

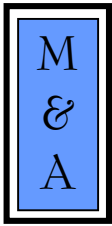


Financial Statements
June 30, 2016

**Walking Mountains
(A Colorado Non-Profit Corporation)
June 30, 2016**

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INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors
Walking Mountains**

Report on the Financial Statements

We have audited the accompanying financial statements of Walking Mountains, which comprise the statement of financial position as of June 30, 2016, and the related statements of activities 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the 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.

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**INDEPENDENT AUDITOR'S REPORT
To the Board of Directors
Walking Mountains**

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, 2016, 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 Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedules on pages 14 and 15 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information, except for that portion marked "unaudited", on which we express no opinion, is fairly stated in all material respects in relation to the financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited Walking Mountains's June 30, 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 26, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.

October 11, 2016

Walking Mountains
(A Colorado Non-Profit Corporation)
Statement of Financial Position
June 30, 2016 and 2015

	2016	2015
Assets:		
Current assets:		
Cash and cash equivalents	\$ 461,956	685,530
Restricted cash held for others	4,637	12,826
Investments	59,712	17,906
Accounts receivable	28,228	94,610
Pledges receivable	549,468	291,505
Bookstore inventory	34,693	20,555
Other current assets	33,197	49,622
Total current assets	1,171,891	1,172,554
Non current assets:		
Pledges receivable	1,073,420	49,520
Permanently-restricted cash and investments	1,040,918	39,345
Total non current assets	2,114,338	88,865
Fixed assets:		
Land	4,450,000	3,850,000
Building	7,609,716	7,609,716
Equipment	61,485	82,213
Furniture and fixtures	728,321	725,944
Vehicles	68,366	35,194
Construction in progress	74,586	-
Website	97,516	97,516
Less: accumulated depreciation	(1,498,824)	(1,218,045)
Net fixed assets	11,591,166	11,182,538
Total Assets	\$ 14,877,395	12,443,957
Liabilities and Net Assets:		
Current Liabilities:		
Accounts payable	\$ 112,783	37,768
Accrued payroll	76,293	36,383
Deferred revenue	366,083	250,057
Held for others	4,637	12,826
Current portion of notes payable	7,422	-
Total current liabilities	567,218	337,034
Non current liabilities:		
Notes payable	600,764	372,673
Total non current liabilities	600,764	372,673
Total Liabilities	1,167,982	709,707
Net assets:		
Net investment in fixed assets	10,982,980	11,182,538
Unrestricted	200,277	395,475
Temporarily restricted	1,485,238	116,892
Permanently restricted	1,040,918	39,345
Total net assets	13,709,413	11,734,250
Total Liabilities and Net Assets	\$ 14,877,395	12,443,957

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, 2016
With Comparative Totals for 2015

	2016			2015	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
Operating Income (Loss):					
Revenues:					
Contributions and grants	\$ 1,297,264	1,740,275	1,000,575	4,038,114	1,374,999
Contributions - In-kind	170,777	-	-	170,777	70,585
Program fees and tuition	917,127	-	-	917,127	790,721
Special events	16,525	-	-	16,525	12,150
Investment income	153	41,719	998	42,870	3,493
Bookstore sales	36,696	-	-	36,696	26,175
Other	8,286	-	-	8,286	7,450
Net assets released from restrictions	413,648	(413,648)	-	-	-
Total Revenues	<u>2,860,476</u>	<u>1,368,346</u>	<u>1,001,573</u>	<u>5,230,395</u>	<u>2,285,573</u>
Expenses:					
Programs	2,724,207	-	-	2,724,207	2,062,912
Management and general	217,748	-	-	217,748	174,581
Fundraising and other supporting services	313,277	-	-	313,277	246,794
Total Expenses	<u>3,255,232</u>	<u>-</u>	<u>-</u>	<u>3,255,232</u>	<u>2,484,287</u>
Change in Net Assets	(394,756)	1,368,346	1,001,573	1,975,163	(198,714)
Net Assets - Beginning of Year	<u>11,578,013</u>	<u>116,892</u>	<u>39,345</u>	<u>11,734,250</u>	<u>11,932,964</u>
Net Assets - End of Year	<u>\$ 11,183,257</u>	<u>1,485,238</u>	<u>1,040,918</u>	<u>13,709,413</u>	<u>11,734,250</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, 2016
With Comparative Totals for 2015

	2016	2015
Cash Flows From Operating Activities:		
Cash received from contributions and grants	\$ 2,799,389	1,460,430
Cash received for program fees and tuition	1,026,414	719,344
Cash received from special events	16,525	12,150
Cash received from other	44,982	33,626
Cash received from interest	409	868
Cash paid to employees	(1,652,044)	(1,282,894)
Cash paid for interest	(35,803)	(23,377)
Cash paid for goods and services	(953,636)	(780,628)
Net Cash Provided by Operating Activities	1,246,236	139,519
Cash Flows From Financing Activities:		
Principal payments on debt	(306,353)	(237,327)
Cash received from debt issuance	541,866	-
Cash drawn on line of credit	16,503	-
Cash repaid on line of credit	(16,503)	-
Net Cash Provided (Used) by Financing Activities	235,513	(237,327)
Cash Flows From Investing Activities:		
Payments for purchase of property and equipment	(712,594)	(16,160)
Cash paid to purchase investments	(1,000,918)	(318)
Net Cash Provided (Used) by Investing Activities	(1,713,512)	(16,478)
Net Change in Cash	(231,763)	(114,286)
Cash and Cash Equivalents - Beginning of Year	698,356	812,642
Cash and Cash Equivalents - End of Year	466,593	698,356
Reconciliation to Cash on Statement of Financial Position		
Cash and cash equivalents	461,956	685,530
Cash held for others	4,637	12,826
	466,593	698,356
Reconciliation of Operating Income (Loss) to		
Net Cash Provided by Operating Activities:		
Operating income (loss)	1,975,163	(198,714)
Adjustments:		
Depreciation expense	332,075	327,035
(Gain) loss on sale of asset	1,874	-
Donated fixed assets	(29,983)	-
Unrealized (gain) loss on investments	(42,461)	(2,625)
(Increase) decrease in accounts receivable	66,382	(51,054)
(Increase) decrease in pledges receivable	(1,281,863)	109,456
(Increase) decrease in bookstore inventory	(14,138)	4,038
(Increase) decrease in other current assets	16,425	(26,098)
Increase (decrease) in accounts payable	75,015	11,632
Increase (decrease) in accrued payroll	39,910	5,687
Increase (decrease) in deferred revenue	116,026	(44,348)
Increase (decrease) in infrastructure escrow	(8,189)	4,510
Total Adjustments	(728,927)	338,233
Net Cash Provided by Operating Activities	\$ 1,246,236	139,519
Schedule of Noncash Investing Activities:		
Capitalized contributions	\$ 29,983	-
	\$ 29,983	-

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, 2016**

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 and sustainability 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.

On October 31, 2013 Eagle Valley Alliance for Sustainability was acquired by the Science Center, which added sustainability and stewardship programs to the Science Center's scope of activities.

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 three-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 by the Science Center. Such investment earnings are recorded in accordance with the donor's stipulation.

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.

Program fees and tuition revenue are recognized as required performance obligations are satisfied.

**Walking Mountains
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
June 30, 2016
(Continued)**

2. Summary of Significant Accounting Policies (continued)

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.

D. Restricted Cash Held for Others

At June 30, 2016, the Science Center held \$4,637 for the Vail and Eagle Vail Community Gardens. The Science Center has a liability recorded for the same amount at June 30, 2016, representing that cash is being held for the use of others.

E. Investments

The Science Center has invested certain funds in mutual funds, equities and money market funds. 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 5 below.

F. 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, 2016, an allowance of \$53,203 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.

G. Inventories

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

H. Fixed Assets and Depreciation

Property and equipment having a unit cost of \$2,500 or more is capitalized at cost. Donated fixed assets having a fair value of \$2,500 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

I. Deferred Revenue

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

**Walking Mountains
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
June 30, 2016
(Continued)**

2. Summary of Significant Accounting Policies (continued)

J. 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.

K. 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. The Federal informational returns of the Science Center are subject to examination by the Internal Revenue Service. The Science Center is no longer subject to examination for tax years prior to 2012.

L. 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.

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, 2015, from which the comparative totals were derived.

O. Subsequent Events

Management has evaluated subsequent events through October 11, 2016, 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, 2016
(Continued)

3. Promise to Give

Unconditional promises to give at June 30, 2016, are as follows:

Receivable in less than one year	\$ 602,671
Receivable in one to five years	1,084,053
Total unconditional promises to give	<u>1,686,724</u>
Less allowance for doubtful accounts	(53,203)
Less discount to present value	(10,633)
Net unconditional promises to give	<u><u>\$ 1,622,888</u></u>

The discount rate used on long-term promises to give at June 30, 2016 was 0.71%.

4. Conditional Promises to Give

The Science Center has received notification of the intention of a donor to give \$1,000,000 toward the purchase of a parcel of land, which is expected to occur prior to December 31, 2016. This contribution will be recognized in revenue when the parcel is purchased and the funds are allocated against the purchase price in the closing statement. Further, three separate donors are to bequeath \$120,000, in total, to the Science Center. The amount of each bequest will be recognized in revenue when the probate court declares the will valid.

5. Investments

The Science Center's investments at June 30, 2016 were in exchange traded funds and mutual funds comprised of the following:

Stocks	\$ 601,302
Bonds	394,178
Short-term reserves	105,150
Total	<u><u>\$ 1,100,630</u></u>

6. Fixed Assets

The following is a schedule of changes in fixed assets:

	Balance			Balance
	6/30/15	Additions	Deletions	6/30/16
Non-depreciable:				
Land	\$ 3,850,000	600,000	-	4,450,000
Construction in progress	-	74,586	-	74,586
Depreciable:				
Buildings	7,609,716	-	-	7,609,716
Furniture and fixtures	725,944	6,124	(3,747)	728,321
Computer equipment	68,319	-	(13,124)	55,195
Program and office equipment	13,894	-	(7,604)	6,290
Vehicles	35,194	61,866	(28,694)	68,366
Website	97,516	-	-	97,516
Total fixed assets	<u>12,400,583</u>	<u>742,576</u>	<u>(53,169)</u>	<u>13,089,990</u>
Less: accumulated depreciation	(1,218,045)	(332,075)	51,296	(1,498,824)
Total	<u><u>\$ 11,182,538</u></u>	<u><u>410,501</u></u>	<u><u>(1,873)</u></u>	<u><u>11,591,166</u></u>

**Walking Mountains
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
June 30, 2016
(Continued)**

7. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

Science Center campus	\$ 1,323,579
Youth Programs	109,594
Professional development	41,719
Sustainability programs	8,232
Teacher salaries	153
Community programs	1,961
Total temporarily restricted net assets	<u>\$ 1,485,238</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:	
Science Center campus	\$ 145,926
Youth Programs	135,969
Sustainability programs	120,288
Teacher salaries	629
Community programs	10,836
Total restrictions released	<u>\$ 413,648</u>

8. Long-Term Restricted Net Assets

During August 2014, a donor converted a short term endowment into a long-term endowment for teacher remuneration in programs qualifying under the Colorado Child Care Credit. The balance of this endowment at December 31, 2015 was \$40,918.

During December 2015, a donor contributed \$1,000,000, whereby the Science Center can withdraw up to \$50,000 annually, without donor approval, for use in the professional development of Science Center staff. Any withdrawal amount greater than \$50,000 annually requires written approval from the donor.

The total balance of the two long-term restricted endowments at June 30, 2016 was \$1,040,918.

9. Line of Credit – Alpine Bank

On August 16, 2010, the Science Center entered into an agreement with Alpine Bank for a revolving line of credit not to exceed \$300,000. The Science Center entered into change in terms agreements with Alpine Bank to extend the \$300,000 line of credit until March 16, 2017. Interest accrues on outstanding principal at a rate of J.P. Morgan Chase Prime rate plus 1.75%. During the year ended June 30, 2016, the Science Center drew and repaid \$16,503 on this line of credit. There was no balance outstanding at June 30, 2016. Collateral required to secure this line includes all accounts receivable, cash, pledges, equipment and inventory.

**Walking Mountains
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
June 30, 2016
(Continued)**

10. Long-term Debt

A. Construction Loan Payable – Alpine Bank

During August 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 Walking Mountains Lane, Avon, Colorado 81620. The outstanding principal bore interest at the JP Morgan Chase Prime rate plus 1.00%, with a 5% floor and matured August 2015. During August 2013, the Science Center entered into a change in terms agreement with Alpine Bank to extend the maturity until February 2018, change the interest to a fixed rate of 4.5% per annum, and increase the note payable balance to \$803,654. The balance outstanding at June 30, 2016 was \$146,918.

B. Vail Mountain School Note Payable

During July 2015, the Science Center issued a promissory note in the amount of \$500,000 in connection with the purchase of land. Interest accrues on the unpaid principal balance at a rate of 4% per annum. The note matures July 2018 and is secured by a deed of trust on the land purchased in connection with issuance of this note. The balance outstanding at June 30, 2016 was \$420,000.

C. Vehicle Loans

During April 2016, the Science Center issued a promissory note in the amount of \$19,583 in connection with the purchase of a vehicle. Interest accrues on the unpaid principal balance at a rate of 6.29% per annum. The note matures May 2021 and is secured by a vehicle. The balance outstanding at June 30, 2016 was \$19,304.

During May 2016, the Science Center issued a promissory note in the amount of \$22,283 in connection with the purchase of a vehicle. Interest accrues on the unpaid principal balance at a rate of 6.29% per annum. The note matures May 2021 and is secured by a vehicle. The balance outstanding at June 30, 2016 was \$21,965.

D. Principal Payments Required

Principal payments on the Science Center's long-term debt for the five fiscal years following June 30, 2016 and in five-year increments thereafter are as follows:

Fiscal year ending June 30, 2017	\$ 7,422
Fiscal year ending June 30, 2018	238,020
Fiscal year ending June 30, 2019	345,214
Fiscal year ending June 30, 2020	8,958
Fiscal year ending June 30, 2021	8,573
Total	<u>\$ 608,187</u>

Walking Mountains
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
June 30, 2016
(Continued)

11. Letter of Credit

The Science Center had a letter of credit, not to exceed \$5,774, outstanding with Alpine Bank to be held for the purpose of complying with the Colorado Department of Labor and Employment Unemployment Insurance Operations, the named beneficiary. This letter of credit expires October 23, 2016.

12. Operating Leases

A. Colorado Mountain Express

The Science Center entered into a lease agreement with Colorado Mountain Express for the lease of five vehicles. The term of this agreement was for May 2016 through September 2016 in the amount of \$650 per month per vehicle, plus a security deposit of \$500 per vehicle.

B. Mountain Chevrolet

During November 2015, the Science Center entered into a lease agreement with Mountain Chevrolet for the lease of a vehicle. The term of this agreement is from November 2015 through January 2019 and requires lease payments of \$318 per month.

13. Program Partners

A. Vail Associates, Inc. and the United States Forest Service

The Science Center has entered into a challenge cost share agreement with Vail Associates, Inc. ("VA") and the United States Forest Service (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 March 19, 2013, through March 19, 2018.

Under the terms of this agreement, the Forest Service shall provide housing for five employees 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 fiscal year 2016, the Science Center recognized \$4,584 of in-kind contribution for housing expenses from the Forest Service.

Under the terms of this agreement, VA will provide cash to cover internship stipends and wages for three naturalists, provide summer housing on a yearly basis from May 1 through October 31, provide yearly funds to the Science Center, provide twelve full time employee winter ski passes and twenty-five 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 provide general liability insurance. For the fiscal year 2016, VA provided the Science Center labor, equipment and use of facilities. During fiscal 2016, the Science Center recognized \$28,453, \$6,600 and \$68,400 for lift tickets, use of facilities and employee housing provided by VA, respectively.

**Walking Mountains
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
June 30, 2016
(Continued)**

13. Program Partners (continued)

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

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 Forest Service Bookstore

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 10% of gross revenue 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 2013 to extend the term of the agreement through August 1, 2017.

C. Vail Recreation District

The Science Center entered into a services agreement with Vail Park and Recreation District ("VRD") to provide staffing, programming, operating supplies, electricity, transportation, and maintenance costs at the Vail Nature Center from February 2015 through December 2015. Under the terms of the agreement, VRD will pay maintenance costs of the Vail Nature Center, costs to maintain required licenses, costs for telephone and internet service, and compensation of ten monthly installments of \$6,000 to the Science Center in exchange for services performed. The Science Center entered into an amended services agreement to change the term to February 2016 through December 2016 and decrease the monthly installment from \$6,000 to \$5,500. During the year ended June 30, 2016, the Science Center recognized \$54,000 in program fees related to these agreements.

14. SIMPLE IRA Plan

The Science Center has 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 recognized for the year ended June 30, 2016 was \$25,186.

15. Related Party – 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 2016.

**Walking Mountains
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
June 30, 2016
(Continued)**

16. Concentration of Credit Risk

The Science Center's cash balances held with financial institutions were insured by the Federal Deposit Insurance Corporation (the "FDIC") at June 30, 2016 up to \$250,000 per depositor at each separately chartered FDIC-member financial institution. At June 30, 2016, the Science Center's cash balances were covered by FDIC insurance.

During the fiscal year ended June 30, 2016, the Science Center entered into a Deposit Placement Agreement with Alpine Bank. Under the agreement, Alpine Bank will transfer funds into other depository institutions so all deposits are fully insured by the FDIC.

17. Subsequent Event

Subsequent to year-end, the Science Center executed a contract to buy a parcel of land in Avon, Colorado for \$3,800,000. Closing is expected to occur no later than December 31, 2016. As discussed in Note 4 above, the Science Center expects to receive a contribution of \$1,000,000 toward the purchase of this land.

Walking Mountains
(A Colorado Non-Profit Corporation)
Schedule of Functional Expenses
For the Year Ended June 30, 2016

	2016			
	Program Services	Management and General	Fundraising	Total
Accounting	\$ 3,635	14,538	-	18,173
Advertising and marketing	52,933	-	2,786	55,719
Bad debt expense	25,425	2,511	3,453	31,389
Bank charges and credit card fees	12,360	642	3,050	16,052
Board and committee ops.	-	1,354	-	1,354
Capital Improvements	2,373	-	-	2,373
Computer support	45,492	4,817	3,211	53,520
Contract services	75,092	15,018	10,012	100,122
Depreciation expense	298,868	19,925	13,283	332,076
Dues and subscriptions	5,676	631	-	6,307
Employees: IRA contribution	19,897	2,267	3,022	25,186
Employees: employee benefits	94,164	10,728	14,303	119,195
Employees: payroll expenses	95,788	10,913	14,550	121,251
Employees: salaries and wages	1,190,836	101,657	159,746	1,452,239
Employees: uniforms	4,671	48	48	4,767
Energy rebates	143,023	-	-	143,023
Energy assessments	37,998	-	-	37,998
EcoSchool grants	9,108	-	-	9,108
Equipment	17,200	-	-	17,200
Fees and permits	23,408	239	239	23,886
Bookstore	17,087	-	-	17,087
Infrastructure expense	-	-	-	-
Insurance	43,660	2,298	-	45,958
Interest expense	35,803	-	-	35,803
Legal	10,759	-	-	10,759
Library supplies	462	601	478	1,541
Loss on disposal of assets	1,873	-	-	1,873
Misc expenses	-	-	7,982	7,982
Office supplies	7,872	984	984	9,840
Postage	3,183	1,592	1,592	6,367
Printing and copying	30,355	3,794	3,794	37,943
Professional Development	46,711	2,595	2,595	51,901
Professional fees	55,662	6,958	6,958	69,578
Program supplies	73,238	-	-	73,238
Recognition and awards	3,254	3,719	2,324	9,297
Recruitment	2,485	-	-	2,485
Rent and utilities	84,536	4,696	4,696	93,928
Repairs and maintenance	83,726	-	-	83,726
Special events expense	12,574	-	50,294	62,868
Telephone	11,602	645	645	12,892
Travel, lodging and entertainment	19,122	4,578	3,232	26,932
Vehicle	22,296	-	-	22,296
Total Expenses	\$ 2,724,207	217,748	313,277	3,255,232

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

Walking Mountains
(A Colorado Non-Profit Corporation)
Schedule of Revenues and Expenses - Budget (Non-GAAP Basis) and Actual
With Reconciliation to GAAP Basis
For the Year Ended June 30, 2016
With Comparative Totals for 2015

	<u>2016</u>		<u>Variance</u>	<u>2015</u>
	<u>Budget</u>	<u>Actual</u>	<u>Positive</u>	<u>Total</u>
	<u>(Unaudited)</u>		<u>(Negative)</u>	
Revenues:				
Contributions and grants	\$ 1,719,897	4,038,114	2,318,217	1,374,999
Contributions - In-kind	35,908	170,777	134,869	70,585
Program fees and tuition	802,151	917,127	114,976	790,721
Special events	-	16,525	16,525	12,150
Investment income	-	42,870	42,870	3,493
Bookstore sales	26,539	36,696	10,157	26,171
Other	7,000	8,286	1,286	7,450
Total Revenues	<u>2,591,495</u>	<u>5,230,395</u>	<u>2,638,900</u>	<u>2,285,569</u>
Expenses:				
Accounting	20,000	18,173	1,827	16,160
Advertising and marketing	66,437	55,719	10,718	53,942
Bank charges and credit card fees	12,608	16,052	(3,444)	9,968
Board and committee ops.	-	1,354	(1,354)	165
Capital Improvements	300	2,373	(2,073)	828
Computer support	53,631	53,520	111	52,491
Professional Development	58,475	51,901	6,574	16,341
Contract services	144,649	100,122	44,527	139,569
Dues and subscriptions	5,384	6,307	(923)	3,554
Employees: IRA contribution	33,642	25,186	8,456	15,235
Employees: employee benefits	106,790	119,195	(12,405)	79,630
Employees: payroll expenses	99,715	121,251	(21,536)	89,519
Employees: salaries and wages	1,413,539	1,452,239	(38,700)	1,121,635
Employees: uniforms	4,483	4,767	(284)	6,709
Energy rebates	70,000	143,023	(73,023)	72,255
Energy assessments	30,000	37,998	(7,998)	-
EcoSchool Grants	-	9,108	(9,108)	-
Equipment	13,155	17,200	(4,045)	1,656
Fees and permits	23,492	23,886	(394)	20,142
Bookstore	8,735	17,087	(8,352)	16,368
Insurance	30,000	45,958	(15,958)	24,642
Interest expense	-	35,803	(35,803)	23,377
Legal	300	10,759	(10,459)	24,515
Library supplies	1,235	1,541	(306)	557
Loss on disposal of assets	-	1,873	(1,873)	-
Misc expenses	2,139	7,982	(5,843)	2,254
Office supplies	5,556	9,840	(4,284)	7,644
Postage	12,199	6,367	5,832	6,027
Printing and copying	51,494	37,943	13,551	27,761
Professional fees	-	69,578	(69,578)	-
Program supplies	65,264	73,238	(7,974)	52,474
Recognition and awards	7,375	9,297	(1,922)	6,585
Recruitment	2,697	2,485	212	4,250
Rent and utilities	43,188	93,928	(50,740)	49,112
Repairs and maintenance	60,700	83,726	(23,026)	54,688
Special events expense	69,000	62,868	6,132	56,486
Telephone	12,734	12,892	(158)	10,693
Travel, lodging and entertainment	39,661	26,932	12,729	14,852
Vehicle	21,305	22,296	(991)	17,506
Total Expenses - Budget Basis	<u>\$ 2,589,882</u>	<u>2,891,767</u>	<u>(301,885)</u>	<u>2,099,590</u>
Reconciliation to GAAP Basis:				
Bad debt expense		31,389		57,662
Depreciation expense		332,076		327,035
Total Expenses - GAAP Basis		<u>3,255,232</u>		<u>2,484,287</u>

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