

**CHIHUAHUAN DESERT
RESEARCH INSTITUTE**

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
DECEMBER 31, 2021**

RON KIRBY, CPA
CERTIFIED PUBLIC ACCOUNTANT

2626 JBS PARKWAY, STE B-200
ODESSA, TEXAS 79761-1958
432-550-2708
FAX 432-552-0032

MEMBER OF
AMERICAN INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS
DIVISION OF CPA FIRMS
PRIVATE COMPANIES PRACTICE SECTION
TEXAS SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Chihuahuan Desert Research Institute

Report on the Financial Statements

We have audited the accompanying statement of financial position of Chihuahuan Desert Research Institute (the Non-Profit Organization), as of December 31, 2021, and the related statements of activities, cash flows, and functional expenses 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 risk 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 in the first paragraph present fairly, in all material respects, the financial position of the Non-Profit Organization, as of December 31, 2021 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Prior Year

The accompanying prior year summarized comparative 2020 financial statements of Chihuahuan Desert Research Institute were compiled by us in accordance with Statements on Standards for Accordance and Review Services issued by the American Institute of Certified Public Accountants. A compilation is limited to presenting in the form of financial statements, information that is the representation of the management. We have not audited or reviewed the 2020 financial statements and accordingly, do not express an opinion or any other form of assurance on them.



Ron Kirby, CPA

October 4, 2022



CHIHUAHUAN DESERT RESEARCH INSTITUTE
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

	2021	2020
Assets		
Current Assets:		
Cash and Cash Equivalents	\$ 498,432	\$ 336,092
Investments	3,091,989	2,813,031
Inventory	12,865	17,831
Total Current Assets	3,603,286	3,166,953
Fixed Assets:		
Land and Improvements	473,430	473,430
Buildings	393,518	393,518
Furniture, Fixtures, & Equipment	116,074	116,074
Vehicles	20,479	20,479
Geological Platform	102,778	102,776
Total Fixed Assets	1,106,279	1,106,277
Less Accumulated Depreciation	(587,958)	(567,804)
Total Net Fixed Assets	518,321	543,473
Total Assets	\$4,121,607	\$ 3,710,426
Liabilities and Net Assets		
Current Liabilities:		
Accounts Payable	\$ 4,453	\$ 2,457
Deferred Revenue	27,000	-
Accrued Liabilities	9,622	8,485
Total Current Liabilities/Total Liabilities	41,075	10,942
Net Assets:		
Without Donor Restrictions	3,941,011	3,569,053
With Donor Restrictions	139,521	130,431
Total Net Assets	4,080,532	3,699,484
Total Liabilities and Net Assets	\$4,121,607	\$ 3,710,426

The accompanying notes are an integral part of these financial statements.

CHIHUAHUAN DESERT RESEARCH INSTITUTE
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>	
			<u>2021</u>	<u>2020</u>
Public Support and Revenues				
Membership Dues	\$ 35,163	\$ -	\$ 35,163	\$ 25,450
Contributions	80,817	-	80,817	116,657
Special Events, net	51,111	-	51,111	10,265
Nature Shop Revenues, net	35,512	-	35,512	8,278
Program Revenues	489	-	489	704
Investment Income	59,691	9,090	68,781	72,199
Admission Fees	54,232	-	54,232	32,755
Royalties	64,979	-	64,979	74,184
ERC Tax Credit	5,615	-	5,615	18,190
PPP Loan	27,467	-	27,467	-
Miscellaneous	1,177	-	1,177	34
Unrealized Gains / (Losses)	225,036	-	225,036	(323,310)
Net Assets Released from Restrictions	-	-	-	-
Total Public Support and Revenues	641,289	9,090	650,379	35,406
Expenses				
Programs	248,198	-	248,198	247,304
Management	19,823	-	19,823	23,263
Fund-raising	1,310	-	1,310	1,642
Total Functional Expenses	269,331	-	269,331	272,209
Change in Net Assets	371,958	9,090	381,048	(236,803)
Net Assets – January 1	3,569,053	130,431	3,699,484	3,936,287
Net Assets – December 31	<u>\$ 3,941,011</u>	<u>\$ 139,521</u>	<u>\$ 4,080,532</u>	<u>\$ 3,699,484</u>

The accompanying notes are an integral part of these financial statements.

CHIHUAHUAN DESERT RESEARCH INSTITUTE
STATEMENTS OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

	Program	Management	Fundraising	Totals	
				2021	2020
Officer Salaries	\$ 38,875	\$ 4,375	\$ 435	\$ 43,685	\$ 43,685
Other Salaries	76,966	-	777	77,743	74,010
Other Employee Benefits	3,804	-	-	3,804	6,569
Payroll Taxes	8,817	980	98	9,895	9,456
Sub-Total	128,462	5,355	1,310	135,127	133,720
Accounting	11,762	11,761	-	23,523	26,323
Contract Services	12,134	-	-	12,134	10,646
Advertising	663	-	-	663	811
Office Expenses	1,969	219	-	2,188	1,248
Real Estate Tax	1,622	-	-	1,622	2,395
Occupancy	14,703	1,634	-	16,337	16,336
Depreciation	25,154	-	-	25,154	34,044
Insurance	15,461	854	-	16,315	13,184
Supplies	9,695	-	-	9,695	8,060
Printing	5,475	-	-	5,475	4,144
Dues	3,337	-	-	3,337	2,740
Vehicle	1,611	-	-	1,611	1,272
All Other Expense	16,150	-	-	16,150	17,286
Total	\$ 248,198	\$ 19,823	\$ 1,310	\$ 269,331	\$ 272,209

The accompanying notes are an integral part of this statement.

CHIHUAHUAN DESERT RESEARCH INSTITUTE
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR 2020)

CASH FLOWS FROM OPERATING ACTIVITIES

	2021	2020
Cash collected from revenue and other support	\$ 291,583	\$ 212,333
Cash paid for operating expenses	(269,078)	(243,916)
Interest received	247	237
Royalties	64,979	74,184
Interest paid	-	-
NET CASH PROVIDED (USED) BY OPERATIONS	87,731	42,838

CASH FLOWS FROM INVESTING ACTIVITIES

Capital expenditures	-	(38,890)
Investments	74,609	(75,677)

NET CASH USED IN INVESTING ACTIVITIES **74,609** **(75,677)**

CASH FLOWS FROM FINANCING ACTIVITIES

Net proceeds from borrowings	-	-
Repayments of debt	-	-

NET CASH PROVIDED BY FINANCING ACTIVITIES **-** **-**

Net increase (decrease) in cash 162,340 (32,839)
CASH at beginning of year **336,092** **303,253**

CASH at end of year **\$ 498,432** **\$ 336,092**

**RECONCILIATION OF INCREASE (DECREASE) IN NET ASSETS TO
NET CASH PROVIDED BY (USED) OPERATING ACTIVITIES:**

Increase (Decrease) in net assets	\$ 381,048	\$(263,803)
Adjustments to reconcile decrease in net assets to net cash provided (used) by operating activities		
Depreciation	25,154	34,044
Inventory	4,966	(5,101)
Accounts payable	1,996	437
Accrued and other liabilities	-	-
Deferred Revenue	27,000	-
Investments	(352,433)	277,261

NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES **\$ 87,731** **\$ 42,838**

The accompanying notes are an integral part of these financial statements.

**CHIHUAHUAN DESERT RESEARCH INSTITUTE
NOTES TO THE FINANCIAL STATEMENT**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

“The mission of Chihuahuan Desert Research Institute is to promote public awareness, appreciation and concern for nature generally and the natural diversity of the Chihuahuan Desert region specifically, through education, the visitor experience, and through the support of research.”

The Institute operates a 507-acre nature center and Botanical Garden year-round in fulfillment of its mission providing a venue for people to connect with nature.

Income Taxes

The Institution qualifies as a tax-exempt organization under Section 501(c) (3) of the Internal Revenue Code and, therefore, has no provision for federal income taxes. In addition, money contributed to the Institute qualifies for the charitable contribution deduction under Section 170(b) (1) (A) of the Internal Revenue Code. The Institute has been classified as an organization that is not a private foundation under Section 509(a) of the Internal Revenue Service.

Management is required to evaluate the tax positions taken by the Institute and recognize a tax liability if the organization has taken an uncertain tax position that more likely than not would not be sustained upon examination by the IRS. Management has analyzed the tax positions of the Institute, and has concluded that as of December 31, 2020, there are no uncertain tax positions taken that would require recognition of a liability or disclosure in the financial statements. The Institute’s Forms 990, Return of Organization Exempt from Income Tax, are subject to examination by the IRS, generally for three years after they are filed. Management believes it is no longer subject to income tax examination for years prior to 2018.

Basis of Accounting

The financial statements of the Institute are prepared on the accrual basis of accounting and are presented in accordance with *FASB ASC 958*. The institute presents its Statement of Functional Expenses as a basic financial statement. This statement has been subjected to the same auditing procedures as the rest of the basic financial statements.

Public Support and Revenue

Endowment contributions and investments may be permanently restricted by the donor. Investment earnings available for distribution are recorded in unrestricted assets. Investment earnings with donor restrictions are recorded in temporarily restricted net assets based on the nature of the restrictions.

Advertising

Advertising costs are expressed as incurred, and approximated \$662 and \$811 during the years ended December 31, 2021 and 2020, respectively.

CHIHUAHUAN DESERT RESEARCH INSTITUTE
NOTES TO THE FINANCIAL STATEMENT

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates.

Gift Shop Inventory

Gift Shop Inventory comprises program – related merchandise held for sale in the gift shop and is stated at the lower of cost or market determined by first -in first-out method.

Net Assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

- **Net Assets Without Donor Restrictions**

Net Assets without donor restrictions are resources available to support operations. The only limits on the use of donor restrictions are the broad limits resulting from the nature of the organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into on the course of its operations.

- **Net Assets With Donor Restrictions**

Net Assets with Donor Restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. The Organization's unspent contributions are classified in this class if the donor limited their use, as are the unspent appreciation of its donor-restricted endowment funds.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from the net assets with donor restrictions to net assets without restrictions. Net assets restricted for acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as donor restricted until the specified asset is placed in service by the organization, unless the donor provides more specific directions about the period of its use.

Some net assets with donor restrictions are resources whose use by the Organization is limited by donor-imposed restrictions that neither expire by being used in accordance with a donor's restriction nor by the passage of time.

CHIHUAHUAN DESERT RESEARCH INSTITUTE
NOTES TO THE FINANCIAL STATEMENT

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

All revenue and net gains are reported as increase in Net Assets Without Donor Restrictions in the statement of activities unless the use of the related resources is subject to donor restrictions.

Cash and Cash Equivalents

The Institute considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents for purposes of the Statement of Cash Flows exclude permanently restricted cash and cash equivalents.

Investments

Investments are composed of mutual funds investing in debt and equity securities and are carried at fair market value as determined and reported daily by the mutual fund management company.

Capital Assets

Capital assets, which include land; land improvements; buildings; furniture, fixtures, and equipment; vehicles; and non-depreciable assets are capitalized at cost. It is the Institute's policy to capitalize expenditures for these items in excess of \$1,000. Lesser amounts are expensed.

Capital assets are being depreciated using the straight-line method over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Land Improvements	5 to 15
Buildings	20 to 50
Furniture, Fixtures, and Equipment	5 to 15
Vehicles	5 to 10

Subsequent Events

The Organization has evaluated events subsequent to the date of the statement of net assets (December 31, 2021) through October 4, 2021 the date these financial statements were suitable to be issued, and concluded that no significant subsequent event has occurred that would require disclosure in the notes or recognition in the financial statements.

Summarized Comparative Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class on the Statement of Activities. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles.

CHIHUAHUAN DESERT RESEARCH INSTITUTE
NOTES TO THE FINANCIAL STATEMENT

NOTE B - FAIR VALUE OF INVESTMENTS

Effective December 31, 2010 the Organization adopted Accounting Standards Codification (Topic (820), *Fair Value Measurements and Disclosures*, which establishes a framework for measuring fair value in generally accepted accounting principles, clarifies the definition of fair value within that framework, and expands disclosures about the use of fair value measurement.

Currently, the Organization investments are carried at fair value under ASC Topic 820. The fair value is based upon independently sourced market parameters. To ensure that these investments are recorded at fair value, valuation adjustments may be required to reflect any reduction of their fair value.

ASC Topic 820 defines fair value as the price that would be received to sell an asset, or paid to transfer or extinguish a liability, in an orderly transaction between market participants at the measurement date. ASC Topic820 provides a framework for measuring fair value, establishes a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date and requires consideration of the counterparty's creditworthiness when valuing certain assets.

The three-level fair value hierarchy for disclosure of fair value measurements defined by ASC Topic 820 is as follows:

Level 1 – Unadjusted, quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities. An active market is defined as a market where transactions for the financial instrument occur with sufficient frequency and volume to prove pricing information on an ongoing basis.

Level 2 – Inputs, other than quoted prices in active markets, that are either directly or indirectly observable for the asset or liability through correlation with market data at the measurement date and for the duration of the security or instrument's anticipated life.

Level 3 – Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable. Valuation under level 3 generally involves a significant degree of judgment by management.

**CHIHUAHUAN DESERT RESEARCH INSTITUTE
NOTES TO THE FINANCIAL STATEMENT**

NOTE B - FAIR VALUE OF INVESTMENTS (Cont'd)

The following table present the fair value hierarchy for those assets measured at fair value on a recurring basis as of December 31, 2021:

FAIR VALUE MEASUREMENTS USING

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Fair Value Inputs as of December 31, 2021				
Without Donor Restrictions:	\$ 2,974,937	-	-	\$ 2,974,937
With Donor Restrictions:	<u>117,052</u>	<u>-</u>	<u>-</u>	<u>117,052</u>
Grand Total:	<u>\$ 3,091,989</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,091,989</u>

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended December 31, 2021.

	<u>Without Donor Unrestricted</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Interest & Dividends	\$ 44,088	\$ 9,090	\$ 53,178
Realized Gain (Loss)	15,355	-	15,355
Unrealized Gain (Loss)	<u>225,036</u>	<u>-</u>	<u>225,036</u>
Total Investment Return	<u>\$ 284,479</u>	<u>\$ 9,090</u>	<u>\$ 293,569</u>

**CHIHUAHUAN DESERT RESEARCH INSTITUTE
NOTES TO THE FINANCIAL STATEMENT**

NOTE C - NET ASSETS WITH DONOR RESTRICTIONS

	<u>2021</u>	<u>2020</u>
Mining Exhibit	\$ 22,469	\$ 21,788
Scudday Memorial Fund	52,262	47,743
Watson Bequest	<u>64,790</u>	<u>60,900</u>
Total Temporarily Restricted Net Assets	<u>\$ 139,521</u>	<u>\$ 130,431</u>

NOTE D - DONATED SERVICES

The Institute receives a significant amount of donated services from unpaid volunteers who assist in fund-raising events. No amounts have been recognized in the Statement of Activities because the criteria for recognition under FASB ASC 958 have not been satisfied.

NOTE E - FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and 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.

NOTE F - RECENT ACCOUNTING PRONOUNCEMENTS

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, “Revenue from Contracts with Customers,” which establishes a comprehensive revenue recognition standard for virtually all industries in U.S. GAAP, including those that previously followed industry-specific guidance. For non-public entities, the new standard was originally effective for annual periods beginning after December 15, 2017. In August 2015, the FASB issued ASu 2015-4, “Revenue from Contracts with Customers (Topic 606) – Deferral of Effective Date,” which deferred the effective date for one year. Accordingly, this ASU will be effective for the Organization for the year ended December 31, 2019.

In February 2016, the FASB issued an accounting standard update (ASU 2016-02), intended to improve financial reporting about leasing transactions. The ASU affects all companies and other organizations that lease assets such as real estate and equipment. The ASU will require organizations that lease assets—referred to as “lessees” –to

**CHIHUAHUAN DESERT RESEARCH INSTITUTE
NOTES TO THE FINANCIAL STATEMENTS**

NOTE F - RECENT ACCOUNTING PRONOUNCEMENTS (Cont'd)

recognize on the balance sheet the assets and liabilities for the rights and obligations created by those leases. The amendments in this Update are effective for fiscal years, beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022.

NOTE G – LIQUIDITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date.

Comprise the following:

Cash	\$ 498,432
Investment Securities	<u>3,091,989</u>
 TOTAL	 <u>\$ 3,590,421</u>