comprise the statement of financial position as of December 31, 2016, and the related statements of activities, of functional expenses, and of cash flows for the year 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 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 the 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

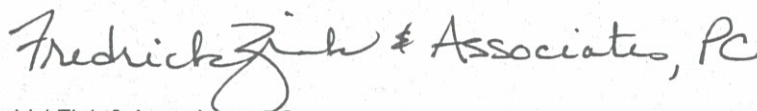
Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures 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.

Supplementary Information

The supplementary information, included in the schedule of activities compared to budget, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The information is the representation of management. We have reviewed the information and, based on our review, we are not aware of any material modifications that should be made to the 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 information and, accordingly, do not express an opinion on such information.



FredrickZink & Associates, PC
March 8, 2017

FINANCIAL STATEMENTS

CHIMNEY ROCK INTERPRETIVE ASSOCIATION

STATEMENT OF FINANCIAL POSITION

December 31, 2016

ASSETS

Assets

Cash and cash equivalents.....	\$	205,528
Prepaid expenses.....		250
Inventory of books and merchandise.....		14,053
Deposits.....		675
Property and equipment, net (Note 3).....		10,741

Total assets..... **\$ 231,247**

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable.....	\$	1,390
Accrued liabilities.....		2,064
Total liabilities.....		3,454

Net assets

Unrestricted net assets available for current operations.....		180,001
Board designated operating reserve.....		36,401
Investment in property and equipment.....		10,741
Total unrestricted net assets.....		227,143
Temporarily restricted net assets (Note 4).....		650
Total net assets.....		227,793

Total liabilities and net assets..... **\$ 231,247**

See accompanying notes and independent accountant's review report.

CHIMNEY ROCK INTERPRETIVE ASSOCIATION

STATEMENT OF ACTIVITIES For the Year Ended December 31, 2016

Unrestricted net assets activity:

Revenue and support		
Program support, grants and contributions.....	\$	130,824
Fundraising, net of expenses of \$2,879.....		2,952
Merchandise sales.....		32,116
Interest income.....		408
		<u>166,300</u>
Released from restriction in satisfaction of program restrictions.....		<u>8,457</u>
		<u>174,757</u>
 Expenses and losses		
Program services.....		111,084
Supporting services - management and general.....		53,053
Cost of goods sold.....		16,094
Loss on disposal of asset.....		196
		<u>180,427</u>
 Change in unrestricted net assets.....		<u>(5,670)</u>

Temporarily restricted net assets activity:

Grants		8,000
Released from restriction in satisfaction of program restrictions.....		<u>(8,457)</u>
Change in temporarily restricted net assets.....		<u>(457)</u>
 Change in total net assets.....		(6,127)
 Total net assets, beginning of year.....		<u>233,920</u>
 Total net assets, end of year.....	\$	<u>227,793</u>

See accompanying notes and independent accountant's review report.

CHIMNEY ROCK INTERPRETIVE ASSOCIATION

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2016

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Salaries.....	\$ 50,343	\$ 38,968	\$ -	\$ 89,311
Payroll taxes and benefits.....	3,841	2,991	-	6,832
Total salaries and related expenses.....	<u>54,184</u>	<u>41,959</u>	<u>-</u>	<u>96,143</u>
Advertising and promotion.....	14,888	-	-	14,888
Depreciation.....	3,625	1,208	-	4,833
Dues and subscriptions.....	1,472	-	-	1,472
Insurance.....	5,992	1,058	-	7,050
Miscellaneous.....	3,318	-	-	3,318
Office expense.....	3,558	3,557	-	7,115
Professional fees.....	-	2,050	-	2,050
Rent.....	5,911	3,221	-	9,132
Repairs and maintenance.....	1,067	-	-	1,067
Research.....	4,085	-	-	4,085
Special events and activities.....	-	-	2,879	2,879
Supplies.....	2,230	-	-	2,230
Tours and programs.....	4,798	-	-	4,798
Travel.....	1,257	-	-	1,257
Volunteer expenses.....	4,699	-	-	4,699
Total operating expenses.....	<u>56,900</u>	<u>11,094</u>	<u>2,879</u>	<u>70,873</u>
Total expenses.....	<u>\$ 111,084</u>	<u>\$ 53,053</u>	<u>\$ 2,879</u>	<u>\$ 167,016</u>

See accompanying notes and independent accountant's review report.

CHIMNEY ROCK INTERPRETIVE ASSOCIATION

STATEMENT OF CASH FLOWS For the Year Ended December 31, 2016

Increase (Decrease) in Cash and Cash Equivalents

Cash flows from operating activities:

Cash received from contributions, grants and programs.....	\$	144,655
Cash received from book and merchandise sales.....		32,116
Cash paid to vendors.....		(87,162)
Cash paid for employee salaries, wages and benefits.....		(90,134)
Interest received.....		408
Net cash used by operating activities.....		<u>(117)</u>

Cash flows from investing activities:

Purchases of property and equipment.....		<u>(8,886)</u>
Net cash used by investing activities.....		<u>(8,886)</u>

Net decrease in cash and cash equivalents..... (9,003)

Cash and cash equivalents, beginning of year..... 214,531

Cash and cash equivalents, end of year..... \$ 205,528

Reconciliation of change in net assets to net cash used by operating activities:

Change in net assets..... \$ (6,127)

Adjustments to reconcile change in net assets to net cash used by operating activities:

Depreciation.....		4,833
Loss on disposal of asset.....		196
Decrease (increase) in:		
Inventory.....		(504)
Prepaid expenses.....		(250)
Deposits.....		824
Increase (decrease) in:		
Accounts payable.....		1,734
Accrued liabilities.....		<u>(823)</u>
Total adjustments.....		<u>6,010</u>

Net cash used by operating activities..... \$ (117)

See accompanying notes and independent accountant's review report.

CHIMNEY ROCK INTERPRETIVE ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

NOTE 1 - ORGANIZATION AND NATURE OF ACTIVITIES

Chimney Rock Interpretive Association (CRIA) was organized as a not-for-profit tax-exempt organization under section 501(c)(3) of the Internal Revenue Code, effective April 2, 2004. CRIA is also classified as a public charity under Internal Revenue Code 509(a)(2).

On May 1, 2004, CRIA began operation in partnership with the US Forest Service – Pagosa Ranger District. The National Monument covers 4,726 acres and is located south of Highway 160, bordering the Southern Ute Indian Reservation. The site was occupied by Ancestral Puebloans from 900 A.D. to 1150 A.D. and in 1970 was listed in the National Register of Historic Places. In 1995, Congress designated the Chimney Rock National Monument as an official Chacoan Outlier. On September 21, 2012, President Obama proclaimed Chimney Rock a National Monument. Hundreds of sites exist in the area. Four structures have been excavated and stabilized for viewing. These sites are the focus of interpretive tours for over 11,000 visitors a year.

The CRIA mission is to provide members of the general public an educational and enjoyable experience which is sensitive to native cultures and assists the Forest Service in protecting the site. From May 15 to September 30 CRIA offers an assortment of special programs, including Full Moon, Moon View and Night Sky. CRIA also offers archaeological tours that last 2 1/2 hours and are led by trained volunteer tour guides. A variety of workshops are offered including pottery, geology, and basket-weaving. "Life at Chimney Rock," an educational program, provides demonstrations of the life skills of the Ancestral Puebloans.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting and presentation

The financial statements of Chimney Rock Interpretive Association have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities. CRIA reports information regarding its financial position and activities according to three general classes of net assets: unrestricted, temporarily restricted, and permanently restricted net assets. Temporarily restricted net assets held at year end are either purpose restricted or time restricted. There were no permanently restricted net assets in this reporting period.

Cash and cash equivalents

CRIA considers cash on hand and monies held in checking and savings accounts to be cash and cash equivalents for the purposes of the statement of cash flows. The Board elected to segregate from operating cash an amount for an operating reserve. That amount is equal to the amount identified as designated net assets.

Inventory

CRIA maintains an inventory of merchandise for sale, consisting primarily of books and items related to its mission. The inventory is valued at the lower of cost (first-in, first-out) or market.

Property and equipment

CRIA follows a practice of capitalizing all expenditures for property and equipment in excess of \$500 for assets that have a useful life of more than one year. The fair value of donated assets is similarly capitalized. The retail cabin site is depreciated using the straight line method over 15 years, while furniture and equipment is depreciated using straight line and accelerated methods over useful lives of 5 or 7 years.

CHIMNEY ROCK INTERPRETIVE ASSOCIATION

NOTES TO FINANCIAL STATEMENTS - Continued

December 31, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fair value of financial instruments

Generally accepted accounting principles (GAAP) require disclosure of an estimate of fair value of certain financial instruments. CRIA's significant financial instruments are cash and other short-term assets and liabilities. For these financial instruments, carrying values approximate fair value.

Income taxes

CRIA is exempt from income tax as provided under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. CRIA adopted accounting requirements that prescribe when to recognize and how to measure the financial statement effects of income tax positions taken or expected to be taken on its income tax returns, including the position that CRIA continues to qualify to be treated as a tax-exempt organization for both federal and state income tax purposes. These rules require management to evaluate the likelihood that, upon examination by relevant taxing jurisdictions, those income tax positions would be sustained.

Based on that evaluation, if it were more than 50% probable that a material amount of income tax would be imposed at the entity level upon examination by the relevant taxing authorities, a liability would be recognized in the accompanying balance sheet along with any interest and penalties that would result from that assessment. When CRIA has unrelated business income, the federal Exempt Organization Business Income Tax Returns (Form 990T) would be subject to examination by the Internal Revenue Service for three years after they are filed. Should any penalties and interest be incurred, they would be recognized as management and general expenses.

Based on the results of management's evaluation, these requirements did not have a material effect on CRIA's financial statements. Consequently, no liability is recognized in the accompanying statements of financial position for uncertain income tax positions.

Revenue recognition

Revenue is recognized through several significant programs, including Full Moon, Moon View, Night Sky, and archeological tours. CRIA sells tickets to Full Moon, Night Sky, Moon Viewing Plus and Solstice Equinox tours via recreation.gov which deposits funds received into CRIA's operating account once every two weeks triggering revenue recognition. Daily tickets to the archeological tours are sold on site and revenue is recognized on a daily basis. Receipts for sales of inventory items are recognized when received.

Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Contributions are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the nature of any donor or grantor restrictions. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction. No permanently restricted contributions have been received.

Gifts of services are reported in the financial statements at estimated fair value if the services enhance or create non-financial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Donated goods and the free use of facilities are recognized at fair value when received. Such amounts are offset by like amounts included in expenses.

CHIMNEY ROCK INTERPRETIVE ASSOCIATION

NOTES TO FINANCIAL STATEMENTS - Continued

December 31, 2016

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Functional reporting of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Subsequent events

Management has evaluated subsequent events through March 8, 2017, the date which the financial statements were available to be issued. No events were identified that required additional disclosure.

NOTE 3 - PROPERTY AND EQUIPMENT

Investment in property and equipment at December 31, 2016 was as follows:

Building	\$	8,616
Furniture and office equipment		17,948
Total cost		<u>26,564</u>
Accumulated depreciation		<u>(15,823)</u>
Net property and equipment	\$	<u>10,741</u>

NOTE 4 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2016 consisted of the \$650 unspent balance of a Hershey Foundation grant restricted for the printing of Nature Trail books.

SUPPLEMENTARY INFORMATION

CHIMNEY ROCK INTERPRETIVE ASSOCIATION

SCHEDULE OF ACTIVITIES COMPARED TO BUDGET

For the Year Ended December 31, 2016

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u> <u>Over</u> <u>(Under)</u>
Revenue and support			
Program support and contributions.....	\$ 130,824	\$ 122,150	\$ 8,674
Grants.....	8,000	10,000	(2,000)
Fundraising.....	5,831	5,000	831
Merchandise sales.....	32,116	29,900	2,216
Interest income.....	408	300	108
Total revenue and support.....	<u>177,179</u>	<u>167,350</u>	<u>9,829</u>
Operating expenses			
Salaries.....	89,311	82,400	6,911
Payroll taxes and benefits.....	6,832	8,000	(1,168)
Advertising and promotion.....	14,888	16,000	(1,112)
Depreciation.....	4,833	-	4,833
Dues and subscriptions.....	1,472	3,500	(2,028)
Insurance.....	7,050	7,500	(450)
Miscellaneous.....	3,318	2,500	818
Office expense.....	7,115	7,000	115
Professional fees.....	2,050	2,500	(450)
Rent.....	9,132	8,300	832
Repairs and maintenance.....	1,067	2,000	(933)
Research.....	4,085	2,500	1,585
Special events and activities.....	2,879	700	2,179
Supplies.....	2,230	3,000	(770)
Tours and program.....	4,798	16,750	(11,952)
Travel.....	1,257	-	1,257
Volunteer expenses.....	4,699	6,000	(1,301)
Total operating expenses.....	<u>167,016</u>	<u>168,650</u>	<u>(1,634)</u>
Loss on disposal of asset.....	196	-	196
Cost of goods sold.....	16,094	4,100	11,994
Total expenses and losses.....	<u>183,306</u>	<u>172,750</u>	<u>10,556</u>
Excess (deficiency) of revenue and support			
over expenses and losses.....	<u>\$ (6,127)</u>	<u>\$ (5,400)</u>	<u>\$ (727)</u>

See accompanying independent accountant's review report.