

walking mountains[®]
science center

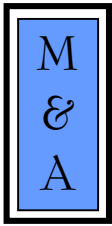
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Financial Statements
June 30, 2017

**Walking Mountains
(A Colorado Non-Profit Corporation)
June 30, 2017**

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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, 2017, 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, 2017, 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, 2016 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, 2016 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 6, 2017

Walking Mountains
(A Colorado Non-Profit Corporation)
Statement of Financial Position
June 30, 2017 and 2016

	2017	2016 (Restated)
Assets:		
Current assets:		
Cash and cash equivalents	\$ 1,787,040	\$ 461,956
Restricted cash held for others	6,330	4,637
Investments	115,715	42,222
Accounts receivable	90,404	28,228
Pledges receivable	885,679	552,671
Bookstore inventory	29,145	34,693
Tax credit held for sale	920,250	-
Other current assets	40,614	33,197
Total current assets	3,875,177	1,157,604
Non current assets:		
Pledges receivable	1,378,096	920,217
Permanently-restricted cash and investments	1,043,531	1,058,408
Total non current assets	2,421,627	1,978,625
Fixed assets, net	13,241,281	11,591,166
Total Assets	19,538,085	14,727,395
Liabilities and Net Assets:		
Current Liabilities:		
Accounts payable	70,160	112,783
Accrued payroll	97,112	76,293
Deferred revenue	339,034	366,083
Held for others	6,330	4,637
Current portion of notes payable	7,902	7,422
Total current liabilities	520,538	567,218
Non current liabilities:		
Notes payable, net of debt issuance costs of \$4,997	2,368,624	600,764
Total non current liabilities	2,368,624	600,764
Total Liabilities	2,889,162	1,167,982
Net assets:		
Net investment in fixed assets	10,864,755	10,982,980
Unrestricted	2,520,801	200,277
Temporarily restricted	2,219,836	1,335,238
Permanently restricted	1,043,531	1,040,918
Total net assets	16,648,923	13,559,413
Total Liabilities and Net Assets	\$ 19,538,085	14,727,395

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, 2017
With Comparative Totals for 2016

	2017			2016 (Restated)	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
Operating Income (Loss):					
Revenues:					
Contributions and grants	\$ 98,610	5,082,627	1,350	5,182,587	3,888,114
Contributions - In-kind	188,169	-	-	188,169	170,777
Program fees and tuition	1,028,657	-	-	1,028,657	917,127
Special events	23,417	-	-	23,417	16,525
Investment income	25,209	73,997	1,263	100,469	42,870
Bookstore sales	35,243	-	-	35,243	36,696
Other	28,620	-	-	28,620	8,286
Net assets released from restrictions	4,272,026	(4,272,026)	-	-	-
Total Revenues	5,699,951	884,598	2,613	6,587,162	5,080,395
Expenses:					
Programs	2,742,721	-	-	2,742,721	2,724,207
Management and general	216,607	-	-	216,607	217,748
Fundraising and other supporting services	365,712	-	-	365,712	313,277
Total Expenses	3,325,040	-	-	3,325,040	3,255,232
Operating Income (Loss)	2,374,911	884,598	2,613	3,262,122	1,825,163
Non-Operating Income (Loss):					
(Loss) on contribution of conservation easement	(1,092,862)	-	-	(1,092,862)	-
Gain from tax credit on conservation easement	920,250	-	-	920,250	-
Change in Net Assets	2,202,299	884,598	2,613	3,089,510	1,825,163
Net Assets - Beginning of Year - Restated (Note 18)	11,183,257	1,335,238	1,040,918	13,559,413	11,734,250
Net Assets - End of Year	\$ 13,385,556	2,219,836	1,043,531	16,648,923	13,559,413

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, 2017
With Comparative Totals for 2016

	2017	2016 (Restated)
Cash Flows From Operating Activities:		
Cash received from contributions and grants	\$ 4,388,378	2,799,389
Cash received for program fees and tuition	942,753	1,026,414
Cash received from special events	23,417	16,525
Cash received from other	63,863	44,982
Cash received from interest	34,627	409
Cash paid to employees	(1,758,135)	(1,652,044)
Cash paid for interest	(61,189)	(35,803)
Cash paid for goods and services	(1,016,265)	(953,636)
Net Cash Provided by Operating Activities	2,617,449	1,246,236
Cash Flows From Financing Activities:		
Principal payments on debt	(574,602)	(306,353)
Cash received from debt issuance	2,347,939	541,866
Cash drawn on line of credit	454,969	16,503
Cash repaid on line of credit	(454,969)	(16,503)
Net Cash Provided (Used) by Financing Activities	1,773,337	235,513
Cash Flows From Investing Activities:		
Cash received from sale of assets	1,002,138	-
Payments for purchase of property and equipment	(4,073,373)	(712,594)
Cash paid to purchase investments	(691,880)	(1,000,918)
Cash received from sale of investments	699,106	-
Net Cash Provided (Used) by Investing Activities	(3,064,009)	(1,713,512)
Net Change in Cash	1,326,777	(231,763)
Cash and Cash Equivalents - Beginning of Year	466,593	698,356
Cash and Cash Equivalents - End of Year	1,793,370	466,593
Reconciliation to Cash on Statement of Financial Position		
Cash and cash equivalents	1,787,040	461,956
Cash held for others	6,330	4,637
	1,793,370	466,593
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:		
Operating income (loss)	3,262,122	1,825,163
Adjustments:		
Depreciation expense	328,258	332,075
(Gain) loss on sale of asset	-	1,874
Donated fixed assets	-	(29,983)
Unrealized (gain) loss on investments	(65,842)	(42,461)
(Increase) decrease in accounts receivable	(62,176)	66,382
(Increase) decrease in pledges receivable	(790,888)	(1,131,863)
(Increase) decrease in bookstore inventory	5,548	(14,138)
(Increase) decrease in other current assets	(7,417)	16,425
(Increase) decrease in loan issue costs	(4,997)	-
Increase (decrease) in accounts payable	(42,622)	75,015
Increase (decrease) in accrued payroll	20,819	39,910
Increase (decrease) in deferred revenue	(27,049)	116,026
Increase (decrease) in infrastructure escrow	1,693	(8,189)
Total Adjustments	(644,673)	(578,927)
Net Cash Provided by Operating Activities	\$ 2,617,449	1,246,236
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, 2017**

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, sustainability and stewardship programs, 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 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.

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, 2017
(Continued)**

2. Summary of Significant Accounting Policies (continued)

D. Restricted Cash Held for Others

At June 30, 2017, the Science Center held \$6,330 for the Vail and Eagle Vail Community Gardens. The Science Center has a liability recorded for the same amount at June 30, 2017, 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, 2017, an allowance of \$30,890 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.

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.

Walking Mountains
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
June 30, 2017
(Continued)

2. Summary of Significant Accounting Policies (continued)

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 2013.

L. Debt Issuance Costs

Debt issuance costs are presented as a reduction of long-term debt and are amortized to interest expense over the life of the related debt.

M. Tax Credit Held for Sale

The tax credit held for sale was created through the sale of a conservation easement on land owned by the Science Center. The tax credit is measured at fair value, less costs to sell.

N. 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.

O. 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.

P. 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, 2016, from which the comparative totals were derived.

Q. Subsequent Events

Management has evaluated subsequent events through October 6, 2017, the date the financial statements were available to be issued. Management does not believe there are any material subsequent events to report.

Walking Mountains
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
June 30, 2017
(Continued)

3. Promise to Give

Unconditional promises to give at June 30, 2017, are as follows:

Receivable in less than one year	\$ 885,679
Receivable in one to five years	1,439,499
Total unconditional promises to give	<u>2,325,178</u>
Less allowance for doubtful accounts	(30,890)
Less discount to present value	(30,513)
Net unconditional promises to give	<u><u>\$ 2,263,775</u></u>

The discount rate used on long-term promises to give at June 30, 2017 was 1.38%.

4. Conditional Promises to Give

The Science Center has been made aware of \$250,000 in bequests where the Science Center is the named beneficiary. The revenue will be recognized when the probate court declares the will valid. Additionally, a donor has promised to give \$75,000, which is contingent upon raising sufficient capital for the Avon campus expansion prior to December 1, 2017. The revenue will be recognized when the condition is met.

5. Investments

The Science Center's investments at June 30, 2017 were in exchange traded funds and mutual funds comprised of the following:

Stocks	\$ 669,192
Bonds	410,919
Short-term reserves	79,135
Total	<u><u>\$ 1,159,246</u></u>

6. Fixed Assets

The following is a schedule of changes in fixed assets:

	<u>Balance</u> <u>6/30/16</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/17</u>
Non-depreciable:				
Land	\$ 4,450,000	3,867,534	(2,095,000)	\$ 6,222,534
Construction in progress	74,586	186,956	-	261,542
Depreciable:				
Buildings	7,609,716	-	-	7,609,716
Equipment	61,485	18,883	-	80,368
Furniture and fixtures	728,321	-	-	728,321
Vehicles	68,366	-	-	68,366
Website	97,516	-	-	97,516
Total fixed assets	<u>13,089,990</u>	<u>4,073,373</u>	<u>(2,095,000)</u>	<u>15,068,363</u>
Less: accumulated depreciation	<u>(1,498,824)</u>	<u>(328,258)</u>	<u>-</u>	<u>(1,827,082)</u>
Total	<u><u>\$ 11,591,166</u></u>	<u><u>3,745,115</u></u>	<u><u>(2,095,000)</u></u>	<u><u>\$ 13,241,281</u></u>

**Walking Mountains
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
June 30, 2017
(Continued)**

7. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

Science Center campus	\$ 1,994,770
Youth programs	146,600
Professional development	65,716
Sustainability programs	12,750
Total temporarily restricted net assets	<u>\$ 2,219,836</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	\$ 3,639,581
Youth Programs	237,097
Professional development	50,000
Sustainability programs	129,232
Teacher salaries	153
Community programs	215,963
Total restrictions released	<u>\$ 4,272,026</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 June 30, 2017 was \$43,531.

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, 2017 was \$1,043,531.

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 October 2018. Interest accrues on outstanding principal at a rate of J.P. Morgan Chase Prime rate plus 1.75%. During the year ended June 30, 2017, the Science Center drew and repaid \$454,969 on this line of credit. There was no balance outstanding at June 30, 2017. 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, 2017
(Continued)**

10. Long-term Debt

A. Note Payable – Alpine Bank

During December 2016, the Science Center executed a promissory note with Alpine Bank to borrow \$2,347,939 to finance the purchase of land and retire outstanding debt. The loan is secured by a Deed of Trust on the lot and all improvements at 318 Walking Mountains Lane and 168 Walking Mountains Lane, Avon, Colorado 81620. Outstanding principal bears interest at 3.875% per annum. Interest is due monthly. Principal and all accrued interest is due in full on December 21, 2018. At June 30, 2017, the principal balance outstanding was \$2,347,569 and all accrued interest had been paid.

B. 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 was 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 note was paid in full during fiscal 2017.

C. 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 accrued on the unpaid principal balance at a rate of 4% per annum. The note matured July 2018 and was secured by a deed of trust on the land purchased in connection with issuance of this note. The note was paid in full during fiscal 2017.

D. 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, 2017 was \$15,882.

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, 2017 was \$18,072.

Principal payments on the Science Center's long-term debt for the five fiscal years following June 30, 2017 and in five-year increments thereafter are as follows:

Fiscal year ending June 30, 2018	7,902
Fiscal year ending June 30, 2019	2,355,983
Fiscal year ending June 30, 2020	8,958
Fiscal year ending June 30, 2021	8,680
Total	<u><u>\$ 2,381,523</u></u>

**Walking Mountains
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
June 30, 2017
(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, 2018.

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 2017 through September 2017 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 2017, the Science Center recognized \$6,543 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 2017, VA provided the Science Center labor, equipment and use of facilities. During fiscal 2017, 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, 2017
(Continued)**

13. Program Partners (continued)

A. Vail Associates, Inc. and the United States Forest Service (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 from the Forest Conservancy and entered into an 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 2017 to extend the term of the agreement through September 30, 2020.

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 2016 through December 2016. 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 to the Science Center in exchange for services performed. During the year ended June 30, 2017, the Science Center recognized \$64,000 in program fees under this agreement.

14. Retirement Plans

The Science Center had 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. Effective January 1, 2017, the Science Center converted the Simple IRA plan into a 401k plan. Eligibility and contribution matching are the same as with the SIMPLE IRA plan, described above. Total retirement expense for retirement recognized for the year ended June 30, 2017 was \$39,276.

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 2017.

Walking Mountains
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Notes to the Financial Statements
June 30, 2017
(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, 2017 up to \$250,000 per depositor at each separately chartered FDIC-member financial institution. At June 30, 2017, the uninsured deposits totaled \$1,235,309.

17. Commitments

During June 2017, the Science Center entered into an agreement for bridge repair services. The guaranteed maximum price under the agreement is \$75,000. No payments had been made under the terms of this agreement as of June 30, 2017.

18. Prior Period Restatement

During fiscal 2017, it was discovered that a conditional pledge was mistakenly recorded by the Science Center as an unconditional pledge during 2016. As a result, June 30, 2016 pledges receivable and contribution revenue have been reduced by \$150,000. The cumulative effect of the restatement is a reduction to beginning equity of \$150,000.

19. Change in Accounting for Debt Issuance Costs

Effective in 2016, the Science Center adopted Accounting Standards Update No. 2015-03, *Simplifying the Presentation of Debt Issuance Costs* ("ASU 2015-03"), issued by the Financial Accounting Standards Board. ASU 2015-03 requires that the Science Center change the presentation of debt issuance costs on its financial statements, such that, effective January 1, 2016, debt issuance costs are presented as a reduction of long-term debt instead of being presented as an asset on the balance sheet, and to report amortization of debt issuance costs as interest expense.

20. Subsequent Event

During September 2017, the Science Center sold the tax credit held for sale to a third party for \$920,250.

**Walking Mountains
(A Colorado Non-Profit Corporation)
Schedule of Functional Expenses
For the Year Ended June 30, 2017**

	2017			
	Program Services	Management and General	Fundraising	Total
Accounting	\$ 3,861	15,442	-	19,303
Advertising and marketing	63,317	-	3,332	66,649
Bank charges and credit card fees	16,761	871	4,136	21,768
Board and committee ops.	-	1,332	-	1,332
Capital improvements	208	-	-	208
Computer support	39,573	4,190	2,793	46,556
Contract services	21,613	4,323	2,882	28,818
Depreciation expense	295,432	19,695	13,130	328,257
Dues and subscriptions	15,596	1,733	-	17,329
Employees: IRA contribution	31,028	3,535	4,713	39,276
Employees: employee benefits	120,085	13,681	18,241	152,007
Employees: payroll expenses	97,317	11,087	14,782	123,186
Employees: salaries and wages	1,234,820	105,412	165,647	1,505,879
Employees: uniforms	8,213	84	84	8,381
Energy rebates	95,803	-	-	95,803
Energy assessments	24,751	-	-	24,751
EcoSchool grants	4,700	-	-	4,700
Equipment	17,001	-	-	17,001
Fees and permits	17,293	176	176	17,645
Bookstore	26,246	-	-	26,246
Insurance	42,017	2,211	-	44,228
Interest expense	62,960	-	-	62,960
Legal	1,100	-	-	1,100
Library supplies	518	673	535	1,726
Misc expenses	-	-	5,578	5,578
Office supplies	5,309	664	664	6,637
Postage	3,414	1,707	1,707	6,828
Printing and copying	27,134	3,392	3,392	33,918
Professional development	72,044	4,002	4,002	80,048
Professional fees	88,832	11,104	11,104	111,040
Program supplies	62,588	-	-	62,588
Recognition and awards	1,920	2,194	1,371	5,485
Recruitment	3,981	-	-	3,981
Rent and utilities	82,486	4,583	4,583	91,652
Repairs and maintenance	74,942	-	-	74,942
Special events expense	24,868	-	99,472	124,340
Telephone	12,294	683	683	13,660
Travel, lodging and entertainment	16,007	3,833	2,705	22,545
Vehicle	26,689	-	-	26,689
Total Expenses	\$ 2,742,721	216,607	365,712	3,325,040

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, 2017
With Comparative Totals for 2016

	2017		Variance Positive (Negative)	2016 (Restated)
	Budget (Unaudited)	Actual		Total
Revenues:				
Contributions and grants	\$ 1,695,700	5,182,587	3,486,887	3,888,114
Contributions - In-kind	25,032	188,169	163,137	170,777
Program fees and tuition	958,670	1,028,657	69,987	917,127
Special events	-	23,417	23,417	16,525
Investment income	-	100,469	100,469	42,870
Bookstore sales	41,246	35,243	(6,003)	36,692
Other	7,800	28,620	20,820	8,286
Total Revenues	<u>2,728,448</u>	<u>6,587,162</u>	<u>3,858,714</u>	<u>5,080,391</u>
Expenses:				
Accounting	18,000	19,303	(1,303)	18,173
Advertising and marketing	69,880	66,649	3,231	55,719
Bank charges and credit card fees	12,513	21,768	(9,255)	16,052
Board and committee ops.	1,200	1,332	(132)	1,354
Capital improvements	-	208	(208)	2,373
Computer support	47,000	46,556	444	53,520
Professional development	78,860	80,048	(1,188)	51,901
Contract services	39,421	28,818	10,603	100,122
Dues and subscriptions	6,190	17,329	(11,139)	6,307
Employees: IRA contribution	33,687	39,276	(5,589)	25,186
Employees: employee benefits	101,931	152,007	(50,076)	119,195
Employees: payroll expenses	124,899	123,186	1,713	121,251
Employees: salaries and wages	1,469,262	1,505,879	(36,617)	1,452,239
Employees: uniforms	6,932	8,381	(1,449)	4,767
Energy rebates	121,208	95,803	25,405	143,023
Energy assessments	30,000	24,751	5,249	37,998
EcoSchool grants	5,000	4,700	300	9,108
Equipment	12,350	17,001	(4,651)	17,200
Fees and permits	19,230	17,645	1,585	23,886
Bookstore	13,200	26,246	(13,046)	17,087
Insurance	46,010	44,228	1,782	45,958
Interest expense	12,600	62,960	(50,360)	35,803
Legal	-	1,100	(1,100)	10,759
Library supplies	2,905	1,726	1,179	1,541
Loss on disposal of assets	-	-	-	1,873
Misc expenses	5,150	5,578	(428)	7,982
Office supplies	7,430	6,637	793	9,840
Postage	7,652	6,828	824	6,367
Printing and copying	37,736	33,918	3,818	37,943
Professional fees	80,568	111,040	(30,472)	69,578
Program supplies	71,315	62,588	8,727	73,238
Recognition and awards	9,255	5,485	3,770	9,297
Recruitment	1,770	3,981	(2,211)	2,485
Rent and utilities	38,832	91,652	(52,820)	93,928
Repairs and maintenance	61,179	74,942	(13,763)	83,726
Special events expense	74,517	124,340	(49,823)	62,868
Telephone	12,600	13,660	(1,060)	12,892
Travel, lodging and entertainment	24,168	22,545	1,623	26,932
Vehicle	23,978	26,689	(2,711)	22,296
Total Expenses - Budget Basis	<u>\$ 2,728,428</u>	<u>2,996,783</u>	<u>(268,355)</u>	<u>2,891,767</u>
Reconciliation to GAAP Basis:				
Bad debt expense		-		31,389
Depreciation expense		328,257		332,076
Total Expenses - GAAP Basis		<u>3,325,040</u>		<u>3,255,232</u>

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