Financial Statements
December 31, 2014

Keystone Science School, Inc.

Independent Auditor's Report

The Board of Directors
Keystone Science School, Inc.
Keystone, Colorado

Report on the Financial Statements
We have audited the accompanying financial statements of Keystone Science School, Inc., which comprise the statement of financial position as of December 31, 2014, 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 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Keystone Science School, Inc. as of December 31, 2014, 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.

Eide Bailly LLP

Golden, Colorado
March 19, 2015

Assets	
Cash and cash equivalents	$ 722,735
Accounts receivable, net	51,967
Promises to give, net	281,900
Prepaid expenses and other assets	32,365
School store inventory	13,287
Cash restricted for long-term purposes	400,000
Property and equipment, net	2,367,849
Total Assets	$ 3,870,103
Liabilities and Net Assets	
Accounts payable	$ 36,434
Accrued liabilities	46,376
Deferred revenue	111,839
Deferred compensation	79,000
Total liabilities	273,649
Net assets	
Unrestricted	
Undesignated	2,430,041
Board-designated operating reserve	125,317
	2,555,358
Temporarily restricted	1,040,096
Permanently restricted	1,000
Total net assets	3,596,454
Total Liabilities and Net Assets	$ 3,870,103

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue and Support				
Program revenue, net of scholarships of $118,814	$ 1,267,028	$ -	$ -	$ 1,267,028
Contributions	302,723	1,033,750	1,000	1,337,473
Gross special event revenue	46,274	-	-	46,274
Less cost of direct benefits to donors	(11,610)	-	-	(11,610)
Net special event revenue	34,664	-	-	34,664
School store sales	25,886	-	-	25,886
Less cost of goods sold	(17,377)	-	-	(17,377)
Net school store sales	8,509	-	-	8,509
Interest and other income	14,030	-	-	14,030
Net assets released from restrictions	762,464	(762,464)	-	-
Total revenue and support	2,389,418	271,286	1,000	2,661,704
Expenses				
Program services	1,600,607	-	-	1,600,607
Administrative	489,357	-	-	489,357
Fundraising	109,450	-	-	109,450
Total expenses	2,199,414	-	-	2,199,414
Change in net assets before depreciation	190,004	271,286	1,000	462,290
Depreciation	42,236	-	-	42,236
Change in Net Assets	147,768	271,286	1,000	420,054
Net Assets, Beginning of Year	2,407,590	768,810	-	3,176,400
Net Assets, End of Year	$ 2,555,358	$ 1,040,096	$ 1,000	$ 3,596,454

Cash Flows from Operating Activities	
Change in net assets	$ 420,054
Adjustments to reconcile change in net assets to net cash from operating activities	
Depreciation	42,236
Changes in operating assets and liabilities	
Accounts receivable, net	(6,429)
Promises to give, net	(240,578)
Prepaid expenses and other assets	(10,828)
School store inventory	4,767
Accounts payable	2,222
Accrued liabilities	(5,088)
Deferred revenue	22,768
Deferred compensation	(6,000)
Net Cash from Operating Activities	223,124
Cash Flows from Investing Activities	
Purchases of property and equipment	(21,884)
Net Cash used for Investing Activities	(21,884)
Net Change in Cash and Cash Equivalents	201,240
Cash and Cash Equivalents, Beginning of Year	521,495
Cash and Cash Equivalents, End of Year	$ 722,735

Note 1 - Principal Activity and Significant Accounting Policies

Organization

Since 1976, Keystone Science School (the School, KSS, we, us, our) has taught scientific principles and leadership skills to young people, teachers, and community members through engaging, hands-on field experiences. Participants work together to develop critical thinking skills as they explore nature and science education.

The original mission of the School continues today, with even greater conviction and a strong belief that leaders should approach important decisions with a respect for scientific inquiry, collaboration, and civic engagement. Thirty-eight years after our founding, our professional staff endeavor to prepare future leaders with the necessary skills to address the increasingly complex issues facing our society and our world.

In 2014, nearly 6,800 children and adults directly participated in our programs, including 940 children in our Camp Programs, 5,300 children from 107 schools in our School Programs, and 875 children and adults in our Community Programs. Our Educator Programs worked with 97 teachers who we estimate will each reach another 150 students in the coming school year, resulting in 14,550 children receiving hands-on STEM (Science Technology Engineering and Math) lessons.

Camp Programs

Camp Programs offer a range of summer programs for youth aged 5-17 providing a balance of hands-on science education, Colorado adventure, and traditional camp-style fun. Options include day camp, multi-day residential sessions, and leadership programs for teens.

School Programs

Through partnerships with public and private schools, School Programs bring science alive for K-12 students through informal investigations and research projects that incorporate innovative teaching methods and hands-on activities. Tailored to each school’s academic needs, our curriculum is aligned with the newly revised Common Core Standards and National Standards, and utilizes a non-biased, interdisciplinary approach.

Educator Programs

Designed for teachers seeking a fresh approach to teaching STEM principles, and free of cost to all teachers, these national professional development programs feature interdisciplinary, hands-on, inquiry-based curricula on a variety of issues relevant to today’s communities, including water quality, climate change, freshwater sustainability, and others.

Community Programs

These customizable programs are designed specifically for the community-at-large and provide residents and visitors the opportunity to engage more fully with our spectacular mountain environment. Programs include subject-driven retreats and trainings, astronomy, and Wilderness First Aid courses.

Cash and Cash Equivalents

We consider all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments held for long-term purposes are excluded from this definition.

Accounts Receivable and Credit Policies

Accounts receivable consist primarily of noninterest-bearing amounts due from schools and participants. We determine the allowance for uncollectible accounts receivable based on historical experience, an assessment of economic conditions, and review of subsequent collections. Accounts receivable are written off when deemed uncollectable. The allowance was $2,625 at December 31, 2014.

Promises to Give

Unconditional promises to give expected to be collected within one year are recorded at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. All promises to give at December 31, 2014 were receivable in one year or less, therefore we did not record a discount. We determine the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. We expect to collect all promises to give outstanding on December 31, 2014, and therefore have not established an allowance.

School Store Inventory

We maintain an inventory of supplies and logo-wear for sale to students and participants. Inventory is stated at the lower of cost or market determined by the first-in, first-out method. We determined that no allowance for inventory obsolescence was necessary at December 31, 2014.

Property and Equipment

Property and equipment additions over $3,000 and useful lives exceeding one year are recorded at cost, or if donated, at fair value on the date of donation. We compute depreciation using the straight-line method over the estimated useful lives of the assets, which range from three to twenty years. When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any resulting gain or loss is included in the statement of activities. We expense repair and maintenance costs that do not improve or extend the useful lives of the respective assets.

We review the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, we recognize an impairment loss to the extent carrying value exceeds the fair value of the asset. There were no indictors of asset impairment during the year ended December 31, 2014.

Net Assets

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

Unrestricted Net Assets – Net assets available for use in general operations. Unrestricted board-designated net assets consist of net assets designated by the Board of Directors for operating reserve.

Temporarily Restricted Net Assets – Net assets subject to donor restrictions that may or will be met by expenditures or our actions and/or the passage of time.

We report contributions as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or 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.

Permanently Restricted Net Assets – Net assets whose use is limited by donor-imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by our actions.

Revenue and Revenue Recognition

We recognize revenue when earned. Program revenue received in advance is deferred to the applicable period in which the related services are performed or expenditures are incurred. Contributions are recognized when cash, securities or other assets, or an unconditional promise to give is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Donated Services and Materials

Volunteers contribute significant amounts of time to our program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. We record donated professional services at the respective fair values of the services received.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. Accordingly, we allocated certain costs among the programs and supporting services benefited. Note 4 presents total expenses by function.

Income Taxes

The School is organized as Colorado nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(viii), and has been determined not to be a private foundation under Section 509(a)(2). The School is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the School is subject to income tax on net income that is derived from business activities that are unrelated to our exempt purpose. We determined we are not subject to unrelated business income tax and have not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

We believe that we have appropriate support for any tax positions taken affecting our annual filing requirements, and as such, do not have any uncertain tax positions that are material to the financial statements. We would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties were to be incurred.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates, and those differences could be material.

Financial Instruments and Credit Risk

We manage deposit concentration risk by placing cash and money market accounts with financial institutions we believe to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, we have not experienced losses in any of these accounts. We consider credit risk associated with accounts receivable and unconditional promises to give to be limited due to high historical collection rates and because a substantial portion of the outstanding amounts are due from organizations and individuals supportive of our mission.

Subsequent Events

We have evaluated subsequent events through March 19, 2015, the date the financial statements were available to be issued.

Note 2 - Property and Equipment

Property and equipment consists of the following at December 31, 2014:

Buildings and improvements	$ 634,056
Computers and telecommunications	15,723
Office equipment	21,454
Vehicles	8,000
	679,233
Less accumulated depreciation	(74,216)
	605,017
Land	1,747,398
Construction-in-progress	15,434
	$ 2,367,849

Note 3 - Temporarily Restricted Net Assets

Temporarily restricted net assets at December 31, 2014, consist of:

Restricted by donors for	
Administrative Office building	$ 400,000
Camp programs	106,862
Educator programs	428,200
School programs	105,034
	$ 1,040,096

Net assets were released from restrictions as follows during the period ended December 31, 2014:

Satisfaction of purpose restrictions	
Camp programs	$ 68,370
Educator programs	393,387
School programs	300,707
	$ 762,464

Note 4 - Functionalized expenses

Total expenses by function were as follows for the year ended December 31, 2014:

Program services (including cost of goods sold of $17,439 and depreciation of $800)	$ 1,618,784
Administrative (including depreciation of $37,910)	527,267
Fundraising (including cost of direct benefits to donors of $11,610 and depreciation of $3,526)	124,586
	$ 2,270,637

Note 5 - Employee Benefits

We maintain a voluntary salary deferral and discretionary profit-sharing plan (Plan) qualified under Section 401(k) of the Internal Revenue Code (IRC). The Plan covers substantially all full-time employees. Plan participants may contribute a portion of their compensation by electing pre-tax salary reductions up to annual limits specified by the IRS. Participant contributions vest immediately. Contributions to the plan by the School are discretionary, and vest evenly over three years. During 2014, we contributed $21,342 to the Plan.

We share a deferred compensation liability with The Keystone Center under a non-eligible supplemental retirement plan (Non-eligible Plan) qualified under Section 457(f) of the IRC which covers our founder and former president. Under the terms of the Non-eligible Plan, we are required to make annual distributions of $22,500 to the founder for life. At December 31, 2014, the estimated present value of the future payments to be made under the Non-eligible Plan totaled $79,000. Subsequent to year end, our founder passed, and, as a result, our liability ended.

Supplementary Information
December 31, 2014

Keystone Science School, Inc.

EideBailly
CPAs & BUSINESS ADVISORS

Independent Auditor's Report on Supplementary Information

To the Board of Directors
Keystone Science School
Keystone, Colorado

We have audited the financial statements of Keystone Science School as of and for year ended December 31, 2014, and our report thereon dated March 19, 2015, which expressed an unmodified opinion on those financial statements, appears on page 1. Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on page 13 is presented for the purpose of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Eide Bailly LLP

Golden, Colorado
March 19, 2015

Keystone Science School, Inc.
Supplementary Information
Schedule of Revenues and Expenses by Division
Year Ended December 31, 2014

	Administrative	Development	Camp Programs	School Programs	Educator Programs	Community Programs	School Store	Board-designated operating	Endowment	Total
Revenue and support										
Program revenue	$ -	$ -	$ 644,188	$ 476,621	$ 23,359	$ 122,860	$ -	$ -	$ -	$ 1,267,028
Contributions	13,310	286,378	87,972	80,810	627,400	240,603	-	-	1,000	1,337,473
Gross special event revenue	-	46,274	-	-	-	-	-	-	-	46,274
Less cost of direct benefits to donors	-	(11,610)	-	-	-	-	-	-	-	(11,610)
Net special event revenue	-	34,664	-	-	-	-	-	-	-	34,664
School store sales	-	-	-	-	-	-	25,886			25,886
Less cost of goods sold	-	-	-	-	-	-	(17,377)			(17,377)
Net school store sales	-	-	-	-	-	-	8,509	-	-	8,509
Miscellaneous income	601	-	956	12,473	-	-	-	-	-	14,030
Total revenue and support	13,911	321,042	733,116	569,904	650,759	363,463	8,509	-	1,000	2,661,704
Expenses										
Program services	-	-	578,180	507,276	307,480	199,420	5,891	2,360	-	1,600,607
Administrative	471,857	-	-	-	-	-	-	17,500	-	489,357
Fundraising	-	109,450	-	-	-	-	-	-	-	109,450
Total expenses	471,857	109,450	578,180	507,276	307,480	199,420	5,891	19,860	-	2,199,414
Revenue and support over/(under) expenses before depreciation and allocation of overhead	(457,946)	211,592	154,936	62,628	343,279	164,043	2,618	(19,860)	1,000	462,290
Depreciation	37,910	3,526	800	-	-	-	-	-	-	42,236
Allocation of overhead	(495,856)	23,193	158,941	148,756	103,870	55,628	5,468	-	-	-
Revenue and support over/(under) expenses	$ -	$ 184,873	$ (4,805)	$ (86,128)	$ 239,409	$ 108,415	$ (2,850)	$ (19,860)	$ 1,000	$ 420,054