ASPEN CENTER FOR ENVIRONMENTAL STUDIES

FINANCIAL STATEMENTS

October 31, 2014 and 2013

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TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Aspen Center for Environmental Studies
Aspen, Colorado

We have audited the accompanying financial statements of Aspen Center for Environmental Studies (ACES, a nonprofit organization), which comprise the statement of financial position as of October 31, 2014 and 2013, and the related statements of activities and cash flows for the years 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 of 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 evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk 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 Aspen Center for Environmental Studies as of October 31, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Certified Public Accountants
Aspen, Colorado
May 18, 2015

ASPEN CENTER FOR ENVIRONMENTAL STUDIES

STATEMENTS OF FINANCIAL POSITION

October 31, 2014 and 2013

	October 31,	
	2014	2013
ASSETS		
Cash and Cash Equivalents	$ 2,523,408	$ 1,809,756
Accounts Receivable	-	10,500
Grants Receivable	34,818	19,818
Pledges Receivable	706,161	565,311
Inventory	7,041	4,639
Land, Buildings and Equipment (Net)	6,975,781	6,984,689
TOTAL ASSETS	**$ 10,247,209**	**$ 9,394,713**

	2014	2013
LIABILITIES AND NET ASSETS		
LIABILITES		
Accounts Payable	$ 3,003	$ 3,003
Accrued Expenses	166,725	84,643
TOTAL LIABILITIES	**169,728**	**87,646**
NET ASSETS		
Unrestricted Net Assets		
Undesignated	4,888,628	4,237,534
Temporarily Restricted Net Assets	1,238,853	1,119,533
Permanently Restricted Net Assets	3,950,000	3,950,000
TOTAL NET ASSETS	**10,077,481**	**9,307,067**
TOTAL LIABILITIES AND NET ASSETS	**$ 10,247,209**	**$ 9,394,713**

See accompanying notes and Independent Auditor's Report.

ASPEN CENTER FOR ENVIRONMETAL STUDIES

STATEMENTS OF ACTIVITIES

For the Years Ended October 31, 2014 and 2013

	October 31, 2014				October 31, 2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT								
Contributions and Grants	$ 1,875,312	$ 354,575	$ -	$ 2,229,887	$ 1,611,261	$ 91,540	$ -	$ 1,702,801
Membership Income	128,528	-	-	128,528	119,599	-	-	119,599
Admissions and Tuition	513,677	-	-	513,677	397,473	-	-	397,473
Special Event Income	161,300	-	-	161,300	-	-	-	-
Store Sales, net	5,443	-	-	5,443	7,319	-	-	7,319
Other Income	109,109	-	-	109,109	64,791	-	-	64,791
Gain (Loss) on Disposed Fixed Assets	-	-	-	-	(2,822)	-	-	(2,822)
Investment Income	2,213	-	-	2,213	1,095	-	-	1,095
Net Assets Released from Restrictions:								
Satisfaction of Program Restrictions	235,255	(235,255)	-	-	159,639	(159,639)	-	-
TOTAL REVENUES, GAINS AND OTHER SUPPORT	**3,030,837**	**119,320**	**-**	**3,150,157**	**2,358,355**	**(68,099)**	**-**	**2,290,256**
EXPENSES AND LOSSES								
Program Expenses:								
Educational Expenses	1,731,617	-	-	1,731,617	1,688,392	-	-	1,688,392
Total Program Expenses	1,731,617	-	-	1,731,617	1,688,392	-	-	1,688,392
Supporting Service Expenses:								
Management and General Expenses	324,540	-	-	324,540	269,847	-	-	269,847
Fundraising Expenses	205,309	-	-	205,309	160,267	-	-	160,267
Special Event Expenses	113,897	-	-	113,897	-	-	-	-
Total Supporting Service Expenses	643,746	-	-	643,746	430,114	-	-	430,114
TOTAL EXPENSES AND LOSSES	**2,375,363**	**-**	**-**	**2,375,363**	**2,118,506**	**-**	**-**	**2,118,506**
CHANGE IN NET ASSETS	**655,474**	**119,320**	**-**	**774,794**	**239,849**	**(68,099)**	**-**	**171,750**
Equity from Merged Entity	**(4,380)**	**-**	**-**	**(4,380)**		**-**	**-**	**-**
NET ASSETS, Beginning of year	**4,237,534**	**1,119,533**	**3,950,000**	**9,307,067**	**3,997,685**	**1,187,632**	**3,950,000**	**9,135,317**
NET ASSETS, End of year	**$ 4,888,628**	**$ 1,238,853**	**$ 3,950,000**	**$ 10,077,481**	**$ 4,237,534**	**$ 1,119,533**	**$ 3,950,000**	**$ 9,307,067**

See accompanying notes and Independent Auditor's Report.

ASPEN CENTER FOR ENVIRONMENTAL STUDIES

STATEMENTS OF CASH FLOWS

For the Years Ended October 31, 2014 and 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	$ 774,794	$ 171,750
Adjustments to Reconcile Change in Net Assets		
to Net Cash Provided by Operating Activities:		
Depreciation	108,274	105,942
Loss (Gain) on Disposed Fixed Assets	-	2,822
Non-Cash Capital Contributions	(7,184)	(4,361)
(Increase) Decrease in Accounts Receivable	10,500	(7,615)
(Increase) Decrease in Grants Receivable	(15,000)	(9,818)
(Increase) Decrease in Pledges Receivable	(140,850)	236,895
(Increase) Decrease in Inventory	(2,402)	(1,512)
Increase (Decrease) in Accounts Payable	-	(2,675)
Increase (Decrease) in Accrued Expenses	82,082	18,352
NET CASH PROVIDED BY (USED IN)		
OPERATING ACTIVITIES	**810,214**	**509,780**
CASH FLOWS FROM INVESTING ACTIVITIES		
Net Debt from Merged Entity	(4,380)	-
Purchase of Property and Equipment	(92,182)	(61,002)
NET CASH PROVIDED BY (USED IN)		
INVESTING ACTIVITIES	**(96,562)**	**(61,002)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on Debt	-	(7,022)
NET CASH PROVIDED BY (USED IN)		
FINANCING ACTIVITIES	**-**	**(7,022)**
NET INCREASE (DECREASE) IN CASH AND		
CASH EQUIVALENTS	**713,652**	**441,756**
CASH AND CASH EQUIVALENTS, Beginning of year	**1,809,756**	**1,368,000**
CASH AND CASH EQUIVALENTS, End of year	**$ 2,523,408**	**$ 1,809,756**

See accompanying notes and Independent Auditor's Report.

ASPEN CENTER FOR ENVIRONMENTAL STUDIES

NOTES TO THE FINANCIAL STATEMENTS

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITIES
Aspen Center for Environmental Studies ("ACES") is a nonprofit corporation that was incorporated under the laws of Colorado on October 7, 1968. The organization's primary objective is environmental education. The Internal Revenue Service recognizes ACES as a charitable, tax-exempt public organization under Code Section 501(c)(3) and it is not considered a private foundation. ACES is located in the resort community of Aspen, Colorado.

ACCOUNTING POLICIES
The financial statements of ACES have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities. The significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

FINANCIAL STATEMENT PRESENTATION
ACES follows FASC 958-205, *Presentation of Financial Statements for Not-for-Profit Organizations.* Under FASC 958-205, ACES is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

CASH AND CASH EQUIVALENTS
Cash and cash equivalents include all cash held in deposits and temporary investments with an original maturity of three months or less.

ACCOUNTS RECEIVABLE
Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Changes in the valuation allowance have not been material to the financial statements.

PLEDGES RECEIVABLE
Unconditional pledges are recognized as contribution revenue in the period the pledge is made and as assets, decreases of liabilities, or expenses depending on the form of benefits received. Pledges are recorded at net realizable value if expected to be collected in one year and at fair value if expected to be collected in more than one year. Pledges are recognized when the conditions on which they depend are substantially met.

INVENTORY

Inventory is stated at cost, which is lower than market, on the first-in, first-out method. Inventory consists of gift shop items held for resale.

FAIR VALUE MEASUREMENTS

ACES is subject to the provisions of *Fair Value Measurements and Disclosures* Topic of FASB ASC. This standard requires use of a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels: quoted market prices in active markets for identical assets and liabilities (Level 1); inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly (Level 2); and unobservable inputs for the asset or liability (Level 3).

LAND, BUILDING & EQUIPMENT

Donations of property and equipment are recorded as support at their estimated fair value at the date of the donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Purchased assets are recorded at their purchase price as an increase to unrestricted net assets as of the purchase date. Property and equipment are depreciated over their estimated useful lives using the straight-line method, as follows:

Buildings	3-40 years
Equipment & Furnishings	3-10 years
Vehicles	5 years

COMPENSATED ABSENCES

Compensated absences for paid vacation, sick pay and personal time have been accrued based on hours earned and current pay rates. ACES has accrued $29,421 for these compensated absences.

CONTRIBUTIONS

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions.

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a 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.

DONATED SERVICES

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by ACES. $9,601 in services was recognized as contributions in the financial statements during the year ended October 31, 2014. $8,751 was professional services and

$850 was marketing services. There was $13,296 in services recognized as contributions in the year ended October 31, 2013.

INCOME TAX STATUS

ACES is exempt from income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the organization's tax-exempt purpose is subject to taxation as unrelated business income. Contributions to ACES are tax deductible as permitted under the Code.

FASC Topic 740-10, Accounting for Uncertainty in Income Taxes, prescribes when to recognize and how to measure the financial statement effects of income tax positions taken or expected to be taken on its income tax returns. These rules require management to evaluate the likelihood that, upon examination by relevant taxing jurisdictions, those income tax positions would be sustained. Based on that evaluation, ACES only recognizes the maximum benefit of each income tax position that is more than 50% likely of being sustained. To the extent that all or a portion of the benefits of an income tax position are not recognized, a liability would be recognized for the unrecognized benefits, along with any interest and penalties that would result from disallowance of the position. Should any such penalties and interest be incurred, they would be recognized as operating expenses. ACES had no material unrecognized tax benefits for the year ended October 31, 2014 and 2013. As a result, no interest or penalties were accrued for unrecognized tax benefits during the year.

ACES is no longer subject to income tax examinations by tax authorities for the years before 2010.

FUNCTIONAL EXPENSES

The costs of producing the various programs and activities have been summarized on a functional basis (program services, general and administrative costs, and fundraising costs) in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

ADVERTISING

ACES elects to expense advertising costs as incurred. Total expenses incurred for the periods ended October 31, 2014 and 2013 were $43,389 and $34,888 respectively.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

2. LAND, BUILDINGS & EQUIPMENT

Land, buildings and equipment are reported at cost or, if donated, at fair market value on the date donated. Land values are reduced for impairment of values based on deed restrictions or conservation easements placed on the property. Land, buildings and equipment are held in the following locations as of:

October 31, 2014

	Hallam Lake	Rock Bottom Ranch	Toklat	Spring Creek Ranch	Land	Employee Housing	Total
Land	$ 1,100,000	$ 1,005,000	$ 800,000	$ 850,000	$ 1,016,000	$ 30,000	$ 4,801,000
Buildings	1,869,531	900,558	732,412	1,000	-	296,685	3,800,186
Equipment and Furnishings	199,690	25,428	7,503	8,675	-	-	241,296
Vehicles	57,466	3,500	-	2,500	-	-	63,466
	3,226,687	1,934,486	1,539,915	862,175	1,016,000	326,685	8,905,948
Less Accumulated Depreciation	(1,325,284)	(224,985)	(181,553)	(10,836)	-	(187,509)	(1,930,167)
	$ 1,901,403	$ 1,709,501	$ 1,358,362	$ 851,339	$ 1,016,000	$ 139,176	$ 6,975,781

October 31, 2013

	Hallam Lake	Rock Bottom Ranch	Toklat	Spring Creek Ranch	Land	Employee Housing	Total
Land	$ 1,100,000	$ 1,005,000	$ 800,000	$ 850,000	$ 1,016,000	$ 30,000	$ 4,801,000
Buildings	1,857,887	834,953	732,412	1,000	-	296,685	3,722,937
Equipment and Furnishings	187,626	23,259	7,503	8,675	-	-	227,063
Vehicles	60,283	3,500	-	2,500	-	-	66,283
	3,205,796	1,866,712	1,539,915	862,175	1,016,000	326,685	8,817,283
Less Accumulated Depreciation	(1,279,733)	(203,111)	(163,377)	(8,568)	-	(177,805)	(1,832,594)
	$ 1,926,063	$ 1,663,601	$ 1,376,538	$ 853,607	$ 1,016,000	$ 148,880	$ 6,984,689

Depreciation expense for the periods ended October 31, 2014 and 2013 was $108,274 and $105,942 respectively.

3. UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give, which are temporarily restricted, are as follows:

October 31, 2014	Years Ending October 31,			
	2015	2016	2017	Total
Undesignated Pledges	$ 291,250	$ 100,000	$ -	$ 391,250
For The Forest	218,000	50,000	50,000	318,000
Capital Campaign	1,250	-	-	1,250
Total Pledges	$ 510,500	$ 150,000	$ 50,000	710,500
Less Present Value Discount				(4,339)
Pledges, Net of Discount				$ 706,161

October 31, 2013	Years Ending October 31,			
	2014	2015	2016	Total
Undesignated Pledges	$ 246,250	$ 120,000	$ -	$ 366,250
For The Forest	100,000	-	-	100,000
Spring Creek/Habitat Restoration	25,000	-	-	25,000
Capital Campaign	26,250	-	-	26,250
Tomorrow's Voices	50,000	-	-	50,000
Renewable Energy	1,000	-	-	1,000
Total Pledges	$ 448,500	$ 120,000	$ -	568,500
Less Present Value Discount				(3,189)
Pledges, Net of Discount				$ 565,311

A discount rate of .5% was determined applicable on pledges for October 31, 2014 and 2013.

4. FAIR VALUE MEASUREMENT

GAAP requires disclosure of an estimate of fair value of certain financial instruments. The fair value option was chosen to measure all financial assets and liabilities in order to mitigate volatility in reported changes in net assets. The carrying amount reported in the statement of financial position for cash and cash equivalents, accounts receivable, grants receivable, prepaid expenses, inventory, accounts payable and accrued expenses approximates fair value because of the immediate or short-term maturities of these financial instruments. Pledges receivable measured on a recurring basis and reported at fair value are classified and disclosed in one of the three hierarchy categories. The following table summarizes the valuation of the financial instruments using the fair value hierarchy as of October 31, 2014 and 2013:

	October 31, 2014		October 31, 2013	
	Fair Value	Level 3	Fair Value	Level 3
Pledges Receivable	$ 706,161	$ 706,161	$ 565,311	$ 565,311

The changes in assets measured at fair value for which ACES has used Level 3 inputs to determine fair value are as follows:

	October 31, 2014	October 31, 2013
	Pledges Receivable	
Beginning Balance	$ 565,311	$ 802,206
New Instruments Received and Included in Changes in Net Assets	594,500	121,000
Payments Received on Instruments	(452,500)	(359,467)
Write-Down of Pledges	-	-
Net Present Value Discount Adjustments Included in Changes in Net Assets	(1,150)	1,572
Ending Balance	$ 706,161	$ 565,311

See footnote 3 for valuation techniques used to arrive at the current year net present value discount adjustments.

5. LINE OF CREDIT

ACES maintained a $250,000 line of credit with Alpine Bank at October 31, 2014. The line was not in use during the year. The line of credit was renewed on June 16, 2014 for five years. When in use, the line accrues interest at the rate of the JP Morgan Chase prime plus 1.75%, with a floor of 0.0%. The line is secured by the employee housing unit owned by ACES.

6. STORE SALES

Store sales are shown net of related expenses. Gross income and expenses for the periods ended October 31, 2014 and 2013 follows:

	October 31,	
	2014	2013
Gross Sales	$ 75,809	$ 71,478
Cost of Sales	(70,366)	(64,159)
Store Sales, net	$ 5,443	$ 7,319

7. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following:

October 31, 2014

Restricted Fund	Restriction	Amount
Temporarily Restricted Pledges	Miscellaneous	$ 333,270
Undesignated Pledges	Operational Expenses	388,891
Spring Creek	Habitat Enhancement	82,526
Green Energy	Green Energy	138,946
Bob Lewis Cabin	Toklat	148,090
Toklat	Special Projects	2,890
General Capital	Capital Projects	144,240
		$ 1,238,853

October 31, 2013

Restricted Fund	Restriction	Amount
Temporarily Restricted Pledges	Miscellaneous	$ 201,495
Undesignated Pledges	Operational Expenses	363,816
Spring Creek	Habitat Enhancement	85,806
Green Energy	Green Energy	139,229
Bob Lewis Cabin	Toklat	149,090
Toklat	Special Projects	2,890
General Capital	Capital Projects	177,207
		$ 1,119,533

8. PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets consist of land with permanent conservations easements. Total restricted net assets consist of the following land parcels: Hallam Lake, Rock Bottom Ranch, Northstar Land, North Ranch and Spring Creek.

9. RETIREMENT PLAN

On January 1, 2009 ACES adopted a SIMPLE plan. For the year ended October 31, 2014 and 2013 employer contributions of $18,724 and $10,133 respectively were made to the SIMPLE plan.

10. ASPEN CENTER FOR ENVIRONMENTAL STUDIES ENDOWMENT FUND

The endowment funds of ACES have been transferred to The Aspen Center for Environmental Studies Endowment Fund, a separate 501(c)(3) organization that is not controlled by ACES. A separate board determines the investing policies and reviews grant requests. ACES must submit annual grant requests to the ACES Endowment Fund. Approved grants from the ACES Endowment Fund were $346,000 and $320,550 respectively for the years ended October 31, 2014 and 2013.

ACES has granted full variance power to the endowment fund (the foundation has complete control of the funds). Therefore, none of the assets of ACES Endowment Fund are included in ACES statement of financial position. The ACES Endowment Fund has an October 31 fiscal year end. At October 31, 2014, the ACES Endowment Fund had $8,829,721 in total assets. Of this total, $707,973 of the equity was unrestricted and undesignated; $2,264,604 of the equity was board designated and $5,857,144 was permanently restricted. At October 31, 2013, the ACES Endowment Fund had $8,273,066 in total assets. Of this total, $508,140 of the equity was unrestricted and undesignated, $2,107,782 of the equity was board designated and $5,657,144 was permanently restricted.

11. CONCENTRATIONS

ACES places its cash with federally insured financial institutions. At times, the balances at these financial institutions may exceed the FDIC insured limits. ACES has not experienced any losses in these accounts and believes there is no significant risk with respect to these deposits. As of October 31, 2014, ACES had $2,055,449 of its cash and deposits exposed to credit risk and not covered under FDIC insurance.

A substantial amount of ACES' support is received from its members, local governments, and other charities, including the ACES Endowment Fund. A significant reduction in the level of this support, if it were to occur, may have an adverse effect on the organization's programs and activities.

For the year ended October 31, 2014, two donors provided more than 10% of total contributions, including pledge commitments accounted for as contributions in the fiscal year. The total cash received from the donors was $315,000 and $442,794 respectively. These contributions and pledge payments accounted for 34% of total contributions and grants.

For the year ended October 31, 2014, three donor pledge balances represent more than 10% each of pledges receivable. The undiscounted pledge balance from these donors was $668,000. These pledges account for 94% of total pledges at October 31, 2014.

12. CONTINGENCY

The Organization was approved for a grant by the Great Outdoors Colorado organization at their May 2014 meeting. The grant totals $242,600 and is contingent upon the settlement of an easement owned by another nonprofit. Once the easement has been finalized with Garfield and Eagle Counties, the formal grant agreement will be signed. To date, no grant has been recorded in the financials due to this contingency.

13. SUBSEQUENT EVENTS

Subsequent events are events or transactions that occur after the statement of position date, but before financial statements are issued. Recognized subsequent events are events or transactions that provide additional evidence about conditions that existed at the statement of position date, including the estimates inherent in the process of preparing financial statements. Nonrecognized subsequent events are events that provide evidence about conditions that did not exist at the statement of position date, but arose after that date. Management has evaluated subsequent events through May 18, 2014, the date the October 31, 2014 financial statements were available for issuance.