



THE MOUNTAINEERS

Consolidated Financial Statements
For the Year Ended September 30, 2017

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Independent Auditor's Report

**To the Board of Directors
The Mountaineers
Seattle, Washington**

We have audited the accompanying consolidated financial statements of The Mountaineers and Braided River (collectively, the Organization), which comprise the consolidated statement of financial position as of September 30, 2017, and the related consolidated statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 from 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of September 30, 2017, and the changes in 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 Summarized Comparative Information

We have previously audited the Organization's 2016 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated February 6, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2016, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedules of financial position and activities and changes in net assets presented on pages 13 through 16 and the consolidated schedule of functional expenses, presented on page 17, are for purposes of additional analysis and are not a required part of the basic 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 consolidated financial statements as a whole.

Clark Nuber P S

Certified Public Accountants
February 8, 2018

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**Consolidated Statement of Financial Position
September 30, 2017
(With Comparative Totals at September 30, 2016)**

	<u>2017</u>	<u>2016</u>
Assets		
Current Assets:		
Cash and cash equivalents	\$ 1,376,896	\$ 1,867,294
Accounts receivable, less allowance for doubtful accounts and returns of \$60,635 (\$53,988 - 2016)	670,669	426,233
Pledges receivable	39,009	125,500
Current portion of note receivable (Note 3)	323,446	194,180
Current portion of author advances, less allowance for doubtful advances of \$176,770 (\$168,461 - 2016)	97,704	85,691
Book inventories	2,941,776	2,830,620
Prepaid and other current assets	208,025	164,862
Total Current Assets	5,657,525	5,694,380
Long-term investments (Note 2)	2,608,446	2,318,814
Note receivable, net of current portion (Note 3)	493,983	845,820
Author advances, less allowance for doubtful advances of \$75,758 (\$72,197 - 2016)	303,389	295,275
Property and equipment, net (Note 4)	5,040,023	5,229,460
Total Assets	\$ 14,103,366	\$ 14,383,749
Liabilities and Net Assets		
Current Liabilities:		
Accounts payable	\$ 552,479	\$ 345,456
Accrued liabilities	275,209	265,378
Royalties payable	89,050	79,103
Deferred revenue	175,349	97,917
Total Liabilities	1,092,087	787,854
Net Assets:		
Unrestricted net assets (Note 7)	12,534,201	12,945,259
Temporarily restricted net assets (Note 8)	477,078	650,636
Total Net Assets	13,011,279	13,595,895
Total Liabilities and Net Assets	\$ 14,103,366	\$ 14,383,749

See accompanying notes.

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**Consolidated Statement of Activities and Changes in Net Assets
For the Year Ended September 30, 2017
(With Comparative Totals for the Year Ended September 30, 2016)**

	Unrestricted	Temporarily Restricted	2017 Total	2016 Total
Operating Revenue and Support:				
Book sales	\$ 3,634,513	\$ -	\$ 3,634,513	\$ 3,296,328
Course fees	1,221,634		1,221,634	1,091,082
Membership dues and fees	572,586		572,586	531,602
Lodge sales	206,981		206,981	210,372
Room rentals	183,676		183,676	182,201
Other revenue	104,825		104,825	101,351
Ticket sales	217,132		217,132	172,178
Book royalties	57,843		57,843	33,304
Food and sundry sales	14,053		14,053	14,604
Grants and contributions	545,763	716,180	1,261,943	1,548,316
Special events, net of direct benefits to donors of \$175,599 (\$43,622 - 2016)	144,607		144,607	51,258
Net assets released from restriction	898,988	(898,988)		
Total Operating Revenues and Support	7,802,601	(182,808)	7,619,793	7,232,596
Operating Expenses:				
Program services	7,437,963		7,437,963	6,388,891
Management and general	696,960		696,960	600,289
Fundraising	432,297		432,297	387,706
Total Operating Expenses	8,567,220		8,567,220	7,376,886
Change in Net Assets From Operations	(764,619)	(182,808)	(947,427)	(144,290)
Nonoperating:				
Contributions restricted for the purchase of capital assets		9,250	9,250	203,555
Gain on sale of property				1,292,800
Investment return	353,561		353,561	247,533
Total Nonoperating	353,561	9,250	362,811	1,743,888
Total Change in Net Assets	(411,058)	(173,558)	(584,616)	1,599,598
Net assets, beginning of year	12,945,259	650,636	13,595,895	11,996,297
Net Assets, End of Year	\$ 12,534,201	\$ 477,078	\$ 13,011,279	\$ 13,595,895

See accompanying notes.

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**Consolidated Statement of Cash Flows
For the Year Ended September 30, 2017
(With Comparative Totals for the Year Ended September 30, 2016)**

	<u>2017</u>	<u>2016</u>
Cash Flows From Operating Activities:		
Change in net assets	\$ (584,616)	\$ 1,599,598
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities-		
Depreciation and amortization	340,780	350,514
Gain on investments	(238,056)	(162,490)
Contributions restricted for the purchase of capital assets	(9,250)	(203,555)
Gain on sale of property		(1,292,800)
Changes in assets and liabilities:		
Accounts receivable	(244,436)	125,358
Pledges receivable	86,491	(105,730)
Author advances	(20,127)	(44,931)
Book inventories	(111,156)	(123,776)
Prepaid and other current assets	(43,163)	(20,113)
Accounts payable	207,023	35,388
Accrued liabilities	9,831	19,658
Royalties payable	9,947	(5,766)
Deferred revenue	77,432	20,925
Net Cash (Used in) Provided by Operating Activities	(519,300)	192,280
Cash Flows From Investing Activities:		
Purchases of property and equipment	(155,660)	(128,357)
Purchases of investments	(51,576)	(46,846)
Proceeds from the sale of property and equipment	4,317	260,000
Proceeds from note receivable	222,571	
Net Cash Provided by Investing Activities	19,652	84,797
Cash Flows From Financing Activities:		
Proceeds from contributions restricted for the purchase of capital assets	9,250	203,555
Net Cash Provided by Financing Activities	9,250	203,555
Change in Cash and Cash Equivalents	(490,398)	480,632
Cash and cash equivalents, beginning of year	1,867,294	1,386,662
Cash and Cash Equivalents, End of Year	\$ 1,376,896	\$ 1,867,294
Supplementary Disclosures of Cash Flow Information:		
Noncash issuance of note receivable for sale of property	\$ -	\$ 1,040,000

See accompanying notes.

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Notes to Consolidated Financial Statements For the Year Ended September 30, 2017

Note 1 - Organization and Significant Accounting Policies

Organization - The Mountaineers is a Washington State nonprofit corporation formed to enrich the community by helping people explore, conserve, learn about and enjoy the lands and waters of the Pacific Northwest and beyond. The Mountaineers offers program activities and publishes books consistent with its philosophies and mission.

Braided River is a Washington State nonprofit corporation formed to inspire support for critical conservation efforts through books, media campaigns, multimedia presentations and museum exhibits. The Mountaineers has consolidated the statements of financial position and activities of Braided River due to its economic interest in and control of Braided River.

Principles of Consolidation - The accompanying consolidated financial statements include the accounts of the Mountaineers and Braided River (collectively, the Organization). Inter-company transactions and balances have been eliminated in consolidation.

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

Unrestricted Net Assets - Unrestricted net assets include all net assets on which there are no donor-imposed restrictions for use, or on which donor-imposed restrictions were temporary and have expired. This category of net assets also includes certain net assets designated by the Board of Directors and invested in property and equipment. The Board has the right to spend such net assets at any time.

Temporarily Restricted Net Assets - Temporarily restricted net assets include all net assets received by donations under which the donors imposed some restriction on use. Such restrictions are time or purpose dependent and will expire when the Organization makes use of the net assets sometime in the future for the restricted purpose.

Permanently Restricted Net Assets - Permanently restricted net assets include all net assets received by donations wherein donors imposed a permanent restriction on the use of the gift. The Organization has no permanently restricted net assets at September 30, 2017 and 2016.

Revenues are reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled or the stipulated time period has lapsed) are reported as reclassifications between the applicable classes of net assets. Contributions with donor-imposed restrictions that are met in the same year as received are reported as revenues in the unrestricted net asset class.

Contributions that the donor requires to be used to acquire long-lived assets (e.g., building improvements, furniture, fixtures and equipment) are reported as temporarily restricted. When the long-lived assets are acquired, the Organization reflects the expiration of the donor-imposed restriction as a reclassification included in net assets released from restriction.

Cash Equivalents - Cash and cash equivalents represent checking, savings and money market accounts held at various regional financial institutions.

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Notes to Consolidated Financial Statements For the Year Ended September 30, 2017

Note 1 - Continued

Pledges Receivable - Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on these amounts are computed using risk-adjusted rates applicable to the years in which the promises are received. Amortization of the discounts is included in revenue and support. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Pledges receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to change in net assets and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are determined to be uncollectible are written off through a charge to the valuation allowance and a credit to pledges receivable. No allowance for uncollectible balances has been established by management based on the Organization's historical experience in the collection of balances due. Additionally, all pledges are due within one year.

Author Advances - Author advances are amounts that have been prepaid to authors for books that are in progress. Author advances are deducted from royalty payments over several years as related books are sold.

Allowance for Doubtful Accounts, Returns and Doubtful Advances - The Organization extends credit to a substantial number of its customers and authors. Accounts receivable are recorded at the invoice amount and do not bear interest. Allowances for doubtful accounts and doubtful advances are maintained for estimated losses resulting from the inability of its customers to pay or the lack of sufficient proceeds from the sale of authors' publications. The Organization determines the allowances based on review of past due balances, historical write-off experience and economic data. Uncollected accounts receivable balances are charged against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote. The Organization has established credit policies and has determined that historically the losses related to customer and author nonpayment have been low as a percentage of net sales. The allowance for returns is calculated based on typical patterns of returns incurred during the previous year applied to the ending accounts receivable balance.

Book Inventories - Inventories consist primarily of finished books and prepaid book production expenses and are stated at the lower of cost or market. Cost is determined using an average cost basis.

Investments - Investments with readily determinable market values are stated at fair value based on quoted market prices. Unrealized and realized gains and losses on these investments are reported in the consolidated statement of activities and changes in net assets.

Property and Equipment - Purchased land, buildings and equipment are recorded at cost, and those received by donations are capitalized at their estimated fair values on the date received. Property and equipment with an original cost of \$5,000 or greater are capitalized. Depreciation is accounted for on a straight-line method based upon estimated useful lives of the assets ranging from 20 to 40 years for buildings and improvements, and 3 to 5 years for equipment, furniture and fixtures, and software.

Deferred Revenue - Receipts from events registrations and courses received in advance are deferred and recognized over the periods to which the revenue relates.

Contributions - Contributions, which include unconditional promises to give (pledges), are recognized as revenue in the period received.

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Notes to Consolidated Financial Statements For the Year Ended September 30, 2017

Note 1 - Continued

Donated Services - Donated services are recognized as revenue and corresponding expense when (a) the services received create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. A number of volunteers provided valuable services throughout the years that were not recognized as contributions in the consolidated financial statements since the recognition criteria was not met.

Income From Operations - The consolidated statement of activities and changes in net assets includes a performance indicator that reports income from operations. Changes in net assets excluded from income from operations, consistent with industry practice, include, receipt of contributions restricted for the purchase of capital assets including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets, gains on sale of property and investment return.

Concentration of Credit Risk - Financial instruments that potentially subject the Organization to concentrations of credit risk consist of cash balances, long-term investments, pledges receivable and contribution revenues. The Organization has cash and investments that are in excess of the Federal Deposit Insurance Corporation and the Securities Investor Protection Corporation insurance amounts.

For the year ended September 30, 2017, approximately 46% of total contributions were received from two donors. For the year ended September 30, 2016, approximately 40% of total contributions were received from one donor.

Use of Estimates - The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect amounts reported in the financial statements. Actual results could differ from those estimates.

Allocation of Functional Expenses - The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated statement of activities and changes in net assets. Accordingly, certain costs have been allocated among the program and supporting services benefited.

Federal Income Taxes - The Internal Revenue Service has recognized The Mountaineers and Braided River as exempt from federal income taxes under provisions of Section 501(a) of the Internal Revenue Code as entities described in Section 501(c)(3) and not as private foundations.

Comparative Information for 2016 - The consolidated financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements for the year ended September 30, 2016, from which the summarized information was derived.

Subsequent Events - The Organization has evaluated subsequent events through February 8, 2018, the date on which the consolidated financial statements were available to be issued.

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Notes to Consolidated Financial Statements For the Year Ended September 30, 2017

Note 2 - Investments and Fair Value Measurements

Investments consisted of the following as of September 30:

	<u>2017</u>	<u>2016</u>
Mutual funds-		
Short-term	\$ 844,652	\$ 833,525
Foreign large blend	325,717	273,100
Large blend	<u>1,438,077</u>	<u>1,212,189</u>
Total Investments	<u>\$ 2,608,446</u>	<u>\$ 2,318,814</u>

Investment return consisted of the following for the year ended September 30:

	<u>2017</u>	<u>2016</u>
Realized and unrealized gain on investments	\$ 238,056	\$ 162,490
Interest and dividend income	<u>115,505</u>	<u>85,043</u>
Total Investment Return	<u>\$ 353,561</u>	<u>\$ 247,533</u>

U.S. GAAP defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. To increase consistency and comparability in fair value measurements, U.S. GAAP uses a fair value hierarchy that prioritizes the inputs to valuation approaches into three broad levels. The hierarchy gives the highest priority to quoted prices in active markets (Level 1) and the lowest priority to unobservable inputs (Level 3).

Valuation Techniques - Financial assets and liabilities valued using Level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets and liabilities valued using Level 2 inputs are based primarily on quoted prices for similar assets or liabilities in active or inactive markets. Financial assets and liabilities using Level 3 inputs are primarily valued using management's assumptions about the assumptions market participants would utilize in pricing the asset or liability. Valuation techniques utilized to determine fair value are consistently applied.

At September 30, 2017 and 2016, mutual funds were valued at quoted market prices in active markets, which represent the net asset value (NAV) of shares held by the Organization at year end. All mutual funds were valued using Level 1 inputs.

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Notes to Consolidated Financial Statements For the Year Ended September 30, 2017

Note 3 - Note Receivable

During the year ended September 30, 2016, the Organization sold property in Snoqualmie Pass, Washington. In connection with the sale, the Organization recorded a note receivable of \$1,040,000 which bears interest at a rate of 7%. The note called for interest only payments of \$6,067 from May 2016 to February 2017. In March 2017, the Organization began receiving principal and interest payments of \$33,235 per month. The note matures on April 1, 2019.

Future principal payments are due as follows:

For the Year Ending September 30,

2018	\$ 323,446
2019	<u>493,983</u>
	817,429
Less current portion	<u>(323,446)</u>
Total Note Receivable, Net of Current Portion	<u><u>\$ 493,983</u></u>

Note 4 - Property and Equipment

Property and equipment consisted of the following at September 30:

	<u>2017</u>	<u>2016</u>
Land	\$ 5,014	\$ 5,014
Buildings and improvements	6,295,442	6,210,505
Furniture, fixtures and equipment	<u>1,747,430</u>	<u>1,675,904</u>
	8,047,886	7,891,423
Less accumulated depreciation	<u>(3,007,863)</u>	<u>(2,661,963)</u>
Total Property and Equipment, Net	<u><u>\$ 5,040,023</u></u>	<u><u>\$ 5,229,460</u></u>

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Notes to Consolidated Financial Statements For the Year Ended September 30, 2017

Note 5 - Leases

Operating Leases - The Organization leases a building for its headquarters under an agreement with the City of Seattle that is classified as an operating lease. In February 2008, the Organization began renovations on the building per the terms of the agreement. In return, the City of Seattle provides to the Organization an offset against the market value of the rental payments for improvements made to the building. This lease agreement terminates in February 2038.

The Organization also leases a facility for its books and other divisions and leases lodging facilities and equipment that are classified as operating leases with various expiration dates through 2035.

Rental expense incurred under the various operating lease arrangements above were \$216,247 and \$141,170 for the years ended September 30, 2017 and 2016, respectively.

Future minimum lease payments are as follows:

For the Year Ending September 30,

2018	\$	283,983
2019		283,983
2020		283,983
2021		276,288
2022		256,963
Thereafter		<u>1,651,765</u>
	\$	<u>3,036,965</u>

The Organization sublets portions of its headquarters facility on a month to month basis. Rental income under these arrangements totaled \$31,896 and \$39,840 for the years ended September 30, 2017 and 2016, respectively.

Note 6 - Contingencies

The Organization is subject to legal proceedings and claims that arise in the ordinary course of business and carries applicable insurance coverage. As of September 30, 2017 and 2016, management believes that resolution of such legal matters, will not have a material adverse effect on its financial condition, results from operations, or liquidity of the Organization.

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Notes to Consolidated Financial Statements For the Year Ended September 30, 2017

Note 7 - Unrestricted Net Assets

Unrestricted net assets were available as follows at September 30:

	<u>2017</u>	<u>2016</u>
Board designated net assets-		
Long-term building fund	\$ 2,608,445	\$ 2,318,813
Recreational properties	406,383	412,440
Friction slabs	<u>44,468</u>	<u>88,000</u>
Total Board Designated Net Assets	3,059,296	2,819,253
Net assets invested in property and equipment	5,032,059	5,229,460
Snoqualmie property sale proceeds	1,356,162	1,292,800
Undesignated net assets	<u>3,086,684</u>	<u>3,603,746</u>
Total Unrestricted Net Assets	<u>\$ 12,534,201</u>	<u>\$ 12,945,259</u>

Note 8 - Temporarily Restricted Net Assets

Temporarily restricted net assets were available as follows at September 30:

	<u>2017</u>	<u>2016</u>
Publications and films	\$ 207,262	\$ 319,523
Recreational properties	64,266	67,645
Capital projects	<u>205,550</u>	<u>263,468</u>
Total Temporarily Restricted Net Assets	<u>\$ 477,078</u>	<u>\$ 650,636</u>

Net assets of \$898,988 and \$609,098 were released for capital and program activities during the years ended September 30, 2017 and 2016, respectively.

Note 9 - Benefit Plan

The Organization sponsors a 401(k) retirement plan covering substantially all full-time and part-time employees upon completion of one year of service and working at least 1,000 hours during that period. Employees may elect to defer up to 75% of their eligible compensation subject to certain limitations established by the Internal Revenue Code. The Organization matches 50% of the employees' contributions not to exceed 3% of the employees' gross wages. The Organization contributions fully vest after five years of service. For the years ended September 30, 2017 and 2016, the Organization contributed \$29,513 and \$28,253, respectively.

SUPPLEMENTARY INFORMATION

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**Consolidating Schedule of Financial Position
September 30, 2017**

	<u>Mountaineers Programs</u>	<u>Mountaineers Books</u>	<u>Total Mountaineers</u>	<u>Braided River</u>	<u>Eliminations</u>	<u>Consolidated Total</u>
Assets						
Current Assets:						
Cash and cash equivalents	\$ 1,109,756	\$ 94,842	\$ 1,204,598	\$ 172,298	\$ -	\$ 1,376,896
Accounts receivable, less allowance accounts and returns of \$60,635	534,906	512,859	1,047,765		(377,096)	670,669
Pledges receivable	39,009		39,009			39,009
Current portion of note receivable	323,446		323,446			323,446
Current portion of author advances, less allowance for doubtful advances of \$176,770		97,704	97,704			97,704
Book inventories	57,421	2,884,355	2,941,776			2,941,776
Prepaid and other current assets	146,250	61,775	208,025			208,025
Total Current Assets	2,210,788	3,651,535	5,862,323	172,298	(377,096)	5,657,525
Long-term investments	2,608,446		2,608,446			2,608,446
Note receivable, net of current portion	493,983		493,983			493,983
Author advances, less allowance for doubtful advances of \$75,758		303,389	303,389			303,389
Property and equipment, net	5,005,281	34,742	5,040,023			5,040,023
Total Assets	\$ 10,318,498	\$ 3,989,666	\$ 14,308,164	\$ 172,298	\$ (377,096)	\$ 14,103,366

See independent auditor's report.

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Consolidating Schedule of Financial Position (Continued)
September 30, 2017

	<u>Mountaineers Programs</u>	<u>Mountaineers Books</u>	<u>Total Mountaineers</u>	<u>Braided River</u>	<u>Eliminations</u>	<u>Consolidated Total</u>
Liabilities and Net Assets						
Current Liabilities:						
Accounts payable	\$ 100,135	\$ 829,440	\$ 929,575	\$ -	\$ (377,096)	\$ 552,479
Accrued liabilities	164,901	110,308	275,209			275,209
Royalties payable		89,050	89,050			89,050
Deferred revenue	175,349		175,349			175,349
Total Liabilities	440,385	1,028,798	1,469,183		(377,096)	1,092,087
Net Assets:						
Unrestricted net assets	9,608,297	2,914,839	12,523,136	11,065		12,534,201
Temporarily restricted net assets	269,816	46,029	315,845	161,233		477,078
Total Net Assets	9,878,113	2,960,868	12,838,981	172,298		13,011,279
Total Liabilities and Net Assets	\$ 10,318,498	\$ 3,989,666	\$ 14,308,164	\$ 172,298	\$ (377,096)	\$ 14,103,366

See independent auditor's report.

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**Consolidating Schedule of Activities and Changes in Net Assets
For the Year Ended September 30, 2017**

	<u>Mountaineers Programs</u>	<u>Mountaineers Books</u>	<u>Total Mountaineers</u>	<u>Braided River</u>	<u>Eliminations</u>	<u>Consolidated Total</u>
Operating Revenue and Support:						
Book sales	\$ 66,636	3,606,693	\$ 3,673,329	\$ -	\$ (38,816)	\$ 3,634,513
Course fees	1,221,634		1,221,634			1,221,634
Membership dues and fees	572,586		572,586			572,586
Lodge sales	206,981		206,981			206,981
Room rentals	183,676		183,676			183,676
Other revenue	59,383	44,463	103,846	979		104,825
Ticket sales	216,569	563	217,132			217,132
Book royalties		57,843	57,843			57,843
Food and sundry sales	14,053		14,053			14,053
Grants and contributions	621,270	32,135	653,405	608,538		1,261,943
Grants from Braided River		150,961	150,961		(150,961)	
Special events, net of direct benefits to donors of \$175,599	144,607		144,607			144,607
Total Operating Revenues and Support	3,307,395	3,892,658	7,200,053	609,517	(189,777)	7,619,793
Operating Expenses:						
Program services	3,146,585	3,760,918	6,907,503	720,237	(189,777)	7,437,963
Management and general	534,873	152,711	687,584	9,376		696,960
Fundraising	383,526	36,074	419,600	12,697		432,297
Total Operating Expenses	4,064,984	3,949,703	8,014,687	742,310	(189,777)	8,567,220

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THE MOUNTAINEERS

**Consolidating Schedule of Activities and Changes in Net Assets (Continued)
For the Year Ended September 30, 2017**

	<u>Mountaineers Programs</u>	<u>Mountaineers Books</u>	<u>Total Mountaineers</u>	<u>Braided River</u>	<u>Eliminations</u>	<u>Consolidated Total</u>
Change in Net Assets From Operations	(757,589)	(57,045)	(814,634)	(132,793)		(947,427)
Nonoperating:						
Contributions restricted for the purchase of capital assets	9,250		9,250			9,250
Investment return	<u>353,561</u>		<u>353,561</u>			<u>353,561</u>
Total Nonoperating	<u>362,811</u>		<u>362,811</u>			<u>362,811</u>
Total Change in Net Assets	(394,778)	(57,045)	(451,823)	(132,793)		(584,616)
Net assets, beginning of year	<u>10,272,891</u>	<u>3,017,913</u>	<u>13,290,804</u>	<u>305,091</u>		<u>13,595,895</u>
Net Assets, End of Year	<u>\$ 9,878,113</u>	<u>\$ 2,960,868</u>	<u>\$ 12,838,981</u>	<u>\$ 172,298</u>	<u>\$ -</u>	<u>\$ 13,011,279</u>

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THE MOUNTAINEERS

**Consolidated Schedule of Functional Expenses
For the Year Ended September 30, 2017
(With Comparative Totals for the Year Ended September 30, 2016)**

	Programs Services	Supporting Services			2017 Total Total Expenses	2016 Total Total Expenses
		Management and General	Fundraising	Total		
Salaries and wages	\$ 1,732,321	\$ 271,835	\$ 210,269	\$ 482,104	\$ 2,214,425	\$ 1,863,094
Employee benefits and taxes	320,564	69,718	29,690	99,408	419,972	352,636
Total salaries, benefits and taxes	2,052,885	341,553	239,959	581,512	2,634,397	2,215,730
Cost of books sold	2,266,534				2,266,534	2,155,736
Professional fees	414,998	123,507	73,296	196,803	611,801	480,675
Fieldwork	543,393				543,393	149,804
Occupancy	484,027	4,518	4,461	8,979	493,006	376,922
Depreciation	241,923	98,754	103	98,857	340,780	350,514
Advertising and promotion	231,667	1,107	3,645	4,752	236,419	206,212
Miscellaneous	191,472	32,055	3,219	35,274	226,746	102,469
Recognition and development	163,613	2,518	29,794	32,312	195,925	167,302
Office expenses	159,988	4,451	18,315	22,766	182,754	201,152
Travel	169,615	1,766	3,403	5,169	174,784	82,959
Program supplies	132,964	128	31,758	31,886	164,850	92,164
Postage	139,475	110		110	139,585	149,413
Information technology	95,734	16,504	10,775	27,279	123,013	171,786
Insurance	36,342	68,884		68,884	105,226	111,502
Printing	87,484	286	12,195	12,481	99,965	95,813
Conferences, conventions and meetings	25,849	819	1,374	2,193	28,042	29,076
Exhibit						92,215
Course travel costs						75,842
Photography and publication costs						69,600
Total Operating Expenses	\$ 7,437,963	\$ 696,960	\$ 432,297	\$ 1,129,257	\$ 8,567,220	\$ 7,376,886

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