

**CHIHUAHUAN DESERT  
RESEARCH INSTITUTE**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
DECEMBER 31, 2019**

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**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, 2019, 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, 2019 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 2018 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 2018 financial statements and accordingly, do not express an opinion or any other form of assurance on them.



Ron Kirby, CPA  
October 7, 2020



**CHIHUAHUAN DESERT RESEARCH INSTITUTE**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2019**  
**(WITH COMPARATIVE TOTALS FOR 2018)**

	2019	2018
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and Cash Equivalents	\$ 303,253	\$ 424,520
Accounts Receivable	-	607
Investments	3,054,379	2,229,595
Inventory	12,830	12,878
Total Current Assets	3,370,462	2,667,600
<b>Fixed Assets:</b>		
Land and Improvements	473,430	434,539
Buildings	393,518	393,518
Furniture, Fixtures, & Equipment	116,074	116,074
Vehicles	20,479	20,479
Geological Platform	102,778	102,778
Total Fixed Assets	1,106,279	1,067,388
Less Accumulated Depreciation	(528,760)	(493,751)
Total Net Fixed Assets	577,519	573,637
Total Assets	\$3,947,981	\$ 3,241,237
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities:</b>		
Accounts Payable	\$ 2,021	\$ 6,076
Accrued Liabilities	9,672	9,277
Total Current Liabilities/Total Liabilities	11,693	15,353
<b>Net Assets:</b>		
Without Donor Restrictions	3,812,601	3,157,303
With Donor Restrictions	123,686	68,581
Total Net Assets	3,936,287	3,225,884
Total Liabilities and Net Assets	\$3,947,980	\$ 3,241,237

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

**CHIHUAHUAN DESERT RESEARCH INSTITUTE  
STATEMENTS OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(WITH COMPARATIVE TOTALS FOR 2018)**

	Without Donor Restrictions	With Donor Restrictions	Totals	
			2019	2018
<b>Public Support and Revenues</b>				
Membership Dues	\$ 26,640	\$ -	\$ 26,640	\$ 26,322
Contributions	110,658	47,850	158,508	85,139
Special Events, net	65,486	-	65,486	43,750
Realized Gains	56,128	522	56,650	84,281
Nature Shop Revenues, net	42,995	-	42,995	40,744
Program Revenues	4,368	-	4,368	4,660
Investment Income	62,776	1,464	64,240	54,910
Admission Fees	44,082	-	44,082	46,065
Royalties	137,157	-	137,157	57,863
Miscellaneous	69	-	69	270
Unrealized Gains / (Losses)	398,851	5,269	404,120	(242,514)
Net Assets Released from Restrictions	-	-	-	-
<b>Total Public Support and Revenues</b>	949,210	55,105	1,004,315	201,490
<b>Expenses</b>				
Programs	269,007	-	269,007	263,093
Management	23,263	-	23,263	22,752
Fund-raising	1,642	-	1,642	1,611
<b>Total Functional Expenses</b>	293,912	-	293,912	287,456
<b>Change in Net Assets</b>	655,298	55,105	710,403	(85,966)
<b>Net Assets – January 1</b>	3,157,303	68,581	3,225,884	3,311,850
<b>Net Assets – December 31</b>	\$ 3,812,601	\$ 123,686	\$3,936,287	\$3,225,884

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, 2019  
(WITH COMPARATIVE TOTALS FOR 2018)**

	Program	Management	Fundraising	Totals	
				2019	2018
Officer Salaries	\$ 37,249	\$ 4,232	\$ 419	\$ 41,900	\$ 11,000
Other Salaries	89,049	-	900	89,949	120,349
Other Employee Benefits	5,647	-	-	5,647	6,053
Payroll Taxes	10,010	459	106	10,575	12,830
Sub-Total	141,955	4,691	1,425	148,071	150,232
Accounting	12,875	12,875	-	25,750	29,318
Contract Services	11,003	-	-	11,003	10,050
Advertising	1,262	-	-	1,262	1,257
Office	2,036	220	-	2,256	4,004
Royalty	1,509	-	-	1,509	856
Occupancy	19,925	2,215	-	22,140	16,436
Travel	1,796	-	-	1,796	1,356
Depreciation	35,009	-	-	35,009	31,318
Insurance	11,611	1,290	-	12,901	12,357
Supplies	10,014	1,137	217	11,368	6,939
Printing	5,264	585	-	5,849	6,407
Dues	2,270	250	-	2,520	2,702
Vehicle	1,741	-	-	1,741	1,462
All Other Expense	10,737	-	-	10,737	12,762
Total	\$ 269,007	\$ 23,263	\$ 1,642	\$ 293,912	\$ 287,456

The accompanying notes are an integral part of this statement.

**CHIHUAHUAN DESERT RESEARCH INSTITUTE**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**  
**(WITH COMPARATIVE TOTALS FOR 2018)**

CASH FLOWS FROM OPERATING ACTIVITIES

	<u>2019</u>	<u>2018</u>
Cash collected from revenue and other support	\$ 479,912	\$ 304,206
Cash paid for operating expenses	(262,821)	(254,072)
Interest received	64,240	54,910
Interest paid	<u>-</u>	<u>-</u>
 NET CASH PROVIDED (USED) BY OPERATIONS	 281,331	 105,044
 CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(38,890)	(7,382)
Investments	<u>(363,708)</u>	<u>42,334</u>
 NET CASH USED IN INVESTING ACTIVITIES	 (402,598)	 34,952
 CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from borrowings	-	-
Repayments of debt	<u>-</u>	<u>-</u>
 NET CASH PROVIDED BY FINANCING ACTIVITIES	 -	 -
 Net increase (decrease) in cash	 (121,267)	 139,996
CASH at beginning of year	<u>424,520</u>	<u>284,524</u>
 CASH at end of year	 <u>\$ 303,253</u>	 <u>\$ 424,520</u>
 RECONCILIATION OF INCREASE (DECREASE) IN NET ASSETS TO NET CASH PROVIDED BY (USED) OPERATING ACTIVITIES:		
Increase (Decrease) in net assets	\$ 710,403	\$ (85,966)
Adjustments to reconcile decrease in net assets to net cash provided (used) by operating activities		
Depreciation	35,009	31,318
Receivable	607	(607)
Inventory	48	(51)
Accounts payable	(4,055)	2,638
Accrued and other liabilities	89	(521)
Investments	<u>(460,770)</u>	<u>158,233</u>
 NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	 <u>\$ 281,331</u>	 <u>\$ 105,044</u>

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, 2019, 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 2016.

**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 \$1,262 and \$1,256 during the years ended December 31, 2019 and 2018, 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, 2019) through October 7, 2020 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, 2019:

**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, 2019				
<b>Without Donor Restrictions:</b>	\$ 3,002,815	-	-	\$ 3,002,815
<b>With Donor Restrictions:</b>	<u>51,564</u>	<u>-</u>	<u>-</u>	<u>51,564</u>
<b>Grand Total:</b>	<u>\$ 3,054,379</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,054,379</u>

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended December 31, 2019.

	<u>Without Donor Unrestricted</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Interest & Dividends	\$ 62,550	\$ 1,464	\$ 64,014
Realized Gain (Loss)	56,128	522	56,650
Unrealized Gain (Loss)	<u>398,851</u>	<u>5,269</u>	<u>404,120</u>
<b>Total Investment Return</b>	<u>\$ 517,529</u>	<u>\$ 7,255</u>	<u>\$ 524,784</u>

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

**NOTE C - NET ASSETS WITH DONOR RESTRICTIONS**

	2019	2018
Mining Exhibit	\$ 22,123	\$ 24,272
Scudday Memorial Fund	51,563	44,309
Watson Bequest	50,000	-
Total Temporarily Restricted Net Assets	\$ 123,686	\$ 68,581

**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, 2019, and interim periods within fiscal years beginning after December 15, 2020.

**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	\$ 303,253
Investment Securities	<u>3,054,379</u>
 TOTAL	 <u>\$ 3,357,632</u>