

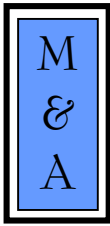
**Walking Mountains  
(A Colorado Non-Profit Corporation)**

**Financial Statements  
June 30, 2013**

**Walking Mountains  
(A Colorado Non-Profit Corporation)  
June 30, 2013**

**Table of Contents**

	<b>Page</b>
INDEPENDENT AUDITORS' REPORT	1 - 2
Statement of Financial Position	3
Statement of Activities and Changes in Net Assets	4
Statement of Cash Flows	5
Notes to the Financial Statements	6 - 13
Schedule of Functional Expenses	14



# MCMAHAN AND ASSOCIATES, L.L.C.

*Certified Public Accountants and Consultants*

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## INDEPENDENT AUDITOR'S REPORT

### **To the Board of Directors Walking Mountains**

We have audited the accompanying financial statements of Walking Mountains, which comprise the statement of financial position as of June 30, 2013, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements. The prior year summarized comparative information has been derived from Walking Mountains's 2012 financial statements and, in our report dated October 4, 2012, we expressed an unqualified opinion on those 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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***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, 2013, 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.

***Other Matter***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 14 is presented for purposes of additional analysis and is 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 is fairly stated in all material respects in relation to the financial statements as a whole.

**McMahan and Associates, L.L.C.**  
**October 15, 2013**

**Walking Mountains**  
**(A Colorado Non-Profit Corporation)**  
**Statement of Financial Position**  
**June 30, 2013**  
**With Comparative totals for 2012**

	<u>2013</u>			<u>2012</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Total</u>
<b>Assets:</b>				
<b>Current assets:</b>				
Cash and cash equivalents	405,866	126,667	532,533	604,767
Cash in escrow	25,702	-	25,702	25,702
Investments	52,936	-	52,936	53,466
Accounts receivable	6,136	-	6,136	9,160
Pledges receivable	329,082	-	329,082	266,183
Bookstore inventory	20,770	-	20,770	19,105
Other current assets	20,452	-	20,452	8,544
<b>Total current assets</b>	<u>860,944</u>	<u>126,667</u>	<u>987,611</u>	<u>986,927</u>
<b>Non current assets:</b>				
Pledges receivable	323,674	-	323,674	512,281
<b>Total non current assets</b>	<u>323,674</u>	<u>-</u>	<u>323,674</u>	<u>512,281</u>
<b>Fixed assets:</b>				
Land	3,850,000	-	3,850,000	3,850,000
Building	7,607,061	-	7,607,061	7,542,762
Equipment	85,627	-	85,627	85,627
Furniture and fixtures	711,172	-	711,172	691,346
Vehicle	35,194	-	35,194	28,694
Website	97,516	-	97,516	97,516
Less: accumulated depreciation	(585,607)	-	(585,607)	(264,893)
<b>Net fixed assets</b>	<u>11,800,963</u>	<u>-</u>	<u>11,800,963</u>	<u>12,031,052</u>
<b>Total Assets</b>	<u>12,985,581</u>	<u>126,667</u>	<u>13,112,248</u>	<u>13,530,260</u>
<b>Liabilities and Net Assets:</b>				
<b>Current Liabilities:</b>				
Accounts payable	83,003	-	83,003	27,663
Accrued payroll	20,642	-	20,642	30,031
Deferred revenue	110,153	-	110,153	85,108
Infrastructure escrow	25,702	-	25,702	25,702
Current portion of construction draw	750,000	-	750,000	500,000
<b>Total current liabilities</b>	<u>989,500</u>	<u>-</u>	<u>989,500</u>	<u>668,504</u>
<b>Non current liabilities:</b>				
Construction draw	9,036	-	9,036	499,935
<b>Total non current liabilities</b>	<u>9,036</u>	<u>-</u>	<u>9,036</u>	<u>499,935</u>
<b>Total Liabilities</b>	<u>998,536</u>	<u>-</u>	<u>998,536</u>	<u>1,168,439</u>
<b>Net assets:</b>				
Net investment in fixed assets	11,800,963	-	11,800,963	12,031,052
Unrestricted	186,082	-	186,082	255,340
Temporarily restricted	-	126,667	126,667	75,429
<b>Total net assets</b>	<u>11,987,045</u>	<u>126,667</u>	<u>12,113,712</u>	<u>12,361,821</u>
<b>Total Liabilities and Net Assets</b>	<u>12,985,581</u>	<u>126,667</u>	<u>13,112,248</u>	<u>13,530,260</u>

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, 2013**  
**With Comparative Totals for 2012**

	<u>2013</u>			<u>2012</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Total</u>
<b>Revenues:</b>				
Contributions	753,463	302,950	1,056,413	1,347,051
Contributions - In-kind	67,302	-	67,302	79,038
Tuition	198,031	-	198,031	159,132
Special events	61,686	-	61,686	124,365
Interest income	7,372	681	8,053	4,702
Other	30,767	-	30,767	25,439
Net assets released from restrictions	252,393	(252,393)	-	-
<b>Total Revenues</b>	<u>1,371,014</u>	<u>51,238</u>	<u>1,422,252</u>	<u>1,739,727</u>
<b>Expenses:</b>				
Programs	1,348,853	-	1,348,853	1,157,446
Management and general	135,812	-	135,812	115,507
Fundraising and other supporting services	185,696	-	185,696	189,890
<b>Total Expenses</b>	<u>1,670,361</u>	<u>-</u>	<u>1,670,361</u>	<u>1,462,843</u>
<b>Change in Net Assets</b>	(299,347)	51,238	(248,109)	276,884
<b>Net Assets - Beginning of Year</b>	<u>12,286,392</u>	<u>75,429</u>	<u>12,361,821</u>	<u>12,084,937</u>
<b>Net Assets - End of Year</b>	<u>11,987,045</u>	<u>126,667</u>	<u>12,113,712</u>	<u>12,361,821</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, 2013**  
**With Comparative Totals for 2012**

	<u>2013</u>			<u>2012</u>
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>	<u>Total</u>
<b>Cash Flows From Operating Activities:</b>				
Cash received from donations	826,926	302,950	1,129,876	1,773,182
Cash received for tuition	211,750	-	211,750	182,570
Cash received from special events	76,036	-	76,036	156,665
Cash received from other	30,771	-	30,771	78,020
Cash received from interest	7,902	681	8,583	4,516
Cash paid to employees	(844,368)	-	(844,368)	(746,042)
Cash paid for goods and services	(405,603)	-	(405,603)	(1,039,859)
Net assets released from restriction	252,393	(252,393)	-	-
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>155,807</u>	<u>51,238</u>	<u>207,045</u>	<u>409,052</u>
<b>Cash Flows From Financing Activities:</b>				
Principal payments on debt	(264,902)	-	(264,902)	(632,461)
Cash received from debt issuance	24,003	-	24,003	1,632,396
<b>Net Cash Provided (Used) by Financing Activities</b>	<u>(240,899)</u>	<u>-</u>	<u>(240,899)</u>	<u>999,935</u>
<b>Cash Flows From Investing Activities:</b>				
Payments for purchase of property and equipment	(90,625)	-	(90,625)	(1,799,430)
Cash paid to purchase investments	-	-	-	(17,859)
Cash received from sale of donated investments	52,245	-	52,245	208,918
<b>Net Cash Provided (Used) by Investing Activities</b>	<u>(38,380)</u>	<u>-</u>	<u>(38,380)</u>	<u>(1,608,371)</u>
<b>Net Change in Cash</b>	(123,472)	51,238	(72,234)	(199,384)
<b>Cash Balance and Cash Equivalents - Beginning of Year</b>	555,040	75,429	630,469	829,853
<b>Cash Balance and Cash Equivalents - End of Year</b>	<u>431,568</u>	<u>126,667</u>	<u>558,235</u>	<u>630,469</u>
<b>Reconciliation to Cash on Statement of Financial Position</b>				
Cash and cash equivalents	405,866	126,667	532,533	604,767
Cash in escrow	25,702	-	25,702	25,702
	<u>431,568</u>	<u>126,667</u>	<u>558,235</u>	<u>630,469</u>
<b>Reconciliation of Change in Net Assets to Net Cash Provided by Operating Activities:</b>				
Change in net assets	(299,347)	51,238	(248,109)	276,884
<b>Adjustments:</b>				
Depreciation expense	320,714	-	320,714	168,611
Donated investments	(52,245)	-	(52,245)	-
(Increase) decrease in accrued interest receivable	530	-	530	(186)
(Increase) decrease in accounts receivable	3,024	-	3,024	9,853
(Increase) decrease in pledges receivable	125,708	-	125,708	426,131
(Increase) decrease in bookstore inventory	(1,665)	-	(1,665)	(6,835)
(Increase) decrease in other current assets	(11,908)	-	(11,908)	(2,741)
Increase (decrease) in accounts payable	55,340	-	55,340	(519,474)
Increase (decrease) in accrued payroll	(9,389)	-	(9,389)	8,317
Increase (decrease) in deferred revenue	25,045	-	25,045	45,885
Increase (decrease) in infrastructure escrow	-	-	-	2,607
<b>Total Adjustments</b>	<u>455,154</u>	<u>-</u>	<u>455,154</u>	<u>132,168</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>155,807</u>	<u>51,238</u>	<u>207,045</u>	<u>409,052</u>
<b>Schedule of Noncash Investing Activities:</b>				
Investments donated	52,245	-	52,245	-
	<u>52,245</u>	<u>-</u>	<u>52,245</u>	<u>-</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, 2013**

**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 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 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, 2013.

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, 2013  
(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, 2013, an allowance of \$42,811 was recorded, which was estimated as 6% of outstanding pledges receivable. 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, 2013, 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, 2013**  
**(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. 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 2009.

**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, 2012, from which the comparative totals were derived.

**O. Reclassification**

Certain balances have been reclassified in the prior year to conform to the current year presentation for current and long-term portions of the construction draw payable. Net assets are unaffected by this reclassification.

**P. Subsequent events**

Management has evaluated subsequent events through September 5, 2013, 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 16.

**Walking Mountains  
(A Colorado Non-Profit Corporation)  
Notes to the Financial Statements  
June 30, 2013  
(Continued)**

**3. Promise to Give**

Unconditional promises to give at June 30, 2013, are as follows:

Receivable in less than one year	371,893
Receivable in one to five years	325,490
Total unconditional promises to give	<u>697,383</u>
Less discounts to net present value	(1,816)
Less allowance for doubtful accounts	<u>(42,811)</u>
Net unconditional promises to give at June 30, 2012	<u><u>\$ 652,756</u></u>

The discount rate used on long-term promises to give was 0.41% in 2013.

**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 the second grant during fiscal year 2013 and recognized both of these in revenue during the year received. The remaining grant of \$50,000 has not been recorded in revenue because it is 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.

**6. Investments**

The Science Center's investments at June 30, 2013 were comprised of the following:

Mutual funds	<u>\$ 52,936</u>
<b>Total</b>	<u><u>\$ 52,936</u></u>

**Walking Mountains  
(A Colorado Non-Profit Corporation)  
Notes to the Financial Statements  
June 30, 2013  
(Continued)**

**7. Fixed Assets**

The following is a schedule of changes in fixed assets:

	<b>Balance 6/30/12</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance 6/30/13</b>
Land	\$ 3,850,000	-	-	3,850,000
Buildings	7,542,762	64,299	-	7,607,061
Furniture and fixtures	691,346	19,826	-	711,172
Computer equipment	75,871	-	-	75,871
Program and office equipment	9,756	-	-	9,756
Vehicles	28,694	6,500	-	35,194
Website	97,516	-	-	97,516
<b>Total fixed assets</b>	<b>12,295,945</b>	<b>90,625</b>	<b>-</b>	<b>12,386,570</b>
Less: accumulated depreciation	(264,893)	(320,714)	-	(585,607)
<b>Total</b>	<b>\$ 12,031,052</b>	<b>(230,089)</b>	<b>-</b>	<b>11,800,963</b>

**8. Temporarily Restricted Net Assets**

Temporarily restricted net assets are available for the following purposes:

Educator salaries	\$ 40,173
Science, Technology, Engineering and Math	43,500
Girls in Science	42,994
Total temporarily restricted net assets	<u>\$ 126,667</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	\$ 147,816
Avon in school	15,502
Girls in science	27,554
Internship program	55,021
Science, Technology, Engineering and Math	6,500
Total restrictions released	<u>\$ 252,393</u>

**Walking Mountains  
(A Colorado Non-Profit Corporation)  
Notes to the Financial Statements  
June 30, 2013  
(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 2013, the Science Center drew \$24,003 and repaid \$264,902. The balance outstanding at June 30, 2013 was \$759,036. This line is restricted by \$44,618, until the letter of credit described in Note 10 is satisfied. At June 30, 2013, the following payments are required under this line:

Fiscal year ending June 30, 2014	\$ 750,000
Fiscal year ending June 30, 2015	9,036
	\$ 759,036

As described in Note 16, this line of credit was restructured subsequent to year-end.

**B. Operating Line of Credit – Alpine Bank**

On August 16, 2010, the Science Center entered into an agreement with Alpine Bank. The line of credit, not to exceed \$300,000, is secured by all accounts receivable. The outstanding principal bears interest at the JP Morgan Chase Prime rate plus 2.00%, with a 6% floor and matures August 16, 2013. During the year ended June 30, 2013, the Science Center drew \$111,456 and repaid \$111,456 on this line of credit. There was no balance outstanding at June 30, 2013. As described in Note 16, this line of credit was restructured subsequent to year-end.

**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 three vehicles. The term of this agreement was for May 28, 2013 through August 28, 2013 in the amount of \$650 per month per vehicle, plus a security deposit of \$500 per vehicle. At June 30, 2013, the Science Center had three 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 March 19, 2013, through March 19, 2018.

**Walking Mountains  
(A Colorado Non-Profit Corporation)  
Notes to the Financial Statements  
June 30, 2013  
(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 fiscal year 2013, the Science Center is to receive \$20,553 of in-kind contribution for housing, salaries and overhead expenses 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 fiscal year 2013, VA is to provide the Science Center labor, equipment and use of facilities in the amount of \$24,762, housing in the amount of \$13,800 and lift tickets in the amount of \$18,870.

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 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 an agreement with Vail Recreation District ("VRD") to provide staff at the Vail Nature Center and Vail Market June 2008 to September 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 2013 through September 2013 under the same terms.

**Walking Mountains**  
**(A Colorado Non-Profit Corporation)**  
**Notes to the Financial Statements**  
**June 30, 2013**  
**(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, 2013 was \$16,313.

**14. 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 2013. See Note 15 for more information.

**15. Cash Escrow Agreement – 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 Science Center 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. At June 30, 2013, 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, 2013, 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.

**16. Subsequent Event**

**A. Change in terms of Construction Draw Line of Credit**

During August 2013, the Science Center entered into a change in terms agreement with Alpine Bank to modify the terms of the construction draw line of credit described in Note 9(A) above. The terms were modified 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 include the \$44,618 letter of credit described in Note 10, bringing the total note payable balance to \$803,654. The principal payment schedule has changes as follows:

Loan to be paid down to maximum loan balance of \$650,000 by 7/1/14  
Loan to be paid down to maximum loan balance of \$550,000 by 7/1/15  
Loan to be paid down to maximum loan balance of \$500,000 by 7/1/16  
Loan to be paid down to maximum loan balance of \$325,000 by 7/1/17  
Loan to be paid in full by 2/1/18

**B. Change in terms of Operating Line of Credit**

During August 2013, the Science Center entered into a change in terms agreement with Alpine Bank to extend the \$300,000 line of credit described in Note 9(B) until August 16, 2014 and change the interest to prime plus 1.75%, with a floor of 0.0%. Collateral required to secure this line changed to include all accounts receivable, cash, pledges, equipment and inventory.

**Walking Mountains**  
**(A Colorado Non-Profit Corporation)**  
**Schedule of Functional Expenses**  
**For the Year Ended June 30, 2013**  
**With Comparative Totals for 2012**

	<b>2013</b>			<b>2012</b>	
	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>	<b>Total</b>
Accounting	3,135	12,540	-	15,675	15,650
Advertising and marketing	20,698	-	1,089	21,787	20,816
Bad debt expense	4,053	408	558	5,019	-
Bank charges and credit card fees	-	7,805	-	7,805	8,819
Board and committee ops.	-	610	-	610	201
Computer support	38,902	4,119	2,746	45,767	43,761
Professional Development	8,281	460	460	9,201	8,827
Contract services	14,503	2,901	1,934	19,338	39,628
Depreciation expense	288,643	19,243	12,829	320,715	168,611
Dues and subscriptions	2,796	311	-	3,107	676
Employees: IRA contribution	12,887	1,468	1,958	16,313	13,705
Employees: employee benefits	32,549	3,708	4,944	41,201	39,430
Employees: payroll expenses	44,360	5,054	6,738	56,152	52,574
Employees: salaries and wages	578,094	65,859	87,812	731,765	660,872
Employees: uniforms	2,741	28	28	2,797	1,506
Equipment	4,488	-	-	4,488	926
Fees and permits	12,681	129	129	12,939	7,843
Bookstore	12,213	-	-	12,213	16,270
Insurance	27,273	1,435	-	28,708	27,773
Interest expense	46,362	-	-	46,362	33,274
Legal	(1,355)	-	-	(1,355)	1,887
Library supplies	88	114	91	293	435
Merchandise	-	-	-	-	1,100
Misc expenses	-	-	2,025	2,025	47
Office supplies	2,818	353	353	3,524	3,713
Postage	2,040	1,020	1,020	4,080	5,048
Printing and copying	20,266	2,533	2,533	25,332	30,573
Subdivision improvement expense	-	-	-	-	71,695
Program supplies	25,348	-	-	25,348	17,153
Recognition and awards	1,972	2,253	1,408	5,633	1,708
Recruitment	1,597	-	-	1,597	1,047
Rent and utilities	48,535	2,696	2,696	53,927	18,376
Repairs and maintenance	53,922	-	-	53,922	16,111
Special events expense	13,251	-	53,006	66,257	105,976
Telephone	7,842	436	436	8,714	10,301
Travel and lodging	6,982	329	903	8,214	7,535
Vehicle	10,888	-	-	10,888	8,976
<b>Total Expenses</b>	<b>1,348,853</b>	<b>135,812</b>	<b>185,696</b>	<b>1,670,361</b>	<b>1,462,843</b>

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