

**ASPEN CENTER FOR ENVIRONMENTAL STUDIES**

**FINANCIAL STATEMENTS**

**October 31, 2016 and 2015**

**ASPEN CENTER FOR ENVIRONMENTAL STUDIES**

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## 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, 2016 and 2015, 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, 2016 and 2015, 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.

*Reese Henry & Company, Inc.*

Certified Public Accountants  
Aspen, Colorado  
April 25, 2017

**ASPEN CENTER FOR ENVIRONMENTAL STUDIES**

**STATEMENTS OF FINANCIAL POSITION**

**October 31, 2016 and 2015**

	October 31,	
	2016	2015
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 3,666,120	\$ 2,654,621
Grants Receivable	-	277,478
Pledges Receivable	1,620,765	249,897
Inventory	20,640	5,960
Investments	600,000	600,000
Land, Buildings and Equipment (Net)	7,337,762	7,008,684
<b>TOTAL ASSETS</b>	<b><u>\$ 13,245,287</u></b>	<b><u>\$ 10,796,640</u></b>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accounts Payable	\$ 160,115	\$ 183,373
Accrued Expenses	165,289	171,455
Note Payable	400,000	-
<b>TOTAL LIABILITIES</b>	<b><u>725,404</u></b>	<b><u>354,828</u></b>
 <b>NET ASSETS</b>		
Unrestricted Net Assets		
Undesignated	6,190,815	5,311,514
Temporarily Restricted Net Assets	2,379,068	1,180,298
Permanently Restricted Net Assets	3,950,000	3,950,000
<b>TOTAL NET ASSETS</b>	<b><u>12,519,883</u></b>	<b><u>10,441,812</u></b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 13,245,287</u></b>	<b><u>\$ 10,796,640</u></b>

See accompanying notes and Independent Auditor's Report.

**ASPEN CENTER FOR ENVIRONMENTAL STUDIES**

**STATEMENTS OF ACTIVITIES**

**For the Years Ended October 31, 2016 and 2015**

	October 31, 2016				October 31, 2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>REVENUES, GAINS AND OTHER SUPPORT</b>								
Contributions and Grants	\$ 1,779,110	\$ 1,565,336	\$ -	\$ 3,344,446	\$ 1,241,074	\$ 594,696	\$ -	\$ 1,835,770
Membership Income	163,441	-	-	163,441	147,178	-	-	147,178
Admissions and Tuition	617,882	-	-	617,882	605,693	-	-	605,693
Special Event Income	264,950	-	-	264,950	219,785	-	-	219,785
Store Sales, net	18,366	-	-	18,366	1,389	-	-	1,389
Other Income	117,494	-	-	117,494	128,380	-	-	128,380
Investment Income	4,980	-	-	4,980	2,374	-	-	2,374
Net Assets Released from Restrictions:								
Satisfaction of Program Restrictions	366,566	(366,566)	-	-	653,251	(653,251)	-	-
<b>TOTAL REVENUES, GAINS AND OTHER SUPPORT</b>	<b>3,332,789</b>	<b>1,198,770</b>	<b>-</b>	<b>4,531,559</b>	<b>2,999,124</b>	<b>(58,555)</b>	<b>-</b>	<b>2,940,569</b>
<b>EXPENSES AND LOSSES</b>								
Program Expenses:								
Educational Expenses	1,826,238	-	-	1,826,238	1,976,438	-	-	1,976,438
Total Program Expenses	1,826,238	-	-	1,826,238	1,976,438	-	-	1,976,438
Supporting Service Expenses:								
Management and General Expenses	315,655	-	-	315,655	290,115	-	-	290,115
Fundraising Expenses	231,947	-	-	231,947	234,938	-	-	234,938
Special Event Expenses	79,648	-	-	79,648	74,747	-	-	74,747
Total Supporting Service Expenses	627,250	-	-	627,250	599,800	-	-	599,800
<b>TOTAL EXPENSES AND LOSSES</b>	<b>2,453,488</b>	<b>-</b>	<b>-</b>	<b>2,453,488</b>	<b>2,576,238</b>	<b>-</b>	<b>-</b>	<b>2,576,238</b>
<b>CHANGE IN NET ASSETS</b>	<b>879,301</b>	<b>1,198,770</b>	<b>-</b>	<b>2,078,071</b>	<b>422,886</b>	<b>(58,555)</b>	<b>-</b>	<b>364,331</b>
Equity from Merged Entity	-	-	-	-	-	-	-	-
<b>NET ASSETS, Beginning of year</b>	<b>5,311,514</b>	<b>1,180,298</b>	<b>3,950,000</b>	<b>10,441,812</b>	<b>4,888,628</b>	<b>1,238,853</b>	<b>3,950,000</b>	<b>10,077,481</b>
<b>NET ASSETS, End of year</b>	<b>\$ 6,190,815</b>	<b>\$ 2,379,068</b>	<b>\$ 3,950,000</b>	<b>\$ 12,519,883</b>	<b>\$ 5,311,514</b>	<b>\$ 1,180,298</b>	<b>\$ 3,950,000</b>	<b>\$ 10,441,812</b>

See accompanying notes and Independent Auditor's Report.

**ASPEN CENTER FOR ENVIRONMENTAL STUDIES**

**STATEMENTS OF CASH FLOWS**

**For the Years Ended October 31, 2016 and 2015**

	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 2,078,071	\$ 364,331
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	131,819	116,905
Non-Cash Capital Contributions	-	(20,000)
(Increase) Decrease in Grants Receivable	277,478	(242,660)
(Increase) Decrease in Pledges Receivable	(1,370,868)	456,264
(Increase) Decrease in Inventory	(14,680)	1,081
(Increase) Decrease in Investments	-	(600,000)
Increase (Decrease) in Accounts Payable	(23,258)	180,370
Increase (Decrease) in Accrued Expenses	(6,166)	4,730
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>1,072,396</b>	<b>261,021</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Property and Equipment	(460,897)	(129,808)
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	<b>(460,897)</b>	<b>(129,808)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Financing	400,000	-
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>	<b>400,000</b>	<b>-</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>1,011,499</b>	<b>131,213</b>
<b>CASH AND CASH EQUIVALENTS, Beginning of year</b>	<b>2,654,621</b>	<b>2,523,408</b>
<b>CASH AND CASH EQUIVALENTS, End of year</b>	<b>\$ 3,666,120</b>	<b>\$ 2,654,621</b>

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 and agricultural products 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 \$29,000 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. There were no services recognized as contributions in the financial statements during the year ended October 31, 2016. There was \$20,765 in services recognized as contributions in the year ended October 31, 2015.

#### 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, 2016 and 2015. 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 2012.

#### 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, 2016 and 2015 were \$39,979 and \$35,572 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, 2016

	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	1,899,318	1,412,636	732,412	1,000	-	296,685	4,342,051
Equipment and Furnishings	196,958	62,269	7,503	8,675	-	-	275,405
Vehicles	57,466	35,500	-	2,500	-	-	95,466
	<u>3,253,742</u>	<u>2,515,405</u>	<u>1,539,915</u>	<u>862,175</u>	<u>1,016,000</u>	<u>326,685</u>	<u>9,513,922</u>
Less Accumulated Depreciation	<u>(1,444,194)</u>	<u>(295,870)</u>	<u>(217,905)</u>	<u>(11,274)</u>	<u>-</u>	<u>(206,917)</u>	<u>(2,176,160)</u>
	<u>\$ 1,809,548</u>	<u>\$ 2,219,535</u>	<u>\$ 1,322,010</u>	<u>\$ 850,901</u>	<u>\$ 1,016,000</u>	<u>\$ 119,768</u>	<u>\$ 7,337,762</u>

October 31, 2015

	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	1,891,386	985,460	732,412	1,000	-	296,685	3,906,943
Equipment and Furnishings	199,690	48,480	7,503	8,675	-	-	264,348
Vehicles	57,466	23,500	-	2,500	-	-	83,466
	<u>3,248,542</u>	<u>2,062,440</u>	<u>1,539,915</u>	<u>862,175</u>	<u>1,016,000</u>	<u>326,685</u>	<u>9,055,757</u>
Less Accumulated Depreciation	<u>(1,385,775)</u>	<u>(253,115)</u>	<u>(199,729)</u>	<u>(11,241)</u>	<u>-</u>	<u>(197,213)</u>	<u>(2,047,073)</u>
	<u>\$ 1,862,767</u>	<u>\$ 1,809,325</u>	<u>\$ 1,340,186</u>	<u>\$ 850,934</u>	<u>\$ 1,016,000</u>	<u>\$ 129,472</u>	<u>\$ 7,008,684</u>

Depreciation expense for the periods ended October 31, 2016 and 2015 was \$131,819 and \$116,905, respectively.

### 3. UNCONDITIONAL PROMISES TO GIVE

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

October 31, 2016	Years Ending October 31,			
	2017	2018	2019	Total
Undesignated Pledges	\$ 382,500	\$ 375,000	\$ 350,000	\$ 1,107,500
For The Forest	200,000	150,000	150,000	500,000
Greenhouse/Ag Production - RBR	15,000	10,000	-	25,000
Down Valley Education	1,000	1,000	2,000	4,000
Total Pledges	\$ 598,500	\$ 536,000	\$ 502,000	1,636,500
Less Present Value Discount				(15,735)
Pledges, Net of Discount				\$ 1,620,765

October 31, 2015	Years Ending October 31,			
	2016	2017	2018	Total
Undesignated Pledges	\$ 90,000	\$ 32,500	\$ -	\$ 122,500
For The Forest	50,000	50,000	-	100,000
Greenhouse/Ag Production - RBR	15,000	10,000	-	25,000
Down Valley Education	1,000	1,000	2,000	4,000
Total Pledges	\$ 156,000	\$ 93,500	\$ 2,000	251,500
Less Present Value Discount				(1,603)
Pledges, Net of Discount				\$ 249,897

A discount rate of .5% was determined applicable on pledges for October 31, 2016 and 2015.

### 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, 2016 and 2015:

	October 31, 2016		October 31, 2015	
	Fair Value	Level 3	Fair Value	Level 3
Pledges Receivable	\$ 1,620,765	\$ 1,620,765	\$ 249,897	\$ 249,897

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

	<u>October 31, 2016</u>	<u>October 31, 2015</u>
	<u>Pledges Receivable</u>	
Beginning Balance	\$ 249,897	\$ 706,161
New Instruments Received and Included in Changes in Net Assets	1,500,000	151,500
Payments Received on Instruments	(115,000)	(610,500)
Write-Down of Pledges	-	-
Net Present Value Discount Adjustments Included in Changes in Net Assets	<u>(14,132)</u>	<u>2,736</u>
Ending Balance	<u>\$ 1,620,765</u>	<u>\$ 249,897</u>

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, 2015. 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, 2016 and 2015 follows:

	October 31,	
	<u>2016</u>	<u>2015</u>
Gross Sales	\$ 75,310	\$ 86,495
Cost of Sales	<u>(56,944)</u>	<u>(85,106)</u>
Store Sales, net	<u>\$ 18,366</u>	<u>\$ 1,389</u>

## 7. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following:

October 31, 2016

Restricted Fund	Restriction	Amount
Temporarily Restricted Pledges	Miscellaneous	\$ 523,966
Undesignated Pledges	Operational Expenses	1,096,514
Spring Creek	Habitat Enhancement	78,229
Green Energy	Green Energy	36,342
Bob Lewis Cabin	Toklat	148,090
Toklat	Special Projects	15,390
General Capital	Capital Projects	480,537
		<u>\$ 2,379,068</u>

October 31, 2015

Restricted Fund	Restriction	Amount
Temporarily Restricted Pledges	Miscellaneous	\$ 128,012
Undesignated Pledges	Operational Expenses	121,885
Spring Creek	Habitat Enhancement	78,229
Green Energy	Green Energy	63,707
Bob Lewis Cabin	Toklat	148,090
Toklat	Special Projects	3,390
General Capital	Capital Projects	636,985
		<u>\$ 1,180,298</u>

## 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, 2016 and 2015 employer contributions of \$22,073 and \$17,458 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 \$410,000 and \$375,000, respectively, for the years ended October 31, 2016 and 2015.

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, 2016, the ACES Endowment Fund had \$8,762,709 in total assets. Of this total, \$192,018 of the equity was unrestricted and undesignated; \$2,463,547 of the equity was board designated and \$6,107,144 was permanently restricted. At October 31, 2015, the ACES Endowment Fund had \$8,788,735 in total assets. Of this total, \$491,244 of the equity was unrestricted and undesignated, \$2,315,347 of the equity was board designated and \$5,982,144 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, 2016, ACES had \$3,204,617 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, 2016, 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 \$276,427 and \$250,000, respectively. These contributions and pledge payments accounted for 60% of total contributions and grants.

For the year ended October 31, 2016, two donor pledge balances represent more than 10% each of pledges receivable. The undiscounted pledge balance from these donors was \$1,500,000. These pledges account for 91% of total pledges at October 31, 2016.

## 12. NOTES PAYABLE

Note payable consists of a 15 year mortgage note on manufactured employee housing units at Rock Bottom Ranch with an original balance of \$400,000 dated October 31, 2016. The note is payable to Aspen Center of Environmental Studies Endowment Fund, a related party, in annual payments of \$31,715 including principal and interest. The interest rate is 2.25% and the outstanding balance at October 31, 2016 is \$400,000 with maturities summarized as follows:

### Year Ending October 31:

2017	\$	22,715
2018		23,227
2019		23,749
2020		24,283
2021		24,830
2022 and After		<u>281,196</u>
	\$	<u>400,000</u>

## 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 April 25, 2017, the date the October 31, 2016 financial statements were available for issuance.