



**THE MOUNTAINEERS**

Consolidated Financial Statements  
For the Year Ended September 30, 2016

## Table of Contents

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	Page
<b>Independent Auditor's Report</b>	1 - 2
<b>Financial Statements:</b>	
Consolidated Statement of Financial Position	3
Consolidated Statement of Activities and Changes in Net Assets	4
Consolidated Statement of Cash Flows	5
Notes to Consolidated Financial Statements	6 - 12
<b>Supplementary Information:</b>	
Consolidating Schedule of Financial Position	13 - 14
Consolidating Schedule of Activities and Changes in Net Assets	15 - 16
Consolidated Schedule of Functional Expenses	17

## **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, 2016, 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, 2016, 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 2015 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated January 11, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2015, 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 6, 2017

**THE MOUNTAINEERS**

**Consolidated Statement of Financial Position  
September 30, 2016  
(With Comparative Totals at September 30, 2015)**

	<u>2016</u>	<u>2015</u>
<b>Assets</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 1,867,294	\$ 1,386,662
Accounts receivable, less allowance for doubtful accounts and returns of \$53,988 (\$47,796 - 2015)	426,233	551,591
Pledges receivable	125,500	19,770
Current portion of note receivable (Note 3)	194,180	
Current portion of author advances, less allowance for doubtful advances of \$168,461 (\$162,450 - 2015)	85,691	66,075
Book inventories	2,830,620	2,706,844
Prepaid and other current assets	<u>164,862</u>	<u>144,749</u>
<b>Total Current Assets</b>	<b>5,694,380</b>	<b>4,875,691</b>
Long-term investments (Note 2)	2,318,814	2,109,478
Note receivable, net of current portion (Note 3)	845,820	
Author advances, less allowance for doubtful advances of \$72,197 (\$69,622 - 2015)	295,275	269,960
Property and equipment, net (Note 4)	<u>5,229,460</u>	<u>5,458,817</u>
<b>Total Assets</b>	<b><u>\$ 14,383,749</u></b>	<b><u>\$ 12,713,946</u></b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 345,456	\$ 310,068
Accrued liabilities	265,378	245,720
Royalties payable	79,103	84,869
Deferred revenue	<u>97,917</u>	<u>76,992</u>
<b>Total Liabilities</b>	<b>787,854</b>	<b>717,649</b>
<b>Net Assets:</b>		
Unrestricted net assets (Note 7)	12,945,259	11,717,002
Temporarily restricted net assets (Note 8)	<u>650,636</u>	<u>279,295</u>
<b>Total Net Assets</b>	<b><u>13,595,895</u></b>	<b><u>11,996,297</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 14,383,749</u></b>	<b><u>\$ 12,713,946</u></b>

See accompanying notes.

**THE MOUNTAINEERS**

**Consolidated Statement of Activities and Changes in Net Assets  
For the Year Ended September 30, 2016  
(With Comparative Totals for the Year Ended September 30, 2015)**

	Unrestricted	Temporarily Restricted	2016 Total	2015 Total
<b>Operating Revenue and Support:</b>				
Book sales	\$ 3,296,328	\$ -	\$ 3,296,328	\$ 2,992,260
Course fees	1,091,082		1,091,082	1,080,789
Membership dues and fees	531,602		531,602	522,172
Lodge sales	210,372		210,372	136,951
Room rentals	182,201		182,201	181,978
Other revenue	101,351		101,351	107,759
Ticket sales	172,178		172,178	211,701
Book royalties	33,304		33,304	48,197
Food and sundry sales	14,604		14,604	14,915
Grants and contributions	771,432	776,884	1,548,316	636,988
Special events, net of direct benefits to donors of \$43,622 (\$114,349 - 2015)	51,258		51,258	207,237
Net assets released from restriction	609,098	(609,098)		
<b>Total Operating Revenues and Support</b>	<b>7,064,810</b>	<b>167,786</b>	<b>7,232,596</b>	<b>6,140,947</b>
<b>Operating Expenses:</b>				
Program services	6,388,891		6,388,891	5,516,059
Management and general	600,289		600,289	687,724
Fundraising	387,706		387,706	329,236
<b>Total Operating Expenses</b>	<b>7,376,886</b>		<b>7,376,886</b>	<b>6,533,019</b>
<b>Change in Net Assets From Operations</b>	<b>(312,076)</b>	<b>167,786</b>	<b>(144,290)</b>	<b>(392,072)</b>
<b>Nonoperating:</b>				
Contributions restricted for the purchase of capital assets		203,555	203,555	61,843
Gain (loss) on disposal of property and equipment	1,292,800		1,292,800	(59,536)
Investment return	247,533		247,533	(17,599)
<b>Total Nonoperating</b>	<b>1,540,333</b>	<b>203,555</b>	<b>1,743,888</b>	<b>(15,292)</b>
<b>Total Change in Net Assets</b>	<b>1,228,257</b>	<b>371,341</b>	<b>1,599,598</b>	<b>(407,364)</b>
Net assets, beginning of year	11,717,002	279,295	11,996,297	12,403,661
<b>Net Assets, End of Year</b>	<b>\$ 12,945,259</b>	<b>\$ 650,636</b>	<b>\$ 13,595,895</b>	<b>\$ 11,996,297</b>

See accompanying notes.

**THE MOUNTAINEERS**

**Consolidated Statement of Cash Flows  
For the Year Ended September 30, 2016  
(With Comparative Totals for the Year Ended September 30, 2015)**

	<u>2016</u>	<u>2015</u>
<b>Cash Flows From Operating Activities:</b>		
Change in net assets	\$ 1,599,598	\$ (407,364)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities-		
Depreciation and amortization	350,514	339,713
(Gain) loss on investments	(162,490)	62,850
Contributions restricted for the purchase of capital assets	(203,555)	(61,843)
(Gain) loss on disposal of property and equipment	(1,292,800)	59,536
Changes in assets and liabilities:		
Accounts receivable	125,358	(2,194)
Pledges receivable	(105,730)	(8,865)
Author advances	(44,931)	(35,834)
Book inventories	(123,776)	(82,024)
Prepaid and other current assets	(20,113)	7,320
Accounts payable	35,388	2,560
Accrued liabilities	19,658	38,828
Royalties payable	(5,766)	7,073
Deferred revenue	20,925	(20,775)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>192,280</b>	<b>(101,019)</b>
<b>Cash Flows From Investing Activities:</b>		
Purchases of property and equipment	(128,357)	(98,853)
Purchases of investments	(46,846)	(54,788)
Proceeds from the sale of property and equipment	260,000	10,256
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>84,797</b>	<b>(143,385)</b>
<b>Cash Flows From Financing Activities:</b>		
Proceeds from contributions restricted for the purchase of capital assets	203,555	60,843
<b>Net Cash Provided by Financing Activities</b>	<b>203,555</b>	<b>60,843</b>
<b>Change in Cash and Cash Equivalents</b>	<b>480,632</b>	<b>(183,561)</b>
Cash and cash equivalents, beginning of year	1,386,662	1,570,223
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 1,867,294</b>	<b>\$ 1,386,662</b>
<b>Supplementary Disclosures of Cash Flow Information:</b>		
Noncash issuance of note receivable for sale of property	\$ 1,040,000	\$ -

See accompanying notes.

## THE MOUNTAINEERS

### Notes to Consolidated Financial Statements For the Year Ended September 30, 2016

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#### 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 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, 2016 and 2015.

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.



## THE MOUNTAINEERS

### Notes to Consolidated Financial Statements For the Year Ended September 30, 2016

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#### 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.

## THE MOUNTAINEERS

### Notes to Consolidated Financial Statements For the Year Ended September 30, 2016

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#### 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/losses on disposal of property and equipment 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, 2016, approximately 40% of total contributions were received from one donor. For the year ended September 30, 2015, there were no contribution concentrations.

**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 2015** - 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, 2015, from which the summarized information was derived.

**Subsequent Events** - The Organization has evaluated subsequent events through February 6, 2017, the date on which the consolidated financial statements were available to be issued.

## THE MOUNTAINEERS

### Notes to Consolidated Financial Statements For the Year Ended September 30, 2016

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#### Note 2 - Investments and Fair Value Measurements

Investments consisted of the following as of September 30:

	<u>2016</u>	<u>2015</u>
Mutual funds-		
Treasury bonds	\$ 833,525	\$ 806,211
Foreign large blend	273,100	249,036
Large blend	<u>1,212,189</u>	<u>1,054,231</u>
<b>Total Investments</b>	<b><u>\$ 2,318,814</u></b>	<b><u>\$ 2,109,478</u></b>

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

	<u>2016</u>	<u>2015</u>
Realized and unrealized gain (loss) on investments	\$ 162,490	\$ (62,850)
Interest and dividend income	<u>85,043</u>	<u>45,251</u>
<b>Total Investment Return</b>	<b><u>\$ 247,533</u></b>	<b><u>\$ (17,599)</u></b>

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, 2016 and 2015, 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.

## THE MOUNTAINEERS

### Notes to Consolidated Financial Statements For the Year Ended September 30, 2016

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#### Note 3 - Note Receivable

During the year ended September 30, 2016, the Organization sold property in Snoqualmie Pass, Washington for \$1,300,000, which resulted in a realized gain of \$1,292,800 on the Statement of Activities and Changes in Net Assets for the year ended September 30, 2016. 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 calls for interest only payments of \$6,067 from May 2016 to February 2017. Beginning in March 2017, the Organization will begin 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,

2017	\$	194,180
2018		351,838
2019		<u>493,982</u>
		1,040,000
Less current portion		<u>(194,180)</u>
<b>Total Note Receivable, Net of Current Portion</b>	<b>\$</b>	<b><u>845,820</u></b>

#### Note 4 - Property and Equipment

Property and equipment consisted of the following at September 30:

	<u>2016</u>	<u>2015</u>
Land	\$ 5,014	\$ 12,213
Buildings and improvements	6,210,505	6,171,235
Furniture, fixtures and equipment	<u>1,675,904</u>	<u>1,581,562</u>
	7,891,423	7,765,010
Less accumulated depreciation	<u>(2,661,963)</u>	<u>(2,306,193)</u>
<b>Total Property and Equipment, Net</b>	<b>\$ <u>5,229,460</u></b>	<b>\$ <u>5,458,817</u></b>

## THE MOUNTAINEERS

### Notes to Consolidated Financial Statements For the Year Ended September 30, 2016

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#### 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 \$141,170 and \$192,342 for the years ended September 30, 2016 and 2015, respectively.

Future minimum lease payments are as follows:

For the Year Ending September 30,

2017	\$	261,017
2018		133,944
2019		133,944
2020		133,944
2021		126,249
Thereafter		<u>1,764,891</u>
	\$	<u>2,553,989</u>

The Organization sublets portions of its headquarters facility on a month to month basis. Rental income under these arrangements totaled \$39,840 and \$42,099 for the years ended September 30, 2016 and 2015, 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, 2016 and 2015, management believes that resolution of such legal matters, if any, will not have a material adverse effect on its financial condition, results from operations, or liquidity of the Organization.

**Contingent Grant** - During the year ended September 30, 2016, Braided River entered into a memorandum of understanding with a private foundation and a photographer to create a film based on one of Braided River's books. As part of the agreement, the private foundation will provide \$800,000 of the film's cost. As of September 30, 2016, \$350,000 had been recognized as a contribution with \$100,000 of that amount outstanding in pledges receivable. The remaining balance of \$450,000, is contingent upon the photographer submitting a spending plan to be approved by the private foundation. Due to this contingency, the \$450,000 is not reflected in contribution revenue at September 30, 2016, as the spending plan has not been submitted.

## THE MOUNTAINEERS

### Notes to Consolidated Financial Statements For the Year Ended September 30, 2016

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#### Note 7 - Unrestricted Net Assets

Unrestricted net assets were available as follows at September 30:

	<u>2016</u>	<u>2015</u>
Board designated net assets-		
Long-term building fund	\$ 2,318,813	\$ 2,109,478
Recreational properties	412,440	242,169
Friction slabs	<u>88,000</u>	<u>88,000</u>
<b>Total Board Designated Net Assets</b>	<b>2,819,253</b>	<b>2,439,647</b>
Net assets invested in property and equipment	5,229,460	5,458,817
Gain on sale of Snoqualmie property	1,292,800	
Undesignated net assets	<u>3,603,746</u>	<u>3,818,538</u>
<b>Total Unrestricted Net Assets</b>	<b><u>\$ 12,945,259</u></b>	<b><u>\$ 11,717,002</u></b>

#### Note 8 - Temporarily Restricted Net Assets

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

	<u>2016</u>	<u>2015</u>
Publications and films	\$ 319,523	\$ 137,179
Recreational properties	67,645	64,390
Youth education programs		14,558
Capital projects	<u>263,468</u>	<u>63,168</u>
<b>Total Temporarily Restricted Net Assets</b>	<b><u>\$ 650,636</u></b>	<b><u>\$ 279,295</u></b>

Net assets of \$609,098 and \$116,007 were released for program activities during the years ended September 30 2016 and 2015, 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, 2016 and 2015, the Organization contributed \$28,253 and \$23,533, respectively.

**SUPPLEMENTARY INFORMATION**

**THE MOUNTAINEERS**

**Consolidating Schedule of Financial Position  
September 30, 2016**

	<u>Mountaineers Programs</u>	<u>Mountaineers Books</u>	<u>Total Mountaineers</u>	<u>Braided River</u>	<u>Eliminations</u>	<u>Consolidated Total</u>
<b>Assets</b>						
<b>Current Assets:</b>						
Cash and cash equivalents	\$ 1,594,897	\$ 67,306	\$ 1,662,203	\$ 205,091	\$ -	\$ 1,867,294
Accounts receivable, less allowance accounts and returns of \$53,988	294,872	311,361	606,233		(180,000)	426,233
Pledges receivable	25,500		25,500	100,000		125,500
Current portion of note receivable	194,180		194,180			194,180
Current portion of author advances, less allowance for doubtful advances of \$168,461		85,691	85,691			85,691
Book inventories	66,941	2,763,679	2,830,620			2,830,620
Prepaid and other current assets	106,174	58,688	164,862			164,862
<b>Total Current Assets</b>	<b>2,282,564</b>	<b>3,286,725</b>	<b>5,569,289</b>	<b>305,091</b>	<b>(180,000)</b>	<b>5,694,380</b>
Long-term investments	2,318,814		2,318,814			2,318,814
Note receivable, net of current portion	845,820		845,820			845,820
Author advances, less allowance for doubtful advances of \$72,197		295,275	295,275			295,275
Property and equipment, net	5,202,654	26,806	5,229,460			5,229,460
<b>Total Assets</b>	<b>\$ 10,649,852</b>	<b>\$ 3,608,806</b>	<b>\$ 14,258,658</b>	<b>\$ 305,091</b>	<b>\$ (180,000)</b>	<b>\$ 14,383,749</b>

See independent auditor's report.



THE MOUNTAINEERS

Consolidating Schedule of Financial Position (Continued)  
September 30, 2016

	<u>Mountaineers Programs</u>	<u>Mountaineers Books</u>	<u>Total Mountaineers</u>	<u>Braided River</u>	<u>Eliminations</u>	<u>Consolidated Total</u>
<b>Liabilities and Net Assets</b>						
<b>Current Liabilities:</b>						
Accounts payable	\$ 99,672	\$ 425,784	\$ 525,456	\$ -	\$ (180,000)	\$ 345,456
Accrued liabilities	179,372	86,006	265,378			265,378
Royalties payable		79,103	79,103			79,103
Deferred revenue	97,917		97,917			97,917
<b>Total Liabilities</b>	<b>376,961</b>	<b>590,893</b>	<b>967,854</b>		<b>(180,000)</b>	<b>787,854</b>
<b>Net Assets:</b>						
Unrestricted net assets	9,941,778	2,985,605	12,927,383	17,876		12,945,259
Temporarily restricted net assets	331,113	32,308	363,421	287,215		650,636
<b>Total Net Assets</b>	<b>10,272,891</b>	<b>3,017,913</b>	<b>13,290,804</b>	<b>305,091</b>		<b>13,595,895</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 10,649,852</b>	<b>\$ 3,608,806</b>	<b>\$ 14,258,658</b>	<b>\$ 305,091</b>	<b>\$ (180,000)</b>	<b>\$ 14,383,749</b>

See independent auditor's report.

**THE MOUNTAINEERS**

**Consolidating Schedule of Activities and Changes in Net Assets  
For the Year Ended September 30, 2016**

	<u>Mountaineers Programs</u>	<u>Mountaineers Books</u>	<u>Total Mountaineers</u>	<u>Braided River</u>	<u>Eliminations</u>	<u>Consolidated Total</u>
<b>Operating Revenue and Support:</b>						
Book sales	\$ 65,309	\$ 3,249,191	\$ 3,314,500	\$ -	\$ (18,172)	\$ 3,296,328
Course fees	1,091,082		1,091,082			1,091,082
Membership dues and fees	531,602		531,602			531,602
Lodge sales	210,372		210,372			210,372
Room rentals	182,201		182,201			182,201
Other revenue	59,887	41,080	100,967	384		101,351
Ticket sales	171,862	316	172,178			172,178
Book royalties		33,304	33,304			33,304
Food and sundry sales	14,604		14,604			14,604
Grants and contributions	858,235		858,235	655,753		1,513,988
Grants from Braided River		158,432	158,432		(124,104)	34,328
Special events, net of direct benefits to donors of \$43,622	51,258		51,258			51,258
<b>Total Operating Revenues and Support</b>	<b>3,236,412</b>	<b>3,482,323</b>	<b>6,718,735</b>	<b>656,137</b>	<b>(142,276)</b>	<b>7,232,596</b>
<b>Operating Expenses:</b>						
Program services	2,735,338	3,397,746	6,133,084	398,083	(142,276)	6,388,891
Management and general	464,366	128,556	592,922	7,367		600,289
Fundraising	300,244	87,332	387,576	130		387,706
<b>Total Operating Expenses</b>	<b>3,499,948</b>	<b>3,613,634</b>	<b>7,113,582</b>	<b>405,580</b>	<b>(142,276)</b>	<b>7,376,886</b>

See independent auditor's report.

**THE MOUNTAINEERS**

**Consolidating Schedule of Activities and Changes in Net Assets (Continued)  
For the Year Ended September 30, 2016**

	<u>Mountaineers Programs</u>	<u>Mountaineers Books</u>	<u>Total Mountaineers</u>	<u>Braided River</u>	<u>Eliminations</u>	<u>Consolidated Total</u>
<b>Change in Net Assets From Operations</b>	<b>(263,536)</b>	<b>(131,311)</b>	<b>(394,847)</b>	<b>250,557</b>		<b>(144,290)</b>
<b>Nonoperating:</b>						
Contributions restricted for the purchase of capital assets	203,555		203,555			203,555
Gain on disposal of property and equipment	1,292,800		1,292,800			1,292,800
Investment return	247,533		247,533			247,533
<b>Total Nonoperating</b>	<b>1,743,888</b>		<b>1,743,888</b>			<b>1,743,888</b>
<b>Total Change in Net Assets</b>	<b>1,480,352</b>	<b>(131,311)</b>	<b>1,349,041</b>	<b>250,557</b>		<b>1,599,598</b>
Net assets, beginning of year	8,792,539	3,149,224	11,941,763	54,534		11,996,297
<b>Net Assets, End of Year</b>	<b>\$ 10,272,891</b>	<b>\$ 3,017,913</b>	<b>\$ 13,290,804</b>	<b>\$ 305,091</b>	<b>\$ -</b>	<b>\$ 13,595,895</b>

See independent auditor's report.

**THE MOUNTAINEERS**

**Consolidated Schedule of Functional Expenses  
For the Year Ended September 30, 2016  
(With Comparative Totals for the Year Ended September 30, 2015)**

	Programs Services	Supporting Services			2016 Total Total Expenses	2015 Total Total Expenses
		Management and General	Fundraising	Total		
Salaries and wages	\$ 1,382,349	\$ 239,621	\$ 241,124	\$ 480,745	\$ 1,863,094	\$ 1,630,356
Employee benefits and taxes	261,465	53,980	37,191	91,171	352,636	335,013
<b>Total salaries, benefits and taxes</b>	<b>1,643,814</b>	<b>293,601</b>	<b>278,315</b>	<b>571,916</b>	<b>2,215,730</b>	<b>1,965,369</b>
Cost of books sold	2,155,736				2,155,736	1,880,247
Professional fees	351,879	116,561	12,235	128,796	480,675	381,682
Occupancy	369,860	3,496	3,566	7,062	376,922	408,199
Depreciation	263,590	86,552	372	86,924	350,514	339,713
Advertising and promotion	201,550	851	3,811	4,662	206,212	173,271
Office expenses	169,714	13,083	18,355	31,438	201,152	157,773
Information technology	128,719	21,565	21,502	43,067	171,786	178,080
Recognition and development	139,541	2,125	25,636	27,761	167,302	159,886
Fieldwork	149,804				149,804	13,620
Postage	149,072	341		341	149,413	115,527
Insurance	56,166	55,336		55,336	111,502	122,649
Miscellaneous	92,417	2,701	7,351	10,052	102,469	65,624
Printing	84,172	244	11,397	11,641	95,813	85,412
Exhibit	92,215				92,215	4,949
Program supplies	89,303	122	2,739	2,861	92,164	150,136
Travel	77,674	2,858	2,427	5,285	82,959	84,392
Course travel costs	75,842				75,842	191,203
Photography and publication costs	69,600				69,600	13,620
Conferences, conventions and meetings	28,223	853		853	29,076	41,667
<b>Total Operating Expenses</b>	<b>\$ 6,388,891</b>	<b>\$ 600,289</b>	<b>\$ 387,706</b>	<b>\$ 987,995</b>	<b>\$ 7,376,886</b>	<b>\$ 6,533,019</b>

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