

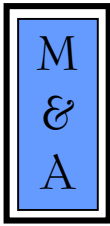
**Walking Mountains
(A Colorado Non-Profit Corporation)**

**Financial Statements
June 30, 2012**

**Walking Mountains
(A Colorado Non-Profit Corporation)
June 30, 2012**

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INDEPENDENT AUDITORS' REPORT

**To the Board of Directors
Walking Mountains
Avon, Colorado**

Board Members:

We have audited the accompanying statement of financial position of Walking Mountains (the "Science Center"), a Colorado non-profit corporation, as of June 30, 2012 and the related statements of activities and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Science Center's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized information has been derived from the Science Center's June 30, 2011 financial statements, and in our report dated December 13, 2011 we expressed an unqualified opinion on those financial statements.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Walking Mountains as of June 30, 2012 and the results of its operations and changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental Schedule of Functional Expenses on page 14 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

**McMahan and Associates, L.L.C.
October 4, 2012**

Member: American Institute of Certified Public Accountants

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Walking Mountains
(A Colorado Non-Profit Corporation)
Statement of Financial Position
June 30, 2012
With Comparative totals for 2011

	2012			2011
	Unrestricted	Temporarily Restricted	Total	Total
Assets:				
Current assets:				
Cash and cash equivalents	529,338	75,429	604,767	678,196
Cash in escrow	25,702	-	25,702	151,657
Investments	53,466	-	53,466	244,339
Accounts receivable	9,160	-	9,160	19,013
Pledges receivable	266,183	-	266,183	477,179
Bookstore inventory	19,105	-	19,105	12,270
Other current assets	8,544	-	8,544	5,803
Total current assets	911,498	75,429	986,927	1,588,457
Non current assets:				
Pledges receivable	512,281	-	512,281	727,416
Total non current assets	512,281	-	512,281	727,416
Fixed assets:				
Land	3,850,000	-	3,850,000	3,850,000
Building	7,542,762	-	7,542,762	-
Equipment	85,627	-	85,627	40,616
Furniture and fixtures	691,346	-	691,346	38,897
Vehicle	28,694	-	28,694	28,694
Construction in progress	-	-	-	6,440,792
Website	97,516	-	97,516	97,516
Less: accumulated depreciation	(264,893)	-	(264,893)	(96,282)
Net fixed assets	12,031,052	-	12,031,052	10,400,233
Total Assets	13,454,831	75,429	13,530,260	12,716,106
Liabilities and Net Assets:				
Current Liabilities:				
Accounts payable	27,663	-	27,663	547,137
Accrued payroll	30,031	-	30,031	21,714
Deferred revenue	85,108	-	85,108	39,223
Infrastructure escrow	25,702	-	25,702	23,095
Total current liabilities	168,504	-	168,504	631,169
Non current liabilities:				
Construction draw line of credit	999,935	-	999,935	-
Total non current liabilities	999,935	-	999,935	-
Total Liabilities	1,168,439	-	1,168,439	631,169
Net assets:				
Net investment in fixed assets	12,031,052	-	12,031,052	10,400,233
Unrestricted	255,340	-	255,340	1,456,364
Temporarily restricted	-	75,429	75,429	228,340
Total net assets	12,286,392	75,429	12,361,821	12,084,937
Total Liabilities and Net Assets	13,454,831	75,429	13,530,260	12,716,106

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

Walking Mountains
(A Colorado Non-Profit Corporation)
Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2012
With Comparative Totals for 2011

	<u>2012</u>			<u>2011</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Total</u>
Revenues:				
Contributions	104,691	1,242,360	1,347,051	1,946,655
Contributions - In-kind	79,038	-	79,038	78,182
Tuition	159,132	-	159,132	169,807
Special events	124,365	-	124,365	378,349
Interest income	4,702	-	4,702	21,488
Other	25,439	-	25,439	17,144
Net assets released from restrictions	<u>1,395,271</u>	<u>(1,395,271)</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>1,892,638</u>	<u>(152,911)</u>	<u>1,739,727</u>	<u>2,611,625</u>
Expenses:				
Programs	1,157,446	-	1,157,446	1,137,812
Management and general	115,507	-	115,507	112,992
Fundraising and other supporting services	<u>189,890</u>	<u>-</u>	<u>189,890</u>	<u>372,178</u>
Total Expenses	<u>1,462,843</u>	<u>-</u>	<u>1,462,843</u>	<u>1,622,982</u>
Change in Net Assets	429,795	(152,911)	276,884	988,643
Net Assets - Beginning of Year	<u>11,856,597</u>	<u>228,340</u>	<u>12,084,937</u>	<u>11,096,294</u>
Net Assets - End of Year	<u><u>12,286,392</u></u>	<u><u>75,429</u></u>	<u><u>12,361,821</u></u>	<u><u>12,084,937</u></u>

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

Walking Mountains
(A Colorado Non-Profit Corporation)
Statement of Cash Flows
For the Year Ended June 30, 2012
With Comparative Totals for 2011

	<u>2012</u>			<u>2011</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Total</u>
Cash Flows From Operating Activities:				
Cash received from donations	530,822	1,242,360	1,773,182	2,425,623
Cash received for tuition	182,570	-	182,570	208,022
Cash received from special events	156,665	-	156,665	405,634
Cash received from other	78,020	-	78,020	17,405
Cash received from interest	4,516	-	4,516	10,674
Cash paid to employees	(746,042)	-	(746,042)	(705,533)
Cash paid for goods and services	(1,039,859)	-	(1,039,859)	(812,544)
Net assets released from restriction	1,820,923	(1,820,923)	-	-
Net Cash Provided (Used) by Operating Activities	<u>987,615</u>	<u>(578,563)</u>	<u>409,052</u>	<u>1,549,281</u>
Cash Flows From Financing Activities:				
Principal payments on debt	(632,461)	-	(632,461)	-
Cash received from debt issuance	1,632,396	-	1,632,396	-
Net Cash Provided (Used) by Financing Activities	<u>999,935</u>	<u>-</u>	<u>999,935</u>	<u>-</u>
Cash Flows From Investing Activities:				
Payments for purchase of property and equipment	(1,799,430)	-	(1,799,430)	(5,418,091)
Cash paid to purchase investments	(17,859)	-	(17,859)	(27,126)
Cash received from sale of donated investments	208,918	-	208,918	1,932,909
Net Cash Provided (Used) by Investing Activities	<u>(1,608,371)</u>	<u>-</u>	<u>(1,608,371)</u>	<u>(3,512,308)</u>
Net Change in Cash	379,179	(578,563)	(199,384)	(1,963,027)
Cash Balance and Cash Equivalents - Beginning of Year	175,861	653,992	829,853	2,792,880
Cash Balance and Cash Equivalents - End of Year	<u>555,040</u>	<u>75,429</u>	<u>630,469</u>	<u>829,853</u>
Reconciliation to Cash on Statement of Financial Position				
Cash and cash equivalents	529,338	75,429	604,767	678,196
Cash in escrow	25,702	-	25,702	151,657
	<u>555,040</u>	<u>75,429</u>	<u>630,469</u>	<u>829,853</u>
Reconciliation of Change in Net Assets to Net Cash Provided by Operating Activities:				
Change in net assets	429,795	(152,911)	276,884	988,643
Adjustments:				
Depreciation expense	168,611	-	168,611	21,325
(Gain) loss on sale of asset	-	-	-	261
(Increase) decrease in accrued interest receivable	(186)	-	(186)	(10,814)
(Increase) decrease in accounts receivable	9,853	-	9,853	42,816
(Increase) decrease in pledges receivable	426,131	-	426,131	478,968
(Increase) decrease in bookstore inventory	(6,835)	-	(6,835)	1,686
(Increase) decrease in other current assets	(2,741)	-	(2,741)	13,414
Increase (decrease) in accounts payable	(519,474)	-	(519,474)	265,753
Increase (decrease) in accrued payroll	8,317	-	8,317	(15,035)
Increase (decrease) in deferred revenue	45,885	-	45,885	(59,600)
Increase (decrease) in infrastructure escrow	2,607	-	2,607	(178,136)
Change in due to (from) net asset class	425,652	(425,652)	-	-
Total Adjustments	<u>557,820</u>	<u>(425,652)</u>	<u>132,168</u>	<u>560,638</u>
Net Cash Provided (Used) by Operating Activities	<u>987,615</u>	<u>(578,563)</u>	<u>409,052</u>	<u>1,549,281</u>

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

**Walking Mountains
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
June 30, 2012**

1. Organization

Walking Mountains (the "Science Center"), a non-profit corporation, was founded in 1998. The Science Center was formerly Gore Range Natural Science School, but filed Articles of Amendment June 3, 2010 to change the name to Walking Mountains. The Science Center is located in Avon, Colorado, and strives to awaken a sense of wonder and inspire environmental stewardship through natural science education. Programs include scientific field study trips for school groups, teacher training workshops, adult natural history seminars, guided nature hikes for families and adults, summer science camps, and college-level internships.

2. Summary of Significant Accounting Policies

A. Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting, which recognizes revenues when earned and expenses when incurred.

B. Support and Revenue

Unconditional promises to give (pledges) are recorded when received. Unconditional promises to give which are due in the next year are reflected as current promises to give and are recorded at their net realizable value. Unconditional promises to give that are due in subsequent years are reflected as long-term promises to give, and are recorded at the present value of their net realizable value, using an average of the one-year and five-year risk-free interest rates to discount these amounts.

Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit or specify the use of the donated assets, whether by time period or purpose. When a donor restriction expires, that is, when a stipulated time restriction ends or the stated purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

Endowment contributions are permanently restricted by the donor, with investment earnings to be used as needed by the Science Center. Such investment earnings are recorded in unrestricted net assets. There are no permanently restricted net assets at June 30, 2012.

Non-monetary donations of goods and services are accepted and recorded at their fair values when received. Donated services are recorded at their fair values in the period received, provided that such services either create or enhance non-financial assets or are considered to be "professional" services which the Science Center would otherwise be required to purchase. Donated fixed assets are recorded at fair value when received and reflected in these financial statements as contribution revenue and an addition to fixed assets.

C. Cash and Cash Equivalents

All short-term investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and at the date of purchase, they have a maturity date of less than three months.

Walking Mountains
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
June 30, 2012
(Continued)

2. Summary of Significant Accounting Policies (continued)

D. Investments

The Science Center has invested certain funds in a stock market index fund. Since these securities are intended to fund future expenditures and may provide a ready source of cash when so required, these investments are classified as trading. Accordingly, these securities are reported on these financial statements at market value, and all realized and unrealized gains and losses relating to original cost are included in current period earnings. See Note 6 below.

E. Allowance for Doubtful Pledges

The Science Center uses the allowance method for recognizing uncollectible pledges receivable. The allowance is an estimate based on an analysis of outstanding pledges receivable. At June 30, 2012, an allowance of \$87,793 was recorded. The Science Center considers pledges to be doubtful when they are 365 days or more past due and there has been no response from the donor.

F. Inventories

Bookstore inventories are stated at the lower of cost, utilizing the first in, first out method, and market value.

G. Fixed Assets and Depreciation

Property and equipment having a unit cost of \$1,000 or more is capitalized at cost. Donated fixed assets having a fair value of \$1,000 or more are capitalized at fair value at the date of donation. Land and construction in progress are not depreciated.

Depreciation is provided using the straight-line basis over the following estimated useful lives:

Buildings	39
Furniture and fixtures	5-7
Computer equipment and website	3-7
Program and office equipment	5
Vehicles	5

H. Deferred Revenue

Deferred revenue represents tuition, contract agreements and special event revenue for next fiscal year, which has been received in advance.

I. Classification of Net Assets

Net assets are classified, according to donor intentions, as unrestricted, temporarily restricted, and permanently restricted. Temporarily restricted net assets are reclassified to unrestricted upon satisfaction of donor intentions with respect to time and purpose. At June 30, 2012, net assets were unrestricted and temporarily restricted; there were no permanently restricted net assets.

Walking Mountains
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
June 30, 2012
(Continued)

2. Summary of Significant Accounting Policies (continued)

J. Income Taxes

The Science Center is a non-profit organization as described in section 501(c)(3) of the Internal Revenue Code and is thus exempt from federal and state income taxes on income which is directly related to its organizational purpose.

K. Functional Expenses

The cost of providing the various programs and supporting services have been summarized on a functional basis in the Statement of Activities and Changes in Net Assets. Directly identifiable program expenses are charged to program services. Expenses related to more than one function are charged to program services on the basis of time spent or other factors influencing the generation of the expense. General and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Science Center. Accordingly, certain costs have been allocated among the program services benefited.

L. In-kind Contributions

In-kind contributions are recognized as contribution income and program service expense at their fair market value at the time of contribution.

M. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

N. Comparative Information

The financial statements include certain prior year comparative information in total but not by net asset class. Accordingly, such information should be read in conjunction with the Science Center's financial statements for the year ended June 30, 2011, from which the comparative totals were derived.

O. Subsequent events

Management has evaluated subsequent events through October 4, 2012, the date the financial statements were available to be issued. Management does not believe there are any material subsequent events to report, except as disclosed in Note 17.

**Walking Mountains
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
June 30, 2012
(Continued)**

3. Promise to Give

Unconditional promises to give at June 30, 2012, are as follow:

Receivable in less than one year	\$ 353,976
Receivable in one to five years	515,833
Total unconditional promises to give	<u>869,809</u>
Less discounts to net present value	(3,552)
Less allowance for doubtful accounts	<u>(87,793)</u>
Net unconditional promises to give at June 30, 2012	<u><u>\$ 778,464</u></u>

The discount rate used on long-term promises to give was 0.47% in 2012.

4. Conditional Promises to Give

A grantee has notified the Science Center of their intention to bequeath \$100,000 to the Science Center. This amount will be recognized in revenue when the probate court declares the will valid.

5. Conditional Grants

A foundation has agreed to give the Science Center three annual grants of \$50,000 to support the Science Center's Community Programs. The Science Center received the first grant of \$50,000 during fiscal year 2012 and recognized this in revenue. The remaining two grants of \$50,000, each, have not been recorded in revenue because they are contingent upon the Science Center raising \$50,000 from new or increased annual fund donors for the purpose of the grant, using grants funds for specified purposes and providing requirement reports as described in the grant agreement.

A grantor has agreed to give four annual grants of \$50,000 toward the construction of energy efficient and renewable energy upgrades at the Buck Creek campus. The annual grants are subject to annual budget appropriation for the calendar years ended December 31, 2009 – December 31, 2012. The Science Center is required to provide statements showing that they incurred direct costs associated with the project's energy efficiency and onsite renewable energy generation prior to requesting payment of the grant. Only amounts received under this grant have been recorded in revenue because the remaining portion is contingent upon annual appropriate and qualifying expenditures. At June 30, 2012, \$100,000 had been received and recorded in revenue and \$100,000 was still outstanding on this grant.

6. Investments

The Science Center's investments at June 30, 2012 were comprised of the following:

Mutual funds	<u>\$ 53,466</u>
Total	<u><u>\$ 53,466</u></u>

Walking Mountains
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
June 30, 2012
(Continued)

7. Fixed Assets

The following is a schedule of changes in fixed assets:

	Balance 6/30/11	Additions	Deletions	Balance 6/30/12
Land	\$ 3,850,000	-	-	3,850,000
Buildings	-	7,542,762	-	7,542,762
Furniture and fixtures	38,897	652,449	-	691,346
Computer equipment	33,011	42,860	-	75,871
Program and office equipment	7,605	2,151	-	9,756
Vehicles	28,694	-	-	28,694
Website	97,516	-	-	97,516
Construction in progress	6,440,792	1,797,278	(8,238,070)	-
Total fixed assets	<u>10,496,515</u>	<u>10,037,500</u>	<u>(8,238,070)</u>	<u>12,295,945</u>
Less: accumulated depreciation	(96,282)	(168,611)	-	(264,893)
Total	<u><u>\$ 10,400,233</u></u>	<u><u>9,868,889</u></u>	<u><u>(8,238,070)</u></u>	<u><u>12,031,052</u></u>

8. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

Avon in school	\$ 14,002
Girls in Science	61,427
Total temporarily restricted net assets	<u><u>\$ 75,429</u></u>

Net assets were released from donor restriction by incurring expenses satisfying the purpose or time restrictions specified by donors as follows:

Purpose restriction accomplished:	
Buck Creek campus	\$ 1,126,535
Avon in school	31,828
Girls in science	41,111
School programs	139,686
Educator salaries	56,111
Total restrictions released	<u><u>\$ 1,395,271</u></u>

**Walking Mountains
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
June 30, 2012
(Continued)**

9. Line of Credit

A. Construction Draw Line of Credit – Alpine Bank

On August 20, 2010, the Science Center entered into an agreement with Alpine Bank for a construction draw line of credit not to exceed \$2,000,000. The line is secured by a Deed of Trust on the lot and all improvements at 318 Buck Creek Lane in Avon, Colorado. The outstanding principal bears interest at the JP Morgan Chase Prime rate plus 1.00%, with a 5% floor and matures August 20, 2015. During fiscal 2012, the Science Center drew \$1,632,396 and repaid \$632,461. The balance outstanding at June 30, 2012 was \$999,935. Effective September 15, 2011, this line is restricted by \$44,618, until the letter of credit, described in Note 10, is satisfied. Alpine bank requires annual principal payments from the Science Center as follows:

June 30, 2013	\$500,000
June 30, 2014	\$750,000

B. Operating Line of Credit – Alpine Bank

On August 16, 2010, the Science Center entered into an agreement with Alpine Bank for a line of credit not to exceed \$100,000. The line is secured by all accounts receivable now owned and hereafter acquired. The outstanding principal bears interest at the JP Morgan Chase Prime rate plus 2.00%, with a 6% floor and matured August 16, 2011. Effective August 16, 2011, the maturity date was extended to August 16, 2012. During the year ended June 30, 2012, the Science Center drew \$101,306 and repaid \$101,306 on this line of credit. There was no balance outstanding at June 30, 2012. As disclosed in Note 17, subsequent to year-end, this line of credit was increased to \$300,000 and the maturity date was extended to August 16, 2013.

10. Letter of Credit

The Science Center has a letter of credit, not to exceed \$44,618, outstanding with Alpine Bank to be held for the purpose of complying with the requirement of the Town of Avon, the named beneficiary. The letter of credit was issued September 15, 2011 and expires September 15, 2013.

11. Vehicle Lease

The Science Center entered into a lease agreement with Colorado Mountain Express for the lease of four vehicles. The term of this agreement was for June 1, 2012 through August 1, 2012 in the amount of \$600 per month per vehicle, plus a security deposit of \$500 per vehicle. At June 30, 2012, the Science Center had four vehicles leased under the terms of this agreement.

12. Program Partners

A. Vail Associates, Inc. and the United States Department of Agriculture

The Science Center has entered into a challenge cost share agreement with Vail Associates, Inc. ("VA") and the United States Department of Agriculture (the "Forest Service"). The purpose of this agreement is to provide for the enjoyment of Environmental Education for the public at Vail and Beaver Creek. The term of the agreement is January 28, 2010, through September 30, 2014.

**Walking Mountains
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
June 30, 2012
(Continued)**

12. Program Partners (continued)

A. Vail Associates, Inc. and the United States Department of Agriculture (continued)

Under the terms of this agreement, **the Forest Service** shall provide housing for employees (four) on a yearly basis during the period of November 1 through April 30, provide materials and equipment as needed to support the Nature Discovery Center operations, provide information or distribute promotional materials, and provide personnel to aid in training and give updated information concerning forest issues. For the period, January 2012 through September 30, 2012, the Science Center is to receive \$20,439 of in-kind contribution for housing, salaries and overhead expenses and \$9,000 as a cash donation from the Forest Service.

Under the terms of this agreement, **VA** will provide summer housing on a yearly basis from May 1 through October 31, provide yearly funds to the Science Center, provide six full time employee winter ski passes and twelve summer passes, provide promotion for interpretive programming, provide a facility at Eagle's Nest of Vail Mountain in which displays and programs can exist, and will provide general liability insurance. For the period, January 2012 through September 30, 2012, VA is to provide the Science Center labor, equipment and use of facilities in the amount of \$24,312, housing in the amount of \$13,800 and lift tickets in the amount of \$11,322.

Under the terms of this agreement, the Science Center will provide an Interpretive Programs Coordinator and supervision for the intern staff, provide interns to staff interpretive programs at the Nature Discovery Center, provide the internship job description and hiring process, provide concentrated training for interns, provide staffing of the Nature Discovery Center, provide Vail and Beaver Creek ski schools with experiential ecology and natural history lessons, and maintain certain insurance policies.

B. United States Department of Agriculture

In fiscal year 2007, the Science Center purchased a national forest bookstore for \$8,979 from the Forest Conservancy and entered into a one year agreement with the Forest Service to operate the bookstore. Under the terms of the agreement, the Science Center will reimburse the Forest Service 24% of net profits from the bookstore in return the Forest Service will provide a representative to staff the store. The Science Center is responsible for providing a representative, ordering and maintaining inventory. This agreement was amended during fiscal year 2012 to extend the term of the agreement through June 30, 2012, when the master agreement expired. This agreement was renewed subsequent to year-end.

C. Vail Recreation District

The Science Center entered into an agreement with Vail Recreation District ("VRD") to provide staff at the Vail Nature Center and Vail Market June 16, 2008 to September 6, 2008. Under the terms of the agreement, VRD will provide the Science Center with all marketing, participant registration, liability insurance for Nature Center programs, access to necessary space and additional materials for programs. VRD will also provide \$15,000 to support naturalist positions. The Science Center renewed this agreement from June 16, 2012 through September 3, 2012 under the same terms.

Walking Mountains
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
June 30, 2012
(Continued)

13. SIMPLE IRA Plan

During August 2008, the Science Center set up a SIMPLE IRA plan (the "Plan") covering all employees with at least one year of service that have earned at least \$5,000. The Science Center makes matching contributions up to 3% of each employee's pay. Total expense for the year ended June 30, 2012 was \$13,705.

14. Related Party

A. Buck Creek Association

Pursuant to the Declarations filed December 30, 2009 for The Buck Creek Association, Inc., ("Association"), the Science Center holds a 35% allocated interest in the common expenses of the Association. There was no assessment for common expenses of the Association during fiscal year 2012. See Note 15 (B) for more information.

B. Other

At June 30, 2012, the Science Center had \$250,764 deposited with Centennial Bank. The Walking Mountains Treasurer is an employee of Centennial Bank. Effective June 15, 2012, a new Treasurer was elected by the Board.

15. Cash Escrow Agreements

A. Lots 1a and 1b

On December 30, 2009, the Science center executed a subdivision improvements agreement for Lot 1a and Lot 1b with Tanavon ("Subdivider") and Eagle River Fire Protection District ("District"). Under the agreement, the parties shall establish a cash escrow to be held by and disbursed by the District in an amount equal to 110% of estimated costs of completion of the improvements. Total common development costs were estimated to be \$878,980, of which the Science Center is responsible for \$249,841. As of June 30, 2012, the Science Center had incurred \$249,841.

B. Lots 2, 3, and 5

On May 18, 2010, the Science Center signed a cash escrow agreement with Buck Creek Associates, Ltd. ("Buck Creek, Ltd"). Under this agreement, the Science Center and Buck Creek, Ltd. have agreed to create a cash escrow for payment of the costs of subdivision improvements for lots adjacent to the Buck Creek Campus (lots 2 and 5). Buck Creek, Ltd. and the Science Center are responsible for 40% and 60% of costs, respectively. The Science Center is solely responsible for lot 3. Total common development costs were estimated to be \$1,126,499, of which the Science Center is responsible for \$732,678. At June 30, 2012, the Science Center had incurred development costs of \$744,194. At June 30, 2012, the Science Center had \$25,702 reserved in a separate bank account to pay for the remaining costs of related to the infrastructure. At June 30, 2012, the Science Center was holding \$25,702 of funds from Buck Creek, Ltd, which is recorded as a liability until expended pursuant to the agreement or refunded to Buck Creek, Ltd.

Walking Mountains
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Notes to the Financial Statements
June 30, 2012
(Continued)

16. Concentration of Credit Risk

The Science Center maintains certain of its cash balances with various financial institutions located in Colorado. These balances are insured by the Federal Deposit Insurance Corporation ("FDIC") up to respective limits. The current limits are \$250,000 for interest bearing accounts per charter, and effective until December 31, 2012, unlimited coverage for non-interest bearing accounts. At June 30, 2012, the Science Center had no uninsured balances.

17. Subsequent Event

On August 16, 2012, the Science Center executed a change in terms agreement for the Alpine Bank line of credit disclosed in Note 9 (B). The line of credit increased to \$300,000 and the maturity date was extended to August 16, 2013. The outstanding principal bears interest at the JP Morgan Chase Prime rate plus 2.00%, with a 6% floor.

Walking Mountains
(A Colorado Non-Profit Corporation)
Schedule of Functional Expenses
For the Year Ended June 30, 2012
With Comparative Totals for 2011

	2012			2011	
	Program Services	Management and General	Fundraising	Total	Total
Accounting	3,130	12,520	-	15,650	17,288
Advertising and marketing	19,775	-	1,041	20,816	47,622
Bank charges and credit card fees	-	8,819	-	8,819	17,314
Board and committee ops.	-	201	-	201	1,554
Computer support	37,197	3,938	2,626	43,761	30,944
Professional Development	7,945	441	441	8,827	9,238
Contract services	29,721	5,944	3,963	39,628	18,055
Depreciation expense	150,064	13,489	5,058	168,611	21,326
Dues and subscriptions	608	68	-	676	2,468
Employees: IRA contribution	11,101	1,096	1,508	13,705	12,023
Employees: employee benefits	31,939	3,154	4,337	39,430	34,886
Employees: payroll expenses	42,585	4,206	5,783	52,574	43,625
Employees: salaries and wages	535,306	52,870	72,696	660,872	609,649
Employees: uniforms	1,476	15	15	1,506	5,105
Equipment	926	-	-	926	-
Fees and permits	7,687	78	78	7,843	8,106
Bookstore	16,270	-	-	16,270	8,889
Insurance	26,384	1,389	-	27,773	17,205
Interest expense	33,274	-	-	33,274	-
Legal	1,887	-	-	1,887	2,744
Library supplies	130	170	135	435	408
Loss on disposal of assets	-	-	-	-	261
Merchandise	1,100	-	-	1,100	1,880
Misc expenses	-	-	47	47	-
Office supplies	2,969	372	372	3,713	2,200
Postage	2,524	1,262	1,262	5,048	3,580
Printing and copying	24,459	3,057	3,057	30,573	23,544
Subdivision improvement expense	71,695	-	-	71,695	441,085
Program supplies	17,153	-	-	17,153	14,550
Recognition and awards	598	683	427	1,708	2,338
Recruitment	1,047	-	-	1,047	1,444
Rent and utilities	16,538	919	919	18,376	48,857
Repairs and maintenance	16,111	-	-	16,111	1,097
Special events expense	21,195	-	84,781	105,976	146,052
Telephone	9,271	515	515	10,301	8,783
Travel and lodging	6,405	301	829	7,535	10,487
Vehicle	8,976	-	-	8,976	8,375
Total Expenses	1,157,446	115,507	189,890	1,462,843	1,622,982

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