

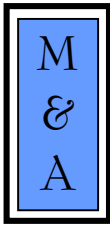


Financial Statements
June 30, 2019

**Walking Mountains
(A Colorado Non-Profit Corporation)
June 30, 2019**

Table of Contents

	Page
INDEPENDENT AUDITORS' REPORT	1 - 2
Statement of Financial Position	3
Statement of Activities and Changes in Net Assets	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 17
Schedule of Revenues and Expenses – Budget and Actual	18



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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, 2019, 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, 2019, 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 schedule on page 18 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, 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 Mountain's June 30, 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 1, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018 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.

November 5, 2019

Walking Mountains
(A Colorado Non-Profit Corporation)
Statement of Financial Position
June 30, 2019 and 2018

	2019	2018
Assets:		
Current assets:		
Cash and cash equivalents	\$ 173,024	\$ 1,859,699
Restricted cash held for others	6,596	6,697
Investments	1,332,545	149,223
Accounts receivable	153,701	99,344
Pledges receivable	823,699	1,881,283
Bookstore inventory	45,939	37,167
Other current assets	37,104	63,992
Total current assets	2,572,608	4,097,405
Non current assets:		
Pledges receivable	791,521	427,084
Permanently-restricted cash and investments	1,163,785	1,045,072
Total non current assets	1,955,306	1,472,156
Fixed assets, net	17,614,603	14,288,390
Total Assets	22,142,517	19,857,951
Liabilities and Net Assets:		
Current Liabilities:		
Accounts payable	216,664	31,940
Accrued payroll	140,714	105,761
Deferred revenue	544,603	414,084
Held for others	6,596	6,697
Current portion of notes payable	12,251	11,920
Total current liabilities	920,828	570,402
Non current liabilities:		
Notes payable	1,579,040	31,836
Total non current liabilities	1,579,040	31,836
Total Liabilities	2,499,868	602,238
Net assets:		
Without donor restrictions:		
Net investment in fixed assets	16,023,312	14,244,634
Undesignated	877,063	553,701
With donor restrictions	2,742,274	4,457,378
Total net assets	19,642,649	19,255,713
Total Liabilities and Net Assets	\$ 22,142,517	19,857,951

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, 2019
With Comparative Totals for 2018

	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Operating Income (Loss):				
Revenues:				
Contributions and grants	\$ 1,871,979	1,144,729	3,016,708	4,850,389
Contributions - In-kind	185,703	-	185,703	144,728
Program fees and tuition	1,138,332	-	1,138,332	1,063,524
Special events	68,540	-	68,540	54,286
Investment income	29,030	69,490	98,520	98,160
Bookstore sales	28,157	-	28,157	30,980
Other	7,960	-	7,960	5,349
Net assets released from restrictions	2,929,323	(2,929,323)	-	-
Total Revenues	6,259,024	(1,715,104)	4,543,920	6,247,416
Expenses:				
Programs	2,776,438	-	2,776,438	2,354,946
Management and general	517,275	-	517,275	698,280
Fundraising and other supporting services	863,271	-	863,271	587,400
Total Expenses	4,156,984	-	4,156,984	3,640,626
Operating Income (Loss)	2,102,040	(1,715,104)	386,936	2,606,790
Change in Net Assets	2,102,040	(1,715,104)	386,936	2,606,790
Net Assets - Beginning of Year	14,798,335	4,457,378	19,255,713	16,648,923
Net Assets - End of Year	\$ 16,900,375	2,742,274	19,642,649	19,255,713

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

**Walking Mountains
(A Colorado Non-Profit Corporation)
Statement of Functional Expenses
For the Year Ended June 30, 2019**

	2019			
	Program Services	Management and General	Fundraising	Total
Accounting	\$ 14,239	2,741	4,519	21,499
Advertising and marketing	75,502	776	21,655	97,933
Bank charges and credit card fees	7,745	2,832	23,426	34,003
Board and committee ops.	1,258	242	1,918	3,418
Computer support	29,878	6,027	21,816	57,721
Contract services	40,612	22	1,774	42,408
Depreciation expense	257,630	17,175	11,450	286,255
Dues and subscriptions	6,838	264	3,597	10,699
Employees: IRA contribution	56,899	15,569	15,444	87,912
Employees: employee benefits	113,439	31,039	30,791	175,269
Employees: payroll expenses	104,797	28,674	28,445	161,916
Employees: salaries and wages	1,348,052	368,850	365,903	2,082,805
Employees: uniforms	5,071	1,388	1,376	7,835
Energy rebates	134,819	-	-	134,819
Energy assessments	63,820	-	-	63,820
EcoSchool grants	18,044	-	-	18,044
Equipment	15,349	7,714	3,210	26,273
Fees and permits	22,345	519	1,473	24,337
Bookstore	6,485	-	-	6,485
Insurance	22,881	4,405	7,261	34,547
Interest expense	2,008	153	1,779	3,940
Legal	-	-	180	180
Library supplies	1,233	-	-	1,233
Miscellaneous expenses	206	40	25,100	25,346
Office supplies	6,183	1,026	1,552	8,761
Postage	6,303	208	2,624	9,135
Printing and copying	25,703	1,995	16,162	43,860
Professional development	87,297	7,978	13,628	108,903
Professional fees	24,180	177	24,750	49,107
Program supplies	69,314	47	558	69,919
Recognition and awards	6,021	785	1,190	7,996
Recruitment	2,245	208	294	2,747
Rent and utilities	70,138	1,528	28,663	100,329
Repairs and maintenance	61,504	11,715	19,378	92,597
Special events expense	4,595	-	177,559	182,154
Telephone	10,479	3,169	2,480	16,128
Travel, lodging and entertainment	34,340	-	3,300	37,640
Vehicle	18,986	9	16	19,011
Total Expenses	\$ 2,776,438	517,275	863,271	4,156,984

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, 2019
With Comparative Totals for 2018

	<u>2019</u>	<u>2018</u>
Cash Flows From Operating Activities:		
Cash received from contributions and grants	\$ 3,697,922	4,902,081
Cash received for program fees and tuition	1,226,429	1,033,351
Cash received from special events	68,540	54,286
Cash received from other	36,117	36,329
Cash received from interest	57,165	38,665
Cash paid to employees	(2,384,067)	(1,976,634)
Cash paid for interest	(3,940)	(40,777)
Cash paid for goods and services	(1,059,329)	(1,223,487)
Net Cash Provided by Operating Activities	<u>1,638,837</u>	<u>2,823,814</u>
Cash Flows From Financing Activities:		
Principal payments on debt	(309,951)	(2,686,001)
Cash received from debt issuance	1,857,486	348,233
Cash drawn on line of credit	93,470	327,843
Cash repaid on line of credit	(93,470)	(327,843)
Net Cash Provided (Used) by Financing Activities	<u>1,547,535</u>	<u>(2,337,768)</u>
Cash Flows From Investing Activities:		
Payments for purchase of property and equipment	(3,612,468)	(1,357,716)
Cash paid to purchase investments	(1,440,617)	-
Cash received from sale of investments	179,937	24,446
Cash received from sale of tax credit easement	-	920,250
Net Cash Provided (Used) by Investing Activities	<u>(4,873,148)</u>	<u>(413,020)</u>
Net Change in Cash	(1,686,776)	73,026
Cash and Cash Equivalents - Beginning of Year	1,866,396	1,793,370
Cash and Cash Equivalents - End of Year	<u>179,620</u>	<u>1,866,396</u>
Reconciliation to Cash on Statement of Financial Position		
Cash and cash equivalents	173,024	1,859,699
Cash held for others	6,596	6,697
	<u>179,620</u>	<u>1,866,396</u>
Reconciliation of Operating Income (Loss) to		
Net Cash Provided by Operating Activities:		
Operating income (loss)	<u>386,936</u>	<u>2,606,790</u>
Adjustments:		
Depreciation expense	286,255	310,607
Unrealized (gain) loss on investments	(41,355)	(59,495)
(Increase) decrease in accounts receivable	(54,357)	(8,940)
(Increase) decrease in pledges receivable	693,148	(44,591)
(Increase) decrease in bookstore inventory	(8,772)	(8,022)
(Increase) decrease in other current assets	26,888	(23,378)
(Increase) decrease in loan issue costs	-	4,998
Increase (decrease) in accounts payable	184,723	(38,106)
Increase (decrease) in accrued payroll	34,953	8,534
Increase (decrease) in deferred revenue	130,519	75,050
Increase (decrease) in infrastructure escrow	(101)	367
Total Adjustments	<u>1,251,901</u>	<u>217,024</u>
Net Cash Provided by Operating Activities	<u>\$ 1,638,837</u>	<u>2,823,814</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, 2019**

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, 2019
(Continued)

2. Summary of Significant Accounting Policies (continued)

D. Restricted Cash Held for Others

At June 30, 2019, the Science Center held \$6,596 for the Vail and Eagle Vail Community Gardens. The Science Center has a liability recorded for the same amount at June 30, 2019, 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 fair 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, 2019, an allowance of \$31,235 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 and infrastructure	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, 2019
(Continued)

2. Summary of Significant Accounting Policies (continued)

J. Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

K. 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.

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.

Walking Mountains
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
June 30, 2019
(Continued)

2. Summary of Significant Accounting Policies (continued)

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, 2018, from which the comparative totals were derived.

O. Subsequent Events

Management has evaluated subsequent events through November 5, 2019, the date the financial statements were available to be issued. Management does not believe there are any material subsequent events to report.

3. Promise to Give

Unconditional promises to give at June 30, 2019, are as follows:

Receivable in less than one year	\$ 823,699
Receivable in one to five years	846,750
Total unconditional promises to give	<u>1,670,449</u>
Less allowance for doubtful accounts	(31,235)
Less discount to present value	(23,994)
Net unconditional promises to give	<u><u>\$ 1,615,220</u></u>

The discount rate used on long-term promises to give at June 30, 2019 was 1.75%.

4. Conditional Promises to Give

Walking Mountains has received notification of the intention of three separate donors to bequeath \$260,000 in total. The amount of each bequest will be recognized in revenue when the probate court declares the will valid.

5. Investment Fair Value Measurements

Walking Mountains reports certain assets at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

**Walking Mountains
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
June 30, 2019
(Continued)**

5. Investment Fair Value Measurements (continued)

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that we can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, inputs are developed using the best information available in the circumstances.

The following table presents assets and liabilities measured at fair value on a recurring basis, except those measured at cost as identified below, at June 30, 2019:

	Fair Value	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash	\$ 173,024	\$ -	\$ -	\$ -
Investments:				
Certificate of deposits	325,000	325,000		
Federal bond funds	1,007,545	1,007,545		
Equity funds	703,734	703,734	-	-
Bond funds	460,051	460,051	-	-
Total	<u>\$ 2,669,354</u>	<u>\$ 2,496,330</u>	<u>\$ -</u>	<u>\$ -</u>

The Science Center's investments at June 30, 2019 were comprised of certificate of deposits, US treasuries and bond funds, exchange traded funds and mutual funds.

6. Liquidity and Availability of Resources

Walking Mountain's net assets consist of donor-restricted amounts and amounts without donor restrictions. Income from donor-restricted endowments is restricted for specific purposes and, therefore, is not available for general expenditures. Walking Mountain maintains access to a line of credit in the amount of \$500,000, which it could draw upon, to ensure financial assets are available as general expenditures and other obligations become due. The financial assets available within one year from June 30, 2019 for general expenditures are as follows:

Cash and cash equivalents	\$ 173,024
Accounts and interest receivable	153,701
Contributions receivable	823,699
	<u>\$ 1,150,424</u>

Walking Mountains
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
June 30, 2019
(Continued)

7. Fixed Assets

The following is a schedule of changes in fixed assets:

	<u>Balance</u> <u>6/30/18</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/19</u>
Non-depreciable:				
Land	\$ 6,184,534	-	-	\$ 6,184,534
Construction in progress	1,617,212	3,577,384	(5,155,192)	39,404
Depreciable:				
Buildings and infrastructure	7,609,716	5,081,555	-	12,691,271
Equipment	84,273	4,229	(47,195)	41,307
Furniture and fixtures	728,321	89,492	(691,347)	126,466
Vehicles	82,257	-	-	82,257
Website	113,266	15,000	(97,516)	30,750
Total fixed assets	<u>16,419,579</u>	<u>8,767,660</u>	<u>(5,991,250)</u>	<u>19,195,989</u>
Less: accumulated depreciation	(2,131,189)	(286,255)	836,058	(1,581,386)
Total	<u>\$ 14,288,390</u>	<u>8,481,405</u>	<u>(5,155,192)</u>	<u>\$ 17,614,603</u>

8. Classification of Net Assets and Net Assets Released from Restriction

At June 30, 2019, Walking Mountains had the following net assets both without donor restrictions and with donor restrictions:

Without donor restriction	
Undesignated	\$ 877,063
Net investment in fixed assets	16,023,312
	<u>16,900,375</u>
With donor restriction	
Perpetual in nature	
Endowments	1,046,303
Purpose restrictions	
Science Center campus	1,445,797
Youth programs	34,930
401K Matching	100,000
Professional development	115,244
	<u>2,742,274</u>
Total net assets	<u>19,642,649</u>
Total liabilities and net assets	<u>\$ 22,142,517</u>

**Walking Mountains
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
June 30, 2019
(Continued)**

8. Classification of Net Assets and Net Assets Released from Restriction (continued)

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	\$ 2,393,136
Youth Programs	412,407
Professional development	60,000
Sustainability programs	10,515
401K Matching	50,000
Teacher salaries	3,265
Total restrictions released	<u>\$ 2,929,323</u>

9. 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, 2019 was \$48,541.

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 balance of this endowment at June 30, 2019 was \$1,115,244.

Walking Mountain's investment policy ensures that funds are available to meet obligations with optimized returns within appropriate safety and liquidity constraints. Annual withdrawals from endowments will be limited to 5% of the market value of the originally endowed amount or current market value, whichever is greater, unless otherwise limited by the donor.

The following is a reconciliation of endowment balances:

	<u>With Donor Restriction</u>
Endowment net assets, beginning	\$ 1,194,295
Contributions	10,000
Change in donor restrictions	(110,000)
Net appreciation, realized and unrealized	41,766
Investment income (loss)	27,724
Endowment net assets, ending	<u>\$ 1,163,785</u>

10. 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. During October 2018, The Science Center entered into change in terms agreements with Alpine Bank to increase the credit limit to \$500,000 and extend the line of credit until October 2019. Interest accrues on outstanding principal at a rate of J.P. Morgan Chase Prime rate plus 1.00%. During the year ended June 30, 2019, the Science Center drew and repaid \$93,470 on this line of credit. There was no balance outstanding at June 30, 2019. 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, 2019
(Continued)**

11. Long-term Debt

A. Construction Loan Agreement – Alpine Bank

During May 2018, the Science Center executed a promissory note with Alpine Bank to borrow up to \$3,000,000 to finance the construction of the Center for Sustainability. The loan is secured by Deed of Trust on the property. Outstanding principal bears interest at 4.75% per annum. Interest is due monthly on the outstanding principal balance, with three consecutive annual principal payments of \$1,000,000 due on May 2021 through May 2023. During the fiscal year 2019, the Science Center drew \$1,764,016, repaid \$204,957, and had an outstanding balance of \$1,559,059 at year end. The Science Center capitalized \$19,676 of interest incurred on the note.

B. 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, 2019 was \$8,258.

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, 2019 was \$9,396.

During June 2017, the Science Center issued a promissory note in the amount of \$20,390 in connection with the purchase of a vehicle. Interest accrues on the unpaid principal balance at a rate of 5.35% per annum. The note matures July 2023 and is secured by a vehicle. The balance outstanding at June 30, 2019 was \$14,578.

C. Long-Term Debt Payment Schedule

Principal payments on the Science Center's long-term debt for the five fiscal years following June 30, 2019 and in five-year increments thereafter are as follows:

Fiscal year ending June 30, 2020	\$ 12,251
Fiscal year ending June 30, 2021	1,012,141
Fiscal year ending June 30, 2022	562,713
Fiscal year ending June 30, 2023	3,857
Fiscal year ending June 30, 2024	329
Total	<u><u>\$ 1,591,291</u></u>

Walking Mountains
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
June 30, 2019
(Continued)

12. Letters of Credit

The Science Center has a letter of credit, not to exceed \$1,590 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, 2020.

13. Operating Leases – Colorado Mountain Express

The Science Center entered into a lease agreement with Colorado Mountain Express for the lease of seven vehicles. The term of this agreement was for May 2019 through September 2019 for six vehicles and through November 2018 for one vehicle, in the amount of \$650 per month per vehicle, plus a security deposit of \$500 per vehicle.

14. 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 original term of the agreement was March 19, 2013, through March 19, 2018. In June 2017, the agreement was extended to September 2020.

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 2019, the Science Center recognized \$6,783 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 2019, VA provided the Science Center labor, equipment and use of facilities. During fiscal 2019, the Science Center recognized \$31,783, \$6,600 and \$75,120 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, 2019
(Continued)**

14. 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.

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 2018 through December 2018. 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, 2019, the Science Center recognized \$22,000 in program fees under this agreement.

In January 2019, the Town of Vail entered into an agreement with Walking Mountains to cover the services provided above at the Vail Nature Center through November 2019. During the year ended June 30, 2019, the Science Center recognized \$37,500 in program fees under this agreement.

15. Retirement Plans

The Science Center has a 401k 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 6% of each employee's pay. Total retirement expense for retirement recognized for the year ended June 30, 2019 was \$87,912.

16. 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 2019.

Walking Mountains
(A Colorado Non-Profit Corporation)
Notes to the Financial Statements
June 30, 2019
(Continued)

17. Other Related Parties

During fiscal year 2019, a third-party vendor controlled by a board member for Walking Mountains provided architectural services totaling \$93,828.

A board member is president of a bank that is the primary bank for the Science Center's deposits.

18. Change in Accounting Principle

In 2019, Walking Mountains implemented Financial Accounting Standards Board ("FASB") Update No. 2016-14 (Topic 958). This standard replaced the existing three classes of net assets (temporarily restricted, permanently restricted and unrestricted) with two classes of net assets: those with donor restrictions and those without donor restrictions. Additionally, it enhanced financial disclosures affecting board designations, cash needs, cost allocations and underwater investments, if any. Certain comparative amounts for fiscal year 2018 have been reclassified – with no effect on net assets, total assets or total liabilities – to conform to the 2019 presentation.

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, 2019
With Comparative Totals for 2018

	<u>2019</u>		<u>2018</u>	
	<u>Budget (Unaudited)</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Total</u>
Revenues:				
Contributions and grants	\$ 2,406,500	3,016,708	610,208	4,850,389
Contributions - In-kind	41,971	185,703	143,732	144,728
Program fees and tuition	1,166,483	1,138,332	(28,151)	1,063,524
Special events	-	68,540	68,540	54,286
Investment income	-	98,520	98,520	98,160
Bookstore sales	27,150	28,157	1,007	30,980
Other	4,500	7,960	3,460	5,349
Total Revenues	<u>3,646,604</u>	<u>4,543,920</u>	<u>897,316</u>	<u>6,247,416</u>
Expenses:				
Accounting	22,500	21,499	1,001	24,735
Advertising and marketing	89,950	97,933	(7,983)	70,708
Bank charges and credit card fees	16,580	34,003	(17,423)	23,126
Board and committee ops.	1,475	3,418	(1,943)	906
Computer support	59,250	57,721	1,529	67,730
Professional development	106,175	108,903	(2,728)	102,596
Contract services	52,381	42,408	9,973	45,878
Dues and subscriptions	12,870	10,699	2,171	9,582
Employees: IRA contribution	91,178	87,912	3,266	32,907
Employees: employee benefits	163,982	175,269	(11,287)	139,473
Employees: payroll expenses	170,096	161,916	8,180	140,986
Employees: salaries and wages	2,082,998	2,082,805	193	1,708,281
Employees: uniforms	7,585	7,835	(250)	2,921
Energy rebates	104,988	134,819	(29,831)	114,394
Energy assessments	39,996	63,820	(23,824)	43,869
EcoSchool grants	-	18,044	(18,044)	-
Equipment	18,360	26,273	(7,913)	27,756
Fees and permits	21,998	24,337	(2,339)	25,050
Bookstore	18,375	6,485	11,890	15,407
Insurance	41,250	34,547	6,703	56,325
Interest expense	4,467	3,940	527	45,775
Legal	1,000	180	820	3,763
Library supplies	1,535	1,233	302	538
(Gain) loss on disposal of assets	-	-	-	(1,000)
Miscellaneous expenses	6,000	25,346	(19,346)	11,221
Office supplies	6,819	8,761	(1,942)	7,892
Postage	8,677	9,135	(458)	6,965
Printing and copying	49,728	43,860	5,868	38,064
Professional fees	63,585	49,107	14,478	93,183
Program supplies	96,239	69,919	26,320	67,449
Recognition and awards	5,315	7,996	(2,681)	4,979
Recruitment	3,335	2,747	588	5,851
Rent and utilities	55,335	100,329	(44,994)	91,020
Repairs and maintenance	79,725	92,597	(12,872)	110,835
Special events expense	108,500	182,154	(73,654)	113,430
Telephone	16,025	16,128	(103)	13,941
Travel, lodging and entertainment	37,853	37,640	213	29,862
Vehicle	33,131	19,011	14,120	27,068
Total Expenses - Budget Basis	<u>\$ 3,699,256</u>	<u>3,870,729</u>	<u>(171,473)</u>	<u>3,323,466</u>
Reconciliation to GAAP Basis:				
Bad debt expense		-		6,554
Depreciation expense		286,255		310,606
Total Expenses - GAAP Basis		<u>4,156,984</u>		<u>3,640,626</u>

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