

FRIENDS OF DINOSAUR RIDGE

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

FRIENDS OF DINOSAUR RIDGE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

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July 3, 2019

Independent Auditors' Report

Board of Directors
Friends of Dinosaur Ridge
Morrison, Colorado

We have audited the accompanying financial statements of **Friends of Dinosaur Ridge** (a Colorado nonprofit corporation), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, functional expenses, 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 Friends of Dinosaur Ridge as of December 31, 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.

Report on Summarized Comparative Information

Other auditors previously audited Friends of Dinosaur Ridge's 2017 financial statements and they expressed an unqualified opinion in their report dated September 19, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial information from which it has been derived.

Taylor, Roth and Company PLLC
TAYLOR, ROTH AND COMPANY, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

FRIENDS OF DINOSAUR RIDGE
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018
(WITH COMPARATIVE TOTALS FOR 2017)

	<u>2018</u>	<u>2017</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 195,885	\$ 175,753
Accounts receivable	-	243
Inventory, net (Note 3)	116,610	147,743
Prepaid expenses	6,817	4,362
Property and equipment, net (Note 4)	657,741	681,695
Beneficial interest in assets held by others (Note 5)	30,441	-
Total assets	<u>\$ 1,007,494</u>	<u>\$ 1,009,796</u>
 <u>Liabilities and net assets</u>		
<u>Liabilities</u>		
Accounts payable	\$ 29,499	\$ 17,400
Accrued payroll liabilities	8,498	-
Accrued expenses	778	49,626
Deferred revenues	5,691	2,632
Total liabilities	<u>44,466</u>	<u>69,658</u>
 <u>Net assets</u>		
<u>Without donor restrictions</u>		
Undesignated	170,173	155,418
Net investment in fixed assets	657,741	681,695
	<u>827,914</u>	<u>837,113</u>
 <u>With donor restrictions</u>		
Donor purpose restrictions (Note 6)	104,673	103,025
Endowment (Note 5)	30,441	-
	<u>135,114</u>	<u>103,025</u>
Total net assets	<u>963,028</u>	<u>940,138</u>
Total liabilities and net assets	<u>\$ 1,007,494</u>	<u>\$ 1,009,796</u>

The accompanying notes are an integral part of these financial statements

FRIENDS OF DINOSAUR RIDGE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018
(WITH COMPARATIVE TOTALS FOR 2017)

	2018			2017
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<u>Revenue and other support</u>				
Merchandise sales	\$ 366,225	\$ -	\$ 366,225	\$ 346,987
Program fees	354,496	-	354,496	285,212
Government grant	163,459	75,056	238,515	181,556
Contributions	92,457	50,452	142,909	131,968
Special events, net	21,748	-	21,748	17,861
Membership dues	4,513	-	4,513	11,470
Investment income(loss)	68	(1,784)	(1,716)	4
Other income(loss)	2,856	-	2,856	(926)
In-kind contributions (Note 7)	32,824	-	32,824	44,060
Net assets released from restrictions (Note 8)	116,635	(116,635)	-	-
Total revenue and other support	<u>1,155,281</u>	<u>7,089</u>	<u>1,162,370</u>	<u>1,018,192</u>
<u>Expense</u>				
Program services	924,513	-	924,513	823,414
Supporting services				
Management and general	132,535	-	132,535	80,417
Fund-raising	82,432	-	82,432	81,861
Total expense	<u>1,139,480</u>	<u>-</u>	<u>1,139,480</u>	<u>985,692</u>
Change in net assets	15,801	7,089	22,890	32,500
Investment in endowment	(25,000)	25,000	-	-
Net assets, beginning of year	<u>837,113</u>	<u>103,025</u>	<u>940,138</u>	<u>907,638</u>
Net assets, end of year	<u>\$ 827,914</u>	<u>\$ 135,114</u>	<u>\$ 963,028</u>	<u>\$ 940,138</u>

The accompanying notes are an integral part of these financial statements

FRIENDS OF DINOSAUR RIDGE

**STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018
(WITH COMPARATIVE TOTALS FOR 2017)**

Description	2018			2017	
	Program Services	Supporting Services		Total	Total
		Management and General	Fund- raising		
Salaries	\$ 411,358	\$ 75,556	\$ 37,778	\$ 524,692	\$ 435,894
Payroll taxes and benefits	47,817	8,783	4,391	60,991	46,756
Cost of sales (Note 3)	187,163	-	-	187,163	129,658
Contract services	18,796	20,049	24,692	63,537	59,177
Vehicles	35,819	-	-	35,819	36,002
Program supplies	32,528	-	-	32,528	11,355
Insurance	19,311	3,547	1,774	24,632	31,035
Utilities	19,592	3,599	1,799	24,990	20,084
Rent	18,690	1,470	840	21,000	21,000
Office supplies	15,357	2,821	1,410	19,588	22,699
Bank fees	16,191	176	1,232	17,599	15,308
Telephone	13,447	2,470	1,235	17,152	12,661
Special events donated items	-	-	324	324	21,174
Repairs and maintenance	11,023	2,025	1,012	14,060	19,758
Information technology	7,206	1,324	662	9,192	6,158
Professional development	4,690	1,173	-	5,863	7,451
Printing	4,196	771	385	5,352	3,720
Advertising and promotion	3,670	-	1,573	5,243	7,646
Project expenses	4,481	-	-	4,481	8,919
Travel	2,782	511	255	3,548	5,783
Postage	2,122	390	195	2,707	2,273
Payroll processing	-	2,420	-	2,420	2,169
Dues and subscriptions	242	906	884	2,032	3,774
Meals and entertainment	386	387	516	1,289	1,691
Other	3,404	716	-	4,120	5,777
	<u>880,271</u>	<u>129,094</u>	<u>80,957</u>	<u>1,090,322</u>	<u>937,922</u>
Depreciation and amortization	44,242	3,441	1,475	49,158	47,770
Total expenses	<u>\$ 924,513</u>	<u>\$ 132,535</u>	<u>\$ 82,432</u>	<u>\$1,139,480</u>	<u>\$ 985,692</u>

The accompanying notes are an integral part of these financial statements

FRIENDS OF DINOSAUR RIDGE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018
(WITH COMPARATIVE TOTALS FOR 2017)

	2018	2017
<u>Cash flows from operating activities</u>		
Change in net assets	\$ 22,890	\$ 32,500
Adjustments to reconcile change in net assets to net cash provided(used) by operating activities		
Depreciation and amortization	49,158	47,770
Loss on asset disposal	976	-
Unrealized (gain)loss on investments, net	1,784	-
Contributions restricted for long-term purposes	(7,225)	-
 <u>Changes in operating assets and liabilities</u>		
(Increase)decrease in accounts receivable	243	30
(Increase)decrease in inventory	31,134	(55,095)
(Increase)decrease in prepaid expenses	(2,455)	(858)
(Increase)decrease in accounts payable	12,099	9,111
(Increase)decrease in accrued payroll liabilities	8,498	-
(Increase)decrease in accrued expenses	(48,848)	49,037
(Increase)decrease in deferred revenues	3,058	(3,719)
Net cash provided(used) by operating activities	71,312	78,776
 <u>Cash flows from investing activities</u>		
(Purchases) of fixed assets	(26,180)	(72,525)
Additions to assets held by others	(32,225)	-
Net cash provided(used) by operating activities	(58,405)	(72,525)
 <u>Cash flows from financing activities</u>		
Investment in endowment	7,225	-
Net increase(decrease)in cash and cash equivalents	20,132	6,251
Cash and cash equivalents, beginning of year	175,753	169,502
Cash and cash equivalents, end of year	\$ 195,885	\$ 175,753

The accompanying notes are an integral part of these financial statements

FRIENDS OF DINOSAUR RIDGE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 1 - NATURE OF ACTIVITIES

Friends of Dinosaur Ridge, Inc. (the Organization), a Colorado not-for-profit organization, was incorporated in 1989. The mission of Friends of Dinosaur Ridge is to educate the public about, and ensure the preservation of, the natural and historic resources of Dinosaur Ridge, Triceratops Trail, and the surrounding areas. Dinosaur Ridge is designated by the National Park Service as a National Natural Landmark. These goals are accomplished by encouraging and assisting in scientific research, through the development of educational programs, and through the exhibition and preservation of fossils. In 2018, approximately 235,000 people visited Dinosaur Ridge, approximately 50% of whom came from outside the Denver-Boulder metro area. The Organization primarily receives support from program fees, a government grant, and gift shop sales.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES

1. Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

2. Basis of Presentation

The financial statements of the Organization have been prepared in accordance with U.S. generally accepted accounting principles which require the Organization to report its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

3. Cash and Cash Equivalents

The Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (Continued)

4. Inventory

Inventory consists of educational materials and souvenirs available for sale in the Organization's gift shops and is stated at the lower of cost or market, using the average cost method, less a reserve for slow-moving and obsolete inventory.

5. Fair Value Measurements

The Organization follows the provisions of the Fair Value Measurements and Disclosures Topic of FASB ASC, which requires use of a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels: quoted market prices in active markets for identical assets and liabilities (Level 1); inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly (Level 2); and unobservable inputs for the asset or liability (Level 3).

6. Capitalization and Depreciation

The Organization follows a practice of capitalizing all expenditures for furniture and equipment in excess of \$5,000. The fair value of donated assets is similarly capitalized. Depreciation of furniture and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis.

7. Contributions

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

8. Estimates

The 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 from those estimates.

9. Income Taxes

The Organization has received an Internal Revenue Service exemption from federal income taxes under Section 501(c)(3). Accordingly, no provision or liability for income taxes has been provided in the accompanying financial statements.

10. Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES (Concluded)

11. Functional Reporting of Expenses

For the year ended December 31, 2018, the costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain categories of expenses attributable to program services or a supporting function are allocated on a reasonable basis that is consistently applied. The significant expenses allocated are salaries, payroll taxes, and contract services which are allocated based on time and effort. All other costs are assigned directly or allocated to the program or functional area benefited.

12. Summarized Prior-Year Information

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2017, from which the summarized information was derived.

13. New Accounting Pronouncement

On August 18, 2016, the Financial Accounting Standards Board issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses net asset classification, information about liquidity and available resources, information provided about the functional allocation of expenses, and consistency in reporting investment return. The Organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

14. Subsequent Events

Management has evaluated subsequent events through July 3, 2019, the date the financial statements were available for distribution.

NOTE 3 - INVENTORY

As a result of a review of the inventory items at year-end in comparison to prior year's sales, the reserve for slow-moving and obsolete inventory was increased by \$35,000 to a total of \$40,000. The expense associated with the increase is reflected in cost of sales.

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

<u>Description</u>	<u>Amount</u>
Building	\$ 363,332
Land improvements	185,106
Land	150,000
Vehicles	113,442
Furniture, fixtures and equipment	88,722
Dinosaur replicas	<u>78,279</u>
Total	978,881
Less: accumulated depreciation	<u>(321,140)</u>
Net property and equipment	<u>\$ 657,741</u>

Depreciation and amortization expense for the year was \$49,158.

NOTE 5 - BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

The Organization established an endowment fund in July 2018 through Community First Foundation (the Foundation) to support the programs and mission of the Organization. The Foundation matched, at a rate of 20%, the Organization's initial investment in the endowment fund. Subsequent contributions and investments will be matched by the Foundation at a rate of 25%.

Under the terms of the endowment, the Organization may take an annual distribution of up to 4% of the average of the net fair market value of the assets of the endowment fund on the last business day of each of the three calendar years preceding the year for which the distribution is being made. The Organization's right to a distribution for any calendar year shall not be cumulative. If the Organization receives less than the previously described annual distribution on a calendar basis, then the Organization shall not be entitled to request a distribution of such undistributed amount in any subsequent year.

The assets in the endowment fund are managed by the Foundation and invested in accordance with the Foundation's asset allocation. The investment returns are based upon the Foundation's returns for commingled investments. The Foundation's targeted return for any year is 7%. Actual returns in any given year may vary from this amount.

Changes in the endowment fund balances (Level 3 inputs) during year are as follows:

<u>Description</u>	<u>Amount</u>
Endowment assets, beginning of year	\$ -
Initial investment	25,000
Contributions	7,225
Investment income(loss), net	<u>(1,784)</u>
Balance, end of year	<u>\$ 30,441</u>

NOTE 5 - BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS (Continued)

Additionally, the Organization earned interest income of \$68 on operating cash accounts.

NOTE 6 - NET ASSETS WITH DONOR PURPOSE RESTRICTIONS

Net assets with donor purposes restrictions are available for the following purposes:

<u>Description</u>	<u>Amount</u>
Educational programs	\$ 63,629
Signage	13,000
Track Cover	12,993
Kiosk	6,000
Crocodile Creek	5,449
Intern position	2,500
Field Experience	1,000
Bus Campaign	<u>102</u>
Total	<u>\$ 104,673</u>

NOTE 7 - IN-KIND CONTRIBUTIONS

During the year, in-kind contributions were received as follows:

<u>Description</u>	<u>Amount</u>
Rent	\$ 21,000
Special events donated items	324
Preservation engineering services	<u>11,500</u>
Total	<u>\$ 32,824</u>

NOTE 8 - NET ASSETS RELEASED FROM RESTRICTIONS

During the year, net assets were released from donor purpose restrictions by incurring expenses satisfying the following restricted program purposes:

<u>Description</u>	<u>Amount</u>
Educational programs	\$ 81,427
Crocodile Creek	23,208
Website development	3,500
Infrastructure	3,000
Intern	2,500
Summer Camp	1,500
Field Experience	1,000
Exhibits	<u>500</u>
Total	<u>\$ 116,635</u>

NOTE 9 - COMMITMENTS

In April 2013, the Organization and Jefferson County, Colorado entered into a long-term agreement for the Organization's use of the property on which the Main Visitor Center and gift shop are located and the surrounding area. In return for maintaining and insuring the property, the Organization received the property rent free through November 29, 2018. The agreement remains in effect on a month-to-month basis under the same terms and is currently under renegotiation.

NOTE 10 - CONCENTRATION OF FUNDING SOURCE

The Organization received 20% of its revenue and other support from one government organization. The Organization would have to curtail its programs if it did not receive this funding.

NOTE 11 - AVAILABILITY AND LIQUIDITY

The following represents financial assets available for general operating expenditures within one year at December 31, 2018:

Financial assets at year-end:	<u>Amount</u>
Cash and cash equivalents	\$ 195,885

The Organization has certain donor-restricted assets which are available for general operating expenditure within one year in the normal course of operations. Accordingly, these assets have been included in the qualitative information above for financial assets available to meet general operating expenditures within one year. The Organization's anticipated general operating expenditures are approximately \$1,100,000 - \$1,150,000. General operating expenditures represent forecasted cash expenses less purchases of inventory and contributions to the endowment fund.

NOTE 12 - SUBSEQUENT EVENT

During April 2019 the Organization entered into a promissory note under which it could borrow up to \$75,000 for an initial rate of 7.5%. The maturity date of the promissory note is April 17, 2021. As security for borrowings under the promissory note, the Organization granted a security interest in certain property owned by the Organization.