CROW CANYON ARCHAEOLOGICAL CENTER

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

December 31, 2019 and 2018

CROW CANYON
ARCHAEOLOGICAL CENTER

DALBY, WENDLAND & CO., P.C.
CPAs and Business Advisors

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CPAs and Business Advisors

Grand Junction

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Board of Trustees
Crow Canyon Archaeological Center
Cortez, Colorado

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of Crow Canyon Archaeological Center (a not-for-profit organization), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses and cash flows for the years 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 audits. We conducted our audits 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 Crow Canyon Archaeological Center as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Dalby, Wendland & Co., P.C.

DALBY, WENDLAND & CO., P.C.
Grand Junction, Colorado

April 24, 2020

CROW CANYON ARCHAEOLOGICAL CENTER

STATEMENTS OF FINANCIAL POSITION

December 31, 2019 and 2018

	2019	2018
ASSETS		
Current Assets		
Cash	**$ 404,584**	$ 388,030
Accounts receivable	**-**	4,674
Pledges receivable, net	**57,112**	221,155
Grants receivable	**61,842**	94,544
Gift shop inventory	**-**	13,534
Prepaid expenses and other current assets	**45,664**	78,760
Total Current Assets	**569,202**	800,697
Non-Current Assets		
Investments	**25,428,754**	22,666,138
Pledges receivable, net of current portion and unamortized discount	**-**	66,282
Property and equipment, net	**1,868,624**	2,020,864
Total Non-Current Assets	**27,297,378**	24,753,284
Total Assets	**$ 27,866,580**	$ 25,553,981
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	**$ 39,303**	$ 134,371
Accrued expenses	**88,987**	146,193
Current portion of debt	**-**	101,278
Deposits and deferred revenue	**223,944**	222,729
Total Current Liabilities	**352,234**	604,571
Long-Term Liabilities		
Liability under annuities	**20,105**	24,292
Total Long-Term Liabilities	**20,105**	24,292
Total Liabilities	**372,339**	628,863
Net Assets		
Without donor restrictions	**6,313,992**	5,915,144
With donor restrictions	**21,180,249**	19,009,974
Total Net Assets	**27,494,241**	24,925,118
Total Liabilities and Net Assets	**$ 27,866,580**	$ 25,553,981

See accompanying notes.

CROW CANYON ARCHAEOLOGICAL CENTER

STATEMENT OF ACTIVITIES

For the year ended December 31, 2019

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	**Total**
Revenue and Support			
Tuition	$ 779,777	$ -	**$ 779,777**
Cultural explorations	539,906	-	**539,906**
Contributions	1,364,812	204,501	**1,569,313**
Grants and grant-related revenue	-	416,427	**416,427**
Other revenue	201,016	-	**201,016**
Total Revenue and Support before Investment Activity	2,885,511	620,928	**3,506,439**
Investment Income	824,810	3,097,836	**3,922,646**
Total Revenue and Support before Reclassifications	3,710,321	3,718,764	**7,429,085**
Net assets released from restrictions	1,548,489	(1,548,489)	**-**
Total Revenue and Support	5,258,810	2,170,275	**7,429,085**
Expenses - Program			
Archaeology	644,546	-	**644,546**
Education	433,774	-	**433,774**
Campus services	614,068	-	**614,068**
Cultural explorations	635,293	-	**635,293**
Marketing and sales	351,609	-	**351,609**
Research institute	408,903	-	**408,903**
American Indian initiatives	165,323	-	**165,323**
Student financial aid	66,681	-	**66,681**
Sponsored projects	226,642	-	**226,642**
Total Program Expenses	3,546,839	-	**3,546,839**
Expenses - Support Services			
Administration	977,954	-	**977,954**
Fundraising	335,169	-	**335,169**
Total Support Services Expenses	1,313,123	-	**1,313,123**
Total Expenses	4,859,962	-	**4,859,962**
Change in Net Assets	398,848	2,170,275	**2,569,123**
Net Assets - beginning of the year	5,915,144	19,009,974	**24,925,118**
Net Assets - end of the year	$ 6,313,992	$ 21,180,249	**$ 27,494,241**

See accompanying notes.

CROW CANYON ARCHAEOLOGICAL CENTER

STATEMENT OF ACTIVITIES

For the year ended December 31, 2018

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	**Total**
Revenue and Support			
Tuition	$ 800,929	$ -	**$ 800,929**
Cultural explorations	421,599	-	**421,599**
Contributions	1,192,128	246,605	**1,438,733**
Grants and grant-related revenue	-	342,446	**342,446**
Other revenue	141,728	-	**141,728**
Total Revenue and Support before Investment Activity	2,556,384	589,051	**3,145,435**
Investment loss	(385,833)	(1,495,627)	**(1,881,460)**
Total Revenue and Support before Reclassifications	2,170,551	(906,576)	**1,263,975**
Net assets released from restrictions	1,234,207	(1,234,207)	**-**
Total Revenue and Support	3,404,758	(2,140,783)	**1,263,975**
Expenses - Program			
Archaeology	843,546	-	**843,546**
Education	500,054	-	**500,054**
Campus services	816,845	-	**816,845**
Cultural explorations	589,537	-	**589,537**
Marketing and sales	440,056	-	**440,056**
Research institute	300,284	-	**300,284**
American Indian initiatives	230,932	-	**230,932**
Student financial aid	95,247	-	**95,247**
Total Program Expenses	3,816,501	-	**3,816,501**
Expenses - Support Services			
Administration	592,838	-	**592,838**
Fundraising	548,631	-	**548,631**
Total Support Services Expenses	1,141,469	-	**1,141,469**
Total Expenses	4,957,970	-	**4,957,970**
Change in Net Assets	(1,553,212)	(2,140,783)	**(3,693,995)**
Net Assets - beginning of the year	7,468,356	21,150,757	**28,619,113**
Net Assets - end of the year	$ 5,915,144	$ 19,009,974	**$ 24,925,118**

See accompanying notes.

CROW CANYON ARCHAEOLOGICAL CENTER

STATEMENTS OF FUNCTIONAL EXPENSES

For the years ended December 31, 2019 and 2018

	Program Services											
	Archaeology	Education	Campus services	Cultural explorations	Marketing and sales	Research Institute	American Indian initiatives	Student financial aid	Sponsored projects	Administration	Fundraising	Total Expenses
2019												
Salaries, wages and benefits	$ 506,224	$ 303,792	$ 396,754	$ 234,867	$ 201,997	$ 235,361	$ 96,943	$ -	$ 56,692	$ 655,802	$ 280,030	$ 2,968,462
Contractors	13,858	-	15,900	36,332	101,585	41,260	41,268	-	145,568	111,295	-	507,065
Accommodations/Outfitters	45,193	6,326	-	283,221	-	259	4,220	-	-	19,181	325	358,723
Supplies	6,643	3,665	81,569	17,609	4,543	5,421	2,812	-	1,711	58,298	15,155	197,425
Depreciation	15,200	93,800	6,100	4,500	6,000	7,600	4,500	-	-	8,439	6,100	152,239
Travel	12,527	10,756	2,597	23,304	765	28,605	14,910	-	22,438	12,832	24,894	153,628
Advertising	22,022	8,106	-	18,151	34,906	-	500	-	-	-	-	83,685
Other	4,760	7,329	4,813	16,748	691	13,607	170	-	233	34,575	7,397	90,325
Utilities	-	-	53,805	-	1,122	-	-	-	-	22,889	1,268	79,084
Scholarships/Student Aid	-	-	-	-	-	-	-	66,681	-	-	-	66,681
Insurance	-	-	11,328	-	-	-	-	-	-	46,410	-	57,738
Maintenance	-	-	21,491	562	-	-	-	-	-	-	-	22,052
Cost of gift shop sales	-	-	18,141	-	-	-	-	-	-	-	-	18,141
Interest	-	-	1,569	-	-	-	-	-	-	8,235	-	9,804
Facilities & Administration (F&A)	-	-	-	-	-	76,790	-	-	-	-	-	76,790
Curation fees	18,120	-	-	-	-	-	-	-	-	-	-	18,120
Total	$ 644,546	$ 433,774	$ 614,068	$ 635,293	$ 351,609	$ 408,903	$ 165,323	$ 66,681	$ 226,642	$ 977,954	$ 335,169	$ 4,859,962
2018												
Salaries, wages and benefits	$ 586,654	$ 311,345	$ 480,732	$ 235,507	$ 353,334	$ 177,337	$ 152,640	$ -	$ -	$ 436,282	$ 371,690	$ 3,105,521
Contractors	18,622	10,752	31,028	21,290	6,607	75,360	17,102	-	-	85,037	2,832	268,630
Accommodations/Outfitters	43,272	-	-	204,525	-	-	4,643	-	-	13,214	46,958	312,612
Supplies	12,755	7,651	100,235	19,067	13,392	2,923	18,918	-	-	108,606	34,609	318,156
Depreciation	17,700	109,600	7,100	5,300	7,100	8,800	5,300	-	-	14,640	7,100	182,640
Travel	18,487	20,578	3,254	36,734	8,837	10,420	21,340	-	-	11,806	51,444	182,900
Advertising	12,724	9,352	-	36,672	16,198	-	-	-	-	-	-	74,946
Other	6,357	4,776	10,667	11,929	2,593	20,144	389	-	-	51,114	8,536	116,505
Utilities	-	-	55,044	-	295	-	-	-	-	29,412	2,062	86,813
Scholarships/Student Aid	-	-	-	-	-	-	-	95,247	-	-	-	95,247
Insurance	-	-	13,662	-	-	-	-	-	-	38,701	-	52,363
Maintenance	-	-	39,804	913	-	-	-	-	-	-	-	40,717
Cost of gift shop sales	-	-	39,082	-	-	-	-	-	-	-	-	39,082
Interest	-	-	5,337	-	-	-	-	-	-	626	-	5,963
Curation fees	75,875	-	-	-	-	-	-	-	-	-	-	75,875
Total	$ 792,446	$ 474,054	$ 785,945	$ 571,937	$ 408,356	$ 294,984	$ 220,332	$ 95,247	$ -	$ 789,438	$ 525,231	$ 4,957,970

See accompanying notes.

CROW CANYON ARCHAEOLOGICAL CENTER

STATEMENTS OF CASH FLOWS

For the years ended December 31, 2019 and 2018

	2019	2018
Cash Flows From Operating Activities		
Cash from contributions, tuition and others	**$ 4,272,660**	$ 3,994,214
Cash to employees, suppliers and others	**(4,807,750)**	(4,748,908)
Interest paid	**(9,804)**	(5,963)
Net Cash Used for Operating Activities	**(544,894)**	(760,657)
Cash Flows From Investing Activities		
Proceeds from sale of investments	**1,380,715**	1,109,062
Purchases of investments	**(717,989)**	(722,228)
Purchase of property and equipment	**-**	(48,327)
Net Cash Provided by Investing Activities	**662,726**	338,507
Cash Flows From Financing Activities		
Repayment of note payable	**(101,278)**	(100,432)
Net Cash Used for Financing Activities	**(101,278)**	(100,432)
Net Increase (Decrease) in Cash	**16,554**	(522,582)
Cash - beginning of the year	**388,030**	910,612
Cash - end of the year	**$ 404,584**	$ 388,030

See accompanying notes.

NOTE 1 - SUMMARY OF ORGANIZATION MISSION AND SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

Crow Canyon Archaeological Center (the Center) is a not-for-profit organization located in rural Montezuma County, Colorado, near the town of Cortez. The mission of the Center is to advance knowledge of the human experience through archaeological research, education programs, and collaboration with American Indians. To achieve this mission, the Center conducts sustained field research in the American Southwest in collaboration with the public; develops and tests archaeological methods and theories; creates and delivers engaging and enriching educational materials and programs; involves American Indians in the development and implementation of its research and education programs; explores past and present cultures worldwide; collaborates with individuals and organizations with common interests; and disseminates its work through multiple media. The Center adheres to the highest standards of quality, integrity, and accountability in all its endeavors.

As of December 31, 2018, the Center completed its comprehensive campaign to raise $19.7 million. The campaign provided for the creation of the Research Institute, facilities improvements, and the development of collaborative programs with American Indian communities.

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets of the Center and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets not subject to donor-imposed stipulations. Revenue is reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expirations of restrictions on net assets, that is, the donor-imposed stipulated purpose having been accomplished or the stipulated time period having elapsed, are reported as transfers between the applicable classes of net assets. Board designated net assets are also included in net assets without donor restrictions. At December 31, 2019 and 2018 total board designated net assets were $1,548,441 and $1,357,426.

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that may or will be met by actions of the Center and/or the passage of time. Net assets with donor restrictions are reclassified to net assets without donor restrictions as their time and/or purpose requirements are met.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Concentrations
The Center's revenue and support before investment activity is exposed to donor concentration risk. For the years ended December 31, one donor accounted for approximately 14% (2019) and 15% (2018) of the Center's total contribution revenue.

Revenue from Contracts with Customers
Effective January 1, 2019, the Center adopted Accounting Standards Update (ASU) 2014-09 Revenue from Contracts with Customers (Topic 606) and all subsequently issued clarifying ASU's which replaced most existing revenue recognition guidance in generally accepted accounting principles in the United States of America (GAAP). The new guidance requires the Center to recognize revenue to depict the transfer of good or services to customers in an amount that reflects the consideration to which the Center expects to be entitled in exchange for those good or services. The new guidance also requires expanded disclosures related to the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. The adoption of this new guidance was done using the modified retrospective method. The Center applied the new guidance using the practical expedient provided in Topic 606 that allows the guidance to be applied only to contracts that were not complete as of January 1, 2019. Results for reporting periods beginning after January 1, 2019 are presented under Topic 606 while prior periods amounts are not adjusted and continue to be reported in accordance with legacy GAAP.

The adoption of this new standard did not result in a material impact to the Center's financial statements. There was no significant effect on the financial statements related to the adoption of this new standard which would require a cumulative effect adjustment to net assets at the date of adoption under the modified retrospective method.

Contributions
Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. Conditional promises to give are not recognized until they become unconditional. As of December 31, 2019 and 2018, the Center had no conditional promises to give. The Center reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the assets, or if they are designated as support for future periods. When a donor 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. Donor-imposed contributions whose restrictions are met in the same reporting period are reported as net assets without donor restrictions. Management periodically reviews the collectability of contributions receivable and as of December 31, has determined $3,388 (2019) and $3,888 (2018) of pledges receivable to be allowed for as doubtful accounts.

Net assets restricted for acquisition of buildings or equipment are reported as net assets with donor restrictions until the specified asset is placed in service by the Center when the restrictions are released.

Contributed materials are recorded as contributions, when received, at their fair market value when such value can be objectively and accurately determined. Contributions of services are recognized at the fair value of the services received if the services received (a) create or enhance non-financial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The Center pays for services requiring specific expertise. Many individuals volunteer their time and perform a variety of tasks that assist the Center;

however, these services do not meet the criteria for recognition as contributed services. For the year ended December 31, 2019 and 2018, the Center had no in-kind contributions.

Grants Revenue
Government grants and contract revenue are recognized when earned. Revenue is earned when eligible expenditures, as defined in each grant or contract, are made or when the substantial performance requirements are met. Deferred revenue consists of contract revenue received but not yet expended. Expenditures under government contracts are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these contracts, the Center will record such disallowance at the time the final assessment is made. Management believes that any disallowances, if any, would not have a significant effect on the consolidated/statement of financial position.

Tuition Revenue
The Center receives tuition from education, archaeological research, and cultural travel programs offered to public participants ranging in age from ten years through adults. These students help to sustain the goals of the Center through these programs. Tuition revenue is recognized as the performance obligations are satisfied, which is at the time the programs occur.

Cash and Cash Equivalents
For the purposes of the statement of cash flows, the Center defines cash as all demand deposits and cash on hand. Cash in money market accounts held by brokers in investment accounts is excluded for this purpose. Cash balances subject to the Federal Deposit Insurance Corporation (FDIC) insurance limits are minimized; however, at times balances may be in excess of FDIC insurance limits. At December 31, 2019 and 2018 there were no cash equivalents.

Investments
Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at their fair values. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Income, including realized and unrealized gains and losses, on investments representing net assets with donor restrictions is recorded as an increase in net assets without restrictions or net assets with donor restrictions as specified by the donor. However, if losses reduce the assets of a donor-restricted endowment fund below the level contributed by the donor(s), those losses, and any future gains to restore the value of the assets to its original level, are classified as net assets without restrictions.

Gift Shop Inventory
Gift shop inventory is stated at the lower of cost or market (net realizable value). Inventory items are accounted for on a first-in, first-out or specific identification basis.

Property and Equipment
Property and equipment are valued at cost, except for donated assets, which are valued at fair value at the time of donation. The Center capitalizes property and equipment acquisitions of $2,500 or more that have a useful life of more than one year. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend an asset's life are expensed.

Deposits and Deferred Revenue
Deposits and deferred revenue consist of advance payments received by the Center from participants for future educational and cultural exploration trips. At the time the trip is taken, the Center removes amounts from deposits and deferred revenue and recognizes tuition and cultural explorations revenue.

Functional Allocation of Expenses
The direct costs of providing the Center's programs and other activities which are identifiable have been allocated to the related programs or supporting services. Indirect or shared costs are allocated among programs and supporting services by the method that best measures the relative degree of benefit. Certain categories of expenses are attributable to both programs and supporting activities and are allocated on a reasonable basis that is consistently applied. The majority of expenses that are allocated are information technology expenses, which are allocated on the basis of estimates of usage. Certain other expenses are allocated using the same allocation method as information technology expenses since they are driven by the activities of the Center.

Income Taxes
The Center is a not-for-profit organization as defined by Internal Revenue Code Section 501(c)(3), and therefore, is exempt from federal and state income tax expense. The Center had no unrelated business income for the years ended December 31, 2019 and 2018.

Future Accounting Pronouncements
In February 2016, the FASB issued ASU 2016-02 – *Leases* (Topic 842). This update requires lessees to recognize operating leases on the balance sheet with lease liabilities and corresponding right-of-use assets based on the present value of lease payments. ASU 2016-02 is effective for annual periods beginning after December 15, 2020. The Center is currently evaluating the potential impact this standard will have on the financial statements.

NOTE 2 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

	2019	2018
Financial assets, at year end	$ 25,952,292	$ 23,440,823
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions:		
Restricted by donor with time or purpose restrictions	(21,180,249)	(19,009,974)
Board designations:		
Amounts set aside for grants and giving	(1,548,441)	(1,357,426)
Financial assets available to meet cash needs for general expenditures within one year	$ 3,223,602	$ 3,073,423

The Center has $3,223,602 of financial assets available within one year of the statement of financial position date to meet cash needs for general purposes consisting of cash and endowments without restrictions. Cash that is not subject to donor or other contractual restrictions is available for general use. The endowments are invested to retain principal values in perpetuity, but the earnings are available for general use within one year of the statement of financial position date.

NOTE 3 - PLEDGES RECEIVABLE

Pledges receivable related to the Tomorrow's Promise capital campaign at December 31 are as follows:

	2019	2018
Receivable due in less than one year	$ 60,500	$ 225,043
Receivable due in one to five years	-	84,041
Total Pledges Receivable	60,500	309,084
Less discounts to net present value	-	(17,759)
Less allowance for doubtful pledges	(3,388)	(3,888)
Pledges Receivable, net	$ 57,112	$ 287,437

Non-current pledges receivable are discounted at a rate of 5%. Amortization of the discount is reported in the Statement of Activities as contribution income.

At December 31, 2019 and 2018, the Center had pledges receivable related to the capital campaign from members of the Center's board of trustees of $10,000 and $148,725, respectively.

NOTE 4 - INVESTMENTS

The Center's investments consisted of the following as of December 31, 2019:

Money market funds	$ 1,308,297
Mutual funds	24,059,239
Charitable gift annuities	61,218
	$ 25,428,754

The Center's investments consisted of the following as of December 31, 2018:

Money market funds	$ 271,825
Mutual funds	22,335,106
Charitable gift annuities	59,207
	$ 22,666,138

As of December 31, investment income (loss) consisted of the following:

	2019		2018	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
Interest and dividends, net of fees	$ 105,007	$ 388,422	$ 81,582	$ 307,291
Realized gains, net	460,837	678,928	54,378	120,978
Unrealized gains (losses), net	258,966	2,030,486	(521,793)	(1,923,896)
	$ 824,810	$ 3,097,836	$ (385,833)	$ (1,495,627)

During the year ended December 31, investment advisory fees paid amount to $114,813 (2019) and $148,556 (2018).

The Center accounts for investments in accordance with ASC 820. ASC 820 defines fair values, establishes a consistent framework for measuring fair value and expands disclosure requirements for fair value measurements. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value.

Under ASC 820, assets and liabilities are grouped in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

- Level 1 – Valuation is based upon quoted prices for identical instruments traded in active markets.
- Level 2 – Valuation is based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.
- Level 3 – Valuation is generated from model-based techniques that use significant assumptions not observable in the market. These unobserved assumptions reflect the Center's own estimates of assumptions that market participants would use in pricing the asset or liability. Valuation techniques include use of option pricing models, discounted cash flow models, and similar techniques.

Under ASC 820, the Center bases fair values on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements for assets and liabilities where there are limited or no observable market data, and therefore, are based primarily upon the Center's estimates, are often calculated based on current pricing policy, the economic and competitive environment, the characteristics of the asset or liability, and other such factors. Therefore, the results cannot be determined with precision and may not be realized in an actual sale or immediate settlement of the asset or liability. Additionally, there may be inherent weaknesses in any calculation technique, and changes in the underlying assumptions used, including discount rates and estimates of future cash flows, that could significantly affect the results of current or future values.

Following is a description of the valuation methodologies used for assets measured at fair value.

Mutual Funds: Valued at the net asset value (NAV) of shares held by the Center at year end.

Charitable Gift Annuity: Valued at the present value of the annuity.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Center believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Fair value measurements for assets recorded at fair value on a recurring basis at December 31, 2019 are as follows:

Description	Level 1	Level 2	Level 3	Total Fair Value
Mutual funds	$ 24,059,239	$ -	$ -	$ 24,059,239
Charitable gift annuities	61,218	-	-	61,218
Total	$ 24,120,457	$ -	$ -	$ 24,120,457

Fair value measurements for assets recorded at fair value on a recurring basis at December 31, 2018 are as follows:

Description	Level 1	Level 2	Level 3	Total Fair Value
Mutual funds	$ 22,335,106	$ -	$ -	$ 22,335,106
Charitable gift annuities	59,207	-	-	59,207
Total	$ 22,394,313	$ -	$ -	$ 22,394,313

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment at December 31 consisted of the following:

	2019	2018
Land	$ 538,158	$ 538,158
Buildings and improvements	3,818,862	3,818,862
Furniture and equipment	233,771	233,771
Vehicles	428,331	428,331
	5,019,122	5,019,122
Accumulated depreciation	(3,150,498)	(2,998,258)
Property and Equipment, net	$ 1,868,624	$ 2,020,864

Depreciation expense for the years ended December 31, was $152,239 (2019) and $182,640 (2018), respectively.

NOTE 6 - LONG-TERM DEBT

Long-term debt at December 31 consisted of the following:

	2019	2018
Term note payable to US Bank, with monthly principal and interest payments of $7,814 at an annual percentage rate of 3.41%, maturing March 26, 2020, secured by any and all security interests, pledges, mortgages/deeds of trust of the borrower.	$ -	$ 101,278
Total Current Portion	$ -	$ 101,278

NOTE 7 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions restricted for a particular purpose are available for the following purposes for the years ended December 31:

	2019	2018
Archaeology	$ 1,006,457	$ 407,022
Research Institute	889,694	215,085
Student financial aid	608,729	430,001
American Indian initiatives	493,206	464,388
Education	363,650	129,863
IT	21,445	49,298
Capital purchases, maintenance and improvements	1,298	44,932
	$ 3,384,480	$ 1,740,589

Net assets with donor restrictions to be maintained in perpetuity at December 31 were:

Endowment and trust investments in perpetuity, net of unamortized discounts, the income from which is available to support:
Mission Related—Research, Education, American Indian Initiatives

	2019	2018
C. Paul Johnson Family Fund	$ 3,009,816	$ 3,009,816
Ricky R. Lightfoot Research Fellowship	2,005,500	2,005,500
William Lipe Advances in Research	2,000,000	2,000,000
William Lipe Chair in Research	2,000,000	2,000,000
Research Institute Fund	1,082,043	1,081,043
Stuart Struever Chair in Research	1,071,625	1,071,625
Sue Anschutz-Rodgers	1,000,000	1,000,000
Eleanor & Robert A. McClevey, Jr. Chair in Education	742,866	742,867
Four Corners Children's Education Fund	558,656	558,656
National Youth Education Scholarship Fund	434,291	434,291
Mark D. Varien Research Fund	430,146	424,145
General Education Fund	413,959	413,959
Segal Family Foundation	410,157	343,492
Richard G. and Mary Lyn Ballantine Fund	326,032	326,032
Albert G. Boyce, Jr. Family Fund	317,378	310,249
Alden C. Hayes Research Fund	272,250	272,250
Shirley R. & Reinhardt H. Jahn Education Fund	250,000	250,000
Navajo Education Fund	194,469	194,469
Jan & Frank Cicero Research Fund	190,240	190,240
Larsen Education Fund	185,000	170,000
Gomer W. Walters Research Fund	156,950	156,850
Lew Matis Education Fund	129,723	129,723
Robert and Doris Haugen Research Fund	125,002	125,002
Florence C. and Robert H. Lister Fellowship	109,399	108,645
Pamela & Michael Reese Education Fund	100,000	100,000
Sidney and Iris Taylor Fund	100,000	100,000
American Indian Initiatives Fund	81,000	81,000
Flora W. Minium Memorial Fund	50,000	50,000
Katherine Carhart Fellowship	39,268	39,268
Fred G. Myers Graduate Research Fellowship	10,000	10,000
Total Mission Related	17,795,769	17,699,122
Less: Accumulated losses on endowment funds	-	(429,737)
Total Net Assets with Donor Restrictions	$ 21,180,249	$ 19,009,974

At December 31, 2019, there were no funds with material deficiencies in market value under cost. At December 31, 2018, funds with original gift values of $10,346,413 fair values of $9,916,676 and deficiencies of $429,737 were reported in net assets with donor restrictions.

NOTE 8 - NET ASSETS RELEASED FROM RESTRICTION

Net assets were released from donor restriction by incurring expenses satisfying the restricted purpose, by occurrence of the other events specified by donors, or by the passage of time for the years ended December 31, are as follows:

	2019	2018
Research Institute	$ 665,595	$ 236,756
Archaeology	395,543	638,814
Education	319,606	182,813
American Indian initiatives	104,379	59,974
Student financial aid	47,286	90,747
IT	16,080	-
Capital purchases, maintenance and improvements	-	25,103
	$ 1,548,489	$ 1,234,207

NOTE 9 - ENDOWMENTS

The Center's endowment consists of 34 individual funds established for a variety of purposes. Its endowment includes both donor-restricted funds and funds designated by the Board of Trustees to function as endowments. As required by generally accepted accounting principles (GAAP), net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Trustees ensures that in all aspects of institutional funds management, the Center acts in compliance with the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as stated in Colorado Revised Statutes 15-1-1101 through 1110, as well as all other applicable state and federal laws. The "prudent investor rule" states that in managing its institutional funds, the Center and its agents shall act in good faith with the care that an ordinarily prudent person in a like position would exercise under similar circumstances. Primary consideration is given to donor intent as expressed in a gift instrument and, as expressly enumerated in prudence factors in UPMIFA, in the preservation of the endowment fund.

The Center classifies as net assets with donor restrictions maintained in perpetuity the original value of gifts donated to the endowment and the original value of subsequent gifts to the endowment. In accordance with the Center's interpretation of UPMIFA, any remaining portion of the donor-restricted fund that is not classified in net assets with donor restrictions is classified as net assets without donor restrictions. In making a determination to appropriate or accumulate net assets with donor restrictions, the Center shall act in good faith and if relevant, considers the following factors: (1) the duration and preservation of the endowment fund, (2) the purposes of the institution and the endowment fund, (3) general economic conditions, (4) the possible effect of inflation or deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the institution, and (7) the investment policy of the institution.

Endowment Investment Objective. The Center's primary objectives in managing endowments are to create a steady stream of revenue to support its mission, to preserve the purchasing power of the endowment in perpetuity, and to achieve the highest total return with a reasonable level of risk.

Endowment Spending Policy. To calculate the amount of the endowment to be appropriated for expenditure each year to meet operating expenses, the Center developed a variation of the Tobin spending rule. The Tobin spending rule sets the annual distribution in a particular year through a quantitative formula that has a stability factor - the prior year's spending adjusted for inflation, and a market factor - the long-term sustainable rate of distribution times the market value of the fund. By appropriately weighting these two factors, the Investment Committee can determine the pace at which variations in market value are incorporated into spending. A heavier weighting towards the market factor provides greater responsiveness to rising, but also falling, markets. Conversely, weighting the stability factor more heavily increases the buffering effect, sustaining the spending rate in the face of market declines, but slowing the response in market rallies. The Investment Committee may occasionally adjust the weighting of these factors to best suit the Center's needs.

Originally contributed endowment principal is maintained in perpetuity, accumulated net earnings and appreciation and depreciation on related investments are recorded in net assets without donor restrictions as specified by the donor.

The Center's Board of Trustees has also designated $1,548,441 to the Center's endowments as a board designated fund. The board designated fund consists of the proceeds of a terminated unitrust and two unrestricted planned gifts from long-time supporters of the Center. This fund is an institutional fund that is not permanently restricted by the donor, but is treated as if it were an endowment (quasi-endowment). The original designated amount and all related earnings are shown as without donor restriction in net assets on the statements of financial position.

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Board of Trustees of the Center has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law.

Changes in endowment assets as of December 31, 2019 are as follows:

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total Endowment Assets
Endowment assets, beginning of the year	$ 4,592,827	$ 18,014,104	$ 22,606,931
Contributions	-	111,164	111,164
Investment income, net of fees	103,585	388,427	492,012
Net appreciation	713,916	2,709,414	3,424,434
Earnings appropriated for expenditure	(236,165)	(1,029,736)	(1,265,901)
Endowment assets, end of the year	$ 5,174,163	$ 20,193,373	$ 25,367,536

Changes in endowment net assets as of December 31, 2018 are as follows:

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total Endowment Assets
Endowment assets, beginning of the year	$ 5,236,262	$ 20,024,329	$ 25,260,591
Contributions	-	185,924	185,924
Investment income, net of fees	80,164	307,602	387,766
Net depreciation	(459,014)	(1,807,830)	(2,266,844)
Earnings appropriated for expenditure	(264,585)	(695,921)	(960,506)
Endowment assets, end of the year	$ 4,592,827	$ 18,014,104	$ 22,606,931

NOTE 10 - BOARD OF TRUSTEES SUPPORT

Members of the Center's Board of Trustees contribute a significant amount of revenue to the Center to help support its mission. Contributions were as follows for the years ended December 31:

	2019	2018
Contributions to net assets without donor restrictions	$ 912,188	$ 870,037
Contributions to net assets with donor restrictions	24,028	173,789
Total Board of Trustees Contributions	$ 936,216	$ 1,043,826

NOTE 11 - LINES OF CREDIT

The Center has an available revolving short-term bank line of credit totaling $800,000. Interest on the line of credit borrowings is payable at the bank's prime rate minus 1.00%; at December 31, 2019, the interest rate was 3.41%. Borrowings are secured by the KeyBank National Association Investment Management Account, and all assets held therein, except common trust funds, stock issued by Key Corp., qualified retirement funds and series EE and HH bonds. Additional collateral includes all of the Center's property. No borrowings were outstanding on this line of credit at December 31, 2019.

The Center had an available revolving short-term bank line of credit totaling $1,000,000. Interest on the line of credit borrowings was payable monthly at the bank's prime rate minus 1.00%. Borrowings were secured by the general endowment, Dorothy McEachren endowment, and the National Endowment for the Humanities endowments. This line of credit was closed in 2019. No borrowings were outstanding on this line of credit at December 31, 2018.

NOTE 12 - RETIREMENT PLANS

The Center sponsors a voluntary salary reduction plan to all eligible employees, and funds withheld are used to buy participant directed tax-deferred annuities as provided under Section 403(b) of the Internal Revenue Code. Employees become eligible to participate immediately following employment. The Center does not contribute directly to this plan.

The Center also offers a defined contribution plan in which employees may elect to defer, on a salary reduction (pre-tax) or salary deduction (after-tax) basis, a percentage of their salary as provided under Section 403(b) of the Internal Revenue Code. Employees become eligible to participate after one year of service. The Center has the discretion to match employee contributions to the plan up to 4% of an employee's salary. At December 31, 2019 and 2018, contribution expense for the Center was $37,654 and $45,437, respectively.

NOTE 13 - RISKS AND UNCERTAINTIES

The Center invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect account balances and the amount reported on the statements of financial position.

NOTE 14 - SUBSEQUENT EVENTS

The Center has evaluated subsequent events through April 24, 2020, the date at which the financial statements were available to be issued.

In 2020, the Center reorganized the existing Campus Services cost center which resulted in the elimination of the campus store and hospitality departments. As part of the Campus Services reorganization, the maintenance and kitchen departments will be shown as individual cost centers on future financial statements.

In addition, subsequent to year end, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is having significant effects on global, national, and local markets, supply chains, businesses, and communities. Specific to the Center, COVID-19 may impact various parts of its 2020 operations and financial results including but not limited to additional costs for emergency preparedness, disease control and containment, potential shortages of personnel, or loss of revenue due to reductions in certain revenue streams such as donations, program involvement, or investment income. Management believes the Center is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as of December 31, 2019.

Due to the COVID-19 pandemic, the federal government enacted the Coronavirus Aid, Relief, and Economic Security (CARES) Act on March 27, 2020. This program provides a Small Business Administration (SBA) loan program called the Paycheck Protection Program (PPP) to companies with less than 500 employees. The PPP allows for loan forgiveness of loan funds used to cover eight weeks-worth of qualifying payroll and other qualifying expenses. There are several provisions that must be followed in order to receive the loan forgiveness. On April 21, 2020, the Company obtained a PPP loan in the amount of $474,642 with a 1% interest rate which matures in April 21, 2022.