

**CHIHUAHUAN DESERT
RESEARCH INSTITUTE**

FINANCIAL STATEMENTS

**FOR THE YEAR ENDED
DECEMBER 31, 2023**

RON KIRBY, CPA
CERTIFIED PUBLIC ACCOUNTANT

2626 JBS PARKWAY, SUITE B-200
ODESSA, TEXAS 79761-1957
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

To the Board of Directors of
Chihuahuan Desert Research Institute

Opinion

We have audited the financial statements of Chihuahuan Desert Research Institute, which comprise the Statement of Financial Position as of December 31, 2023 and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Chihuahuan Desert Research Institute as of December 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Chihuahuan Desert Research Institute and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Chihuahuan Desert Research Institute's ability to continue as a going concern within one year from the date the financial statements are issue.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it not absolute assurance and therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Chihuahuan Desert Research Institute's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used, and the reasonableness of, significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment there are conditions or events, considered in the aggregate, that raise substantial doubt about Chihuahuan Desert Research Institute's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Prior Year

The accompanying prior year summarized comparative 2022 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 2022 financial statements and accordingly, do not express an opinion or any other form of assurance on them.



September 6, 2024
Odessa, Texas



CHIHUAHUAN DESERT RESEARCH INSTITUTE
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR 2022)

	2023	2022
Assets		
Current Assets:		
Cash and Cash Equivalents	\$ 761,810	\$ 642,995
Investments	3,251,047	2,757,046
Inventory	16,892	14,800
Total Current Assets	4,029,749	3,414,841
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	1,106,279
Less Accumulated Depreciation	(633,225)	(611,320)
Total Net Fixed Assets	473,054	494,959
Total Assets	\$4,502,803	\$ 3,909,800
Liabilities and Net Assets		
Current Liabilities:		
Accounts Payable	\$ 3,747	\$ 2,606
Deferred Revenue	26,250	-
Accrued Liabilities	9,364	10,380
Total Current Liabilities/Total Liabilities	39,361	12,986
Net Assets:		
Without Donor Restrictions	4,316,029	3,768,020
With Donor Restrictions	147,413	128,784
Total Net Assets	4,463,442	3,896,812
Total Liabilities and Net Assets	\$4,502,803	\$ 3,909,798

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

CHIHUAHUAN DESERT RESEARCH INSTITUTE
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR 2022)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Totals</u>	
			<u>2023</u>	<u>2022</u>
Public Support and Revenues				
Membership Dues	\$ 43,561	\$ -	\$ 43,561	\$ 45,069
Contributions	125,040	689	125,729	183,069
Special Events, net	84,475	-	84,475	71,070
Nature Shop Revenues, net	49,047	-	49,047	49,775
Program Revenues	396	-	396	694
Investment Income	81,446	2,964	84,410	65,545
Admission Fees	45,326	-	45,326	49,140
Royalties	66,151	-	66,151	88,847
Miscellaneous	1,314	-	1,314	2,334
Unrealized Gains / (Losses)	419,949	15,493	435,442	(414,739)
 Net Assets Released from Restrictions	 -	 -	 -	 -
 Total Public Support and Revenues	 916,705	 19,146	 935,851	 140,804
 Expenses				
Programs	342,290	517	342,807	301,308
Management	24,420	-	24,420	21,464
Fund-raising	1,994	-	1,994	1,752
 Total Functional Expenses	 368,704	 517	 369,221	 324,524
 Change in Net Assets	 548,001	 18,629	 566,630	 (183,721)
 Net Assets – January 1	 <u>3,768,028</u>	 <u>128,784</u>	 <u>3,896,812</u>	 <u>4,080,532</u>
 Net Assets – December 31	 <u>\$ 4,316,029</u>	 <u>\$ 147,413</u>	 <u>\$ 4,463,442</u>	 <u>\$ 3,896,812</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, 2023
(WITH COMPARATIVE TOTALS FOR 2022)

	Program	Management	Fundraising	Totals	
				2023	2022
Officer Salaries	\$ 46,280	\$ 5,200	\$ 520	\$ 52,000	\$ 50,000
Other Salaries	131,440	-	1,328	132,768	106,015
Other Employee Benefits	8,757	-	-	8,757	4,091
Payroll Taxes	13,025	1,464	146	14,635	12,435
Sub-Total	199,502	6,664	1,994	208,160	172,541
Accounting	15,112	15,111	-	30,223	33,061
Contract Services	13,487	-	-	13,487	11,175
Advertising	897	-	-	897	-
Office Expenses	4,226	470	-	4,696	3,022
Real Estate Tax	1,868	-	-	1,868	2,049
Occupancy	11,850	1,316	-	13,166	22,785
Conferences	1,081	-	-	1,081	787
Depreciation	21,904	-	-	21,904	23,363
Insurance	22,858	859	-	23,717	15,763
Supplies	30,130	-	-	30,130	21,589
Printing	5,418	-	-	5,418	5,773
Dues	2,871	-	-	2,871	2,910
Vehicle	2,577	-	-	2,577	1,409
All Other Expense	9,026	-	-	9,026	8,297
Total	\$ 342,807	\$ 24,420	\$ 1,994	\$ 369,221	\$ 324,524

The accompanying notes are an integral part of this statement.

CHIHUAHUAN DESERT RESEARCH INSTITUTE
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023
(WITH COMPARATIVE TOTALS FOR 2022)

CASH FLOWS FROM OPERATING ACTIVITIES

	2023	2022
Cash collected from revenue and other support	\$ 387,469	\$ 551,845
Cash paid for operating expenses	(349,286)	(272,102)
Investment Income	84,410	65,545
Royalties	66,151	88,847
Interest paid	-	-
NET CASH PROVIDED (USED) BY OPERATIONS	188,744	434,135

CASH FLOWS FROM INVESTING ACTIVITIES

Capital expenditures	-	-
Investments	(69,929)	(289,585)

NET CASH USED IN INVESTING ACTIVITIES	(69,929)	(289,585)
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CASH FLOWS FROM FINANCING ACTIVITIES

Net proceeds from borrowings	-	-
Repayments of debt	-	-

NET CASH PROVIDED BY FINANCING ACTIVITIES	-	-
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Net increase (decrease) in cash	118,815	144,550
CASH at beginning of year	642,995	498,432

CASH at end of year	\$ 761,810	\$ 642,995
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**RECONCILIATION OF INCREASE (DECREASE) IN NET ASSETS TO
NET CASH PROVIDED BY (USED) OPERATING ACTIVITIES:**

Increase (Decrease) in net assets	\$ 596,630	\$ (183,720)
Adjustments to reconcile decrease in net assets to net cash provided (used) by operating activities		
Depreciation	21,904	23,363
Inventory	(2,093)	(1,935)
Accounts payable	1,140	(1,847)
Accrued and other liabilities	(1,016)	758
Deferred Revenue	26,250	(27,000)
Investments	(454,071)	624,516

NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 188,744	\$ 434,135
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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, 2023, 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 2020.

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 \$897 and \$-0- during the years ended December 31, 2023 and 2022, 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, 2023) through September 6, 2023 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, 2023:

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, 2023				
Without Donor Restrictions:	\$ 3,126,573	-	-	\$ 3,126,573
With Donor Restrictions:	<u>124,474</u>	<u>-</u>	<u>-</u>	<u>124,474</u>
Grand Total:	<u>\$ 3,251,047</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,251,047</u>

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended December 31, 2023.

	<u>Without Donor Unrestricted</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Interest & Dividends	\$ 82,618	\$ -	\$ 82,618
Realized Gain (Loss)	-	-	-
Unrealized Gain (Loss)	<u>435,442</u>	<u>-</u>	<u>435,442</u>
Total Investment Return	<u>\$ 518,060</u>	<u>\$ -</u>	<u>\$ 518,060</u>

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

NOTE C - NET ASSETS WITH DONOR RESTRICTIONS

	2023	2022
Mining Exhibit	\$ 21,683	\$ 21,510
Scudday Memorial Fund	55,964	47,846
Watson Bequest	69,766	59,428
Total Temporarily Restricted Net Assets	\$ 147,413	\$ 128,784

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 – 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	\$ 761,810
Investment Securities	3,251,047
TOTAL	\$ 4,012,857