



**Financial Statements  
and  
Independent Auditors' Report  
June 30, 2011 and 2010**

**EKS&H**  
**EHRHARDT • KEEFE  
STEINER • HOTTMAN PC**  
CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

# ROCKY MOUNTAIN INSTITUTE

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## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees  
Rocky Mountain Institute  
Boulder, Colorado

We have audited the accompanying statements of financial position of Rocky Mountain Institute ("RMI") (a Colorado non-profit corporation) as of June 30, 2011 and 2010, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of RMI's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of RMI's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rocky Mountain Institute as of June 30, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purposes of forming an opinion on the financial statements taken as a whole. The accompanying schedules on pages 24 and 25 are presented for purposes of additional analysis and are 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 audits 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 accompanying schedules are fairly stated in all material respects in relation to the financial statements taken as a whole.



Ehrhardt Keefe Steiner & Hottman PC

September 19, 2011  
Denver, Colorado

# ROCKY MOUNTAIN INSTITUTE

## Statements of Financial Position

	June 30,	
	2011	2010
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 2,544,466	\$ 1,132,521
Investments	6,261,773	5,887,181
Accounts receivable, net of allowance for doubtful accounts of \$15,000 and \$35,000 (2011 and 2010, respectively)	245,393	665,544
Pledges receivable	-	241,760
Inventory	582	16,420
Other current receivables	52,420	180,074
Prepaid expenses	109,313	122,277
Total current assets	9,213,947	8,245,777
<b>Long-term assets</b>		
Property and equipment, net	1,492,886	1,555,294
Cash surrender value of life insurance policies	31,309	37,790
Investments restricted for endowments	746,828	703,770
Deposits	35,734	16,839
Other assets	3,000	3,000
Total long-term assets	2,309,757	2,316,693
<b>Total assets</b>	<b>\$ 11,523,704</b>	<b>\$ 10,562,470</b>
<b>Liabilities and Net Assets</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 286,221	\$ 374,214
Compensated absences liability	227,602	304,970
Client retainers	86,479	194,310
Accrued salaries and benefits	958,923	1,251,248
Other accrued expenses	12,056	22,260
Notes payable	150,000	317,816
Bonds payable	19,599	18,503
Capital lease obligations	60,814	31,017
Total current liabilities	1,801,694	2,514,338
<b>Long-term liabilities</b>		
Bonds payable, net of current portion	299,029	318,628
Capital lease obligations, net of current portion	81,236	44,455
Total long-term liabilities	380,265	363,083
Total liabilities	2,181,959	2,877,421
<b>Commitments</b>		
<b>Net assets</b>		
Unrestricted	8,057,824	6,430,025
Temporarily restricted	573,188	545,001
Permanently restricted	710,733	710,023
Total net assets	9,341,745	7,685,049
<b>Total liabilities and net assets</b>	<b>\$ 11,523,704</b>	<b>\$ 10,562,470</b>

See notes to financial statements.

**ROCKY MOUNTAIN INSTITUTE**

**Statements of Activities**

	For the Years Ended							
	June 30, 2011				June 30, 2010			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, gains, and other support								
Applied research/consulting	\$ 1,990,708	\$ -	\$ -	\$ 1,990,708	\$ 3,302,815	\$ -	\$ -	\$ 3,302,815
Foundation and government grants	45,500	879,080	-	924,580	2,901,374	1,129,870	-	4,031,244
Individual and corporate contributions, net of direct benefit to donors of \$4,937 (2011) and \$293,969 (2010)	9,560,692	-	710	9,561,402	5,541,638	-	1,654	5,543,292
Publishing and royalty revenue	5,222	-	-	5,222	12,821	-	-	12,821
Contributed facilities/in-kind donations	135,000	-	-	135,000	135,000	-	-	135,000
Other revenue	75,641	-	-	75,641	72,354	-	-	72,354
Loss on sale of assets	-	-	-	-	(2,842)	-	-	(2,842)
Loss on other investments	(109,342)	-	-	(109,342)	-	-	-	-
Investment income	115,816	30	-	115,846	128,831	13,209	-	142,040
Net gain (loss) on investments	294,500	-	-	294,500	(28,143)	(10,781)	-	(38,924)
	<u>12,113,737</u>	<u>879,110</u>	<u>710</u>	<u>12,993,557</u>	<u>12,063,848</u>	<u>1,132,298</u>	<u>1,654</u>	<u>13,197,800</u>
Net assets released from restrictions	<u>850,923</u>	<u>(850,923)</u>	<u>-</u>	<u>-</u>	<u>1,597,977</u>	<u>(1,597,977)</u>	<u>-</u>	<u>-</u>
Total revenues, gains, and other support	<u>12,964,660</u>	<u>28,187</u>	<u>710</u>	<u>12,993,557</u>	<u>13,661,825</u>	<u>(465,679)</u>	<u>1,654</u>	<u>13,197,800</u>
Expenses								
Program services	8,519,936	-	-	8,519,936	9,420,903	-	-	9,420,903
Expenses paid on behalf of Windstar Land Conservancy	67,933	-	-	67,933	101,713	-	-	101,713
Management and general	1,585,290	-	-	1,585,290	1,494,810	-	-	1,494,810
Fundraising	1,163,702	-	-	1,163,702	1,145,523	-	-	1,145,523
Total expenses	<u>11,336,861</u>	<u>-</u>	<u>-</u>	<u>11,336,861</u>	<u>12,162,949</u>	<u>-</u>	<u>-</u>	<u>12,162,949</u>
Change in net assets	1,627,799	28,187	710	1,656,696	1,498,876	(465,679)	1,654	1,034,851
Net assets at beginning of year	<u>6,430,025</u>	<u>545,001</u>	<u>710,023</u>	<u>7,685,049</u>	<u>4,931,149</u>	<u>1,010,680</u>	<u>708,369</u>	<u>6,650,198</u>
Net assets at end of year	<u>\$ 8,057,824</u>	<u>\$ 573,188</u>	<u>\$ 710,733</u>	<u>\$ 9,341,745</u>	<u>\$ 6,430,025</u>	<u>\$ 545,001</u>	<u>\$ 710,023</u>	<u>\$ 7,685,049</u>

See notes to financial statements.

# ROCKY MOUNTAIN INSTITUTE

## Statements of Cash Flows

	For the Years Ended	
	June 30,	
	2011	2010
Cash flows from operating activities		
Change in net assets	\$ 1,656,696	\$ 1,034,851
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation expense	302,862	285,779
Provision for bad debt	(20,000)	20,000
Loss on disposition of assets	-	2,842
Net (gain) loss on investments	(294,500)	38,924
Loss on other investment	159,334	-
Permanently restricted contributions	(710)	(1,654)
Changes in assets and liabilities		
Accounts receivable	440,151	434,400
Pledges receivable	241,760	27,040
Inventory	15,838	31,455
Other current receivables, prepaid expenses, and deposits	(37,611)	71,835
Accounts payable	(87,993)	(167,469)
Compensated absences liability	(77,368)	(34,818)
Client retainers, accrued salaries and benefits, and other accrued expenses	(410,360)	274,273
	231,403	982,607
Net cash provided by operating activities	1,888,099	2,017,458
Cash flows from investing activities		
Net purchases of investments	(123,150)	(187,490)
Purchases of property and equipment	(124,412)	(47,529)
Proceeds from sale of property and equipment	-	2,100
Change in cash surrender value of life insurance policies	6,481	3,014
Net cash used in investing activities	(241,081)	(229,905)
Cash flows from financing activities		
Draws from lines-of-credit	250,000	2,850,000
Payments on lines-of-credit	(250,000)	(3,800,000)
Payments on bonds payable, notes payable, and capital lease obligations	(235,783)	(115,384)
Permanently restricted contributions	710	1,654
Net cash used in financing activities	(235,073)	(1,063,730)
Net change in cash and cash equivalents	1,411,945	723,823
Cash and cash equivalents, beginning of year	1,132,521	408,698
Cash and cash equivalents, end of year	\$ 2,544,466	\$ 1,132,521

Supplemental disclosure of cash flow information:

Interest paid was \$40,181 and \$85,385 for the years ended June 30, 2011 and 2010, respectively.

Supplemental disclosure of non-cash activity:

During the years ended June 30, 2011 and 2010, RMI entered into capital lease obligations in the amount of \$116,042 and \$72,260 for equipment, respectively.

See notes to financial statements.

# ROCKY MOUNTAIN INSTITUTE

## Notes to Financial Statements

### **Note 1 - Organization and Summary of Significant Accounting Policies**

#### Organization

Rocky Mountain Institute ("RMI"), located in Snowmass and Boulder, Colorado, is a non-profit corporation incorporated in the state of Colorado on April 26, 1982 and is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code ("IRC").

RMI is an independent, entrepreneurial, non-profit think-and-do tank. We envisage a world thriving, verdant, and secure, for all, forever. To that end, our mission is to drive the efficient and restorative use of resources.

#### Basis of Presentation

RMI reports 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.

Unrestricted amounts are those currently available at the discretion of the Board of Trustees for use in RMI's operations and those resources invested in property and equipment.

Temporarily restricted amounts are monies restricted by donors specifically for certain time periods, purposes, or programs.

Permanently restricted amounts are assets that must be maintained permanently by RMI as required by the donor; but RMI is permitted to use or expend part or all of any income derived from those assets.

#### Cash and Cash Equivalents

RMI considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents, unless held for reinvestment as part of the investment portfolio or otherwise encumbered.

#### Investments

RMI reports investments in equity securities with readily determinable fair values and all investments in debt securities at their fair values with realized and unrealized gains and losses included in the statements of activities. Approximately \$505,000 and \$450,000 of RMI's investment balances have been designated by the Board of Trustees for specific purposes as of June 30, 2011 and 2010, respectively.

# ROCKY MOUNTAIN INSTITUTE

## Notes to Financial Statements

### **Note 1 - Organization and Summary of Significant Accounting Policies (continued)**

#### Accounts Receivable

Accounts receivable represent amounts due resulting from the performance of services provided to other organizations. The provision for uncollectible amounts is continually reviewed and adjusted to maintain the allowance at a level considered adequate to cover future losses. The allowance is management's best estimate of uncollectible amounts and is determined based on historical performance that is tracked by RMI on an ongoing basis. The losses ultimately incurred could differ materially in the near term from the amounts estimated in determining the allowance.

#### Pledges Receivable

Pledges receivable represent unconditional promises to give and are recognized as revenue in the period pledged. Receivables that are expected to be collected within one year are recorded at their net realizable value, and those that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discount on these amounts was computed using a rate comparable to the interest rate earned on short-term investments. Amortization of the discount is included in contribution revenue. Conditional promises to give are not included as support until such time as the conditions are substantially met. Reserves for uncollectible pledges are assessed using the specific-identification method. There are no reserved pledges at June 30, 2011 and 2010.

#### Concentration of Risk

RMI had three applied research/consulting customers that accounted for 73% and 46% of the accounts receivable balance at June 30, 2011 and 2010, respectively. For the years ending June 30, 2011 and 2010, respectively, one individual donor was responsible for approximately 47% and two individual donors were responsible for approximately 42% of total revenues, gains, and other support.

#### Inventory

Inventory consists of printing costs of publications sold to the general public. These items are stated at the lower of cost (first-in, first-out method) or market.

#### Property and Equipment

Property and equipment having a unit cost of \$5,000 or more are capitalized at cost by RMI. Donated fixed assets are capitalized at fair value at the date of donation. Depreciation is provided on the straight-line method based upon the estimated useful lives of the assets, which range from three to forty years.



# ROCKY MOUNTAIN INSTITUTE

## Notes to Financial Statements

### **Note 1 - Organization and Summary of Significant Accounting Policies (continued)**

#### Long-Lived Assets

RMI reviews its assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable from future undiscounted cash flows. For assets that are held and used in operations, impairment losses are recorded for the difference between the carrying value and fair value of the long-lived asset. For assets that are held for sale, impairment losses are recorded for the difference between the carrying value and estimated costs to sell the asset. For the years ended June 30, 2011 and 2010, RMI has not recognized any impairment losses on long-lived assets.

#### Contributions

Contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Contributions are recognized when cash or ownership of donated assets is unconditionally promised to RMI. Amounts of temporarily restricted contributions are subsequently released to unrestricted net assets when expenses have been incurred in satisfaction of those restrictions. Contributions received with donor-imposed conditions are recorded as refundable advances until the condition is met.

#### Consulting Fees

RMI consults for individuals, corporations, and governments and completes other research and education programs to advance its mission. These fees are recorded as revenue as the consulting projects are completed.

#### Grant Revenue and Expense

Research grant awards are accounted for as either contributions or exchange transactions based on the provisions of the award document. To the extent that grants are contributions, they are recognized as temporarily restricted support until all material restrictions placed on the award by the granting agency have been satisfied. The related revenue is reclassified to unrestricted net assets as the required restrictions are satisfied and is reported as such in the statements of activities. All expenses directly related to grant agreements are included in the program service expenses category as a reduction in unrestricted net assets on the accompanying statements of activities.

#### Contributed Facilities

RMI occupies, without charge, certain office space and facilities at the Windstar Land Conservancy (Note 12). Rental value is reflected in the financial statements as in-kind revenue and related expense of \$135,000 for each of the years ended June 30, 2011 and 2010.

# ROCKY MOUNTAIN INSTITUTE

## Notes to Financial Statements

### **Note 1 - Organization and Summary of Significant Accounting Policies (continued)**

#### Functional Expenses

Expenses incurred directly for a program service are charged to such service. Fringe benefits are allocated to all services based on a pro-rata basis of total direct salary expenses incurred. Allocations of certain overhead costs are also allocated to services on a pro-rata basis of full-time equivalents by each service.

#### Income Taxes

RMI is a non-profit organization exempt from federal income taxes under Section 501(c)(3) of the IRC. Accordingly, no provisions for income taxes are made for federal, state, or local taxes.

RMI applies a more-likely-than-not measurement methodology to reflect the financial statement impact of uncertain tax positions taken or expected to be taken in a tax return. After evaluating the tax positions taken, none are considered to be uncertain; therefore, no amounts have been recognized as of June 30, 2011.

If incurred, interest and penalties associated with tax positions are recorded in the period assessed as general and administrative expense. No interest or penalties have been assessed as of June 30, 2011 and 2010. Tax years that remain subject to examination include 2008 through current for the federal return and 2007 through current for the Colorado return.

#### Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue, expenses, gains, losses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

#### Subsequent Events

RMI has evaluated all subsequent events through September 19, 2011, which is the date the financial statements were available to be issued. No additional events require disclosure based upon this evaluation, other than as disclosed.

### **Note 2 - Pledges Receivable**

Pledges receivable consist of grant payments expected to be collected within one year of the respective year-end date. Receivables at June 30, 2011 and 2010 totaled \$0 and \$241,760, respectively.

**ROCKY MOUNTAIN INSTITUTE**

**Notes to Financial Statements**

**Note 3 - Investments**

The following is a summary of investments at estimated fair value:

	June 30,	
	2011	2010
Unrestricted		
Certificates of deposit	\$ 1,083,764	\$ 1,119,696
Mutual funds		
Money market funds	2,901,722	2,249,230
Fixed income	467,899	651,036
Equities	1,808,388	1,867,219
	5,178,009	4,767,485
Total unrestricted	6,261,773	5,887,181
Restricted		
Mutual funds		
Money market funds	297,923	245,087
Fixed income	243,292	104,701
Equities	205,613	353,982
Total restricted	746,828	703,770
Total investments	\$ 7,008,601	\$ 6,590,951

The following schedule summarizes the investment return and its classification in the statements of activities:

	For the Years Ended	
	June 30,	
	2011	2010
Interest and dividend income	\$ 152,978	\$ 175,567
Investment management and custodian fees	(37,132)	(33,527)
Investment income	115,846	142,040
Realized loss on investments	(505,877)	(324,756)
Unrealized gain on investments	800,377	285,832
Net gain (loss) on investments	294,500	(38,924)
Total return on investments	\$ 410,346	\$ 103,116

# ROCKY MOUNTAIN INSTITUTE

## Notes to Financial Statements

### **Note 4 - Fair Value Reporting**

RMI values its financial assets and liabilities based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following fair value hierarchy prioritizes and ranks the level of market price observability used in measuring financial assets at fair value. Market price observability is impacted by a number of factors, including the type of investment and the characteristics specific to the investment. Investments with readily available active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

Financial instruments measured on a recurring basis and reported at fair value are classified and disclosed in one of the following categories:

- Level 1: Quoted prices are available in active markets for identical assets or liabilities that are accessible at the reporting date. The fair value hierarchy gives the highest priority to Level 1 inputs.
- Level 2: Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.
- Level 3: Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. RMI utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible as well as considers if the counterparty is significant to the fair value measurement. These classifications (Level 1, 2, and 3) are intended to reflect the observability of inputs used in the valuation of investments and are not necessarily an indication of risk or liquidity.

Following is a description of the valuation methodologies used for assets measured at fair value:

*Mutual funds:* Valued at the closing price reported on the active market on which the funds are traded.

*Certificates of deposit:* Valued based on prices currently available on comparable securities of the issuer or other issuers with similar credit ratings.

# ROCKY MOUNTAIN INSTITUTE

## Notes to Financial Statements

### Note 4 - Fair Value Reporting (continued)

Financial assets carried at fair value as of June 30, 2011 are classified in the table below in one of the three categories described above:

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 3,199,645	\$ -	\$ -	\$ 3,199,645
Certificates of deposit	<u>-</u>	<u>1,083,764</u>	<u>-</u>	<u>1,083,764</u>
Mutual funds				
Domestic large value	281,656	-	-	281,656
Domestic large growth	282,483	-	-	282,483
Domestic large blend	64,062	-	-	64,062
Emerging markets	254,016	-	-	254,016
Bond indexed	621,067	-	-	621,067
International large	<u>510,717</u>	<u>-</u>	<u>-</u>	<u>510,717</u>
Total equity securities	2,014,001	-	-	2,014,001
Domestic fixed income funds	<u>711,191</u>	<u>-</u>	<u>-</u>	<u>711,191</u>
<b>Total</b>	<b><u>\$ 5,924,837</u></b>	<b><u>\$ 1,083,764</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 7,008,601</u></b>

Financial assets carried at fair value as of June 30, 2010 are classified in the table below in one of the three categories described above:

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 2,494,317	\$ -	\$ -	\$ 2,494,317
Certificates of deposit	<u>-</u>	<u>1,119,696</u>	<u>-</u>	<u>1,119,696</u>
Mutual funds				
Domestic large value	251,535	-	-	251,535
Domestic large growth	249,086	-	-	249,086
Domestic large blend	54,681	-	-	54,681
Emerging markets	147,586	-	-	147,586
Bond indexed	575,014	-	-	575,014
International large	411,837	-	-	411,837
Inverse equity	<u>531,462</u>	<u>-</u>	<u>-</u>	<u>531,462</u>
Total equity securities	2,221,201	-	-	2,221,201
Domestic fixed income funds	<u>755,737</u>	<u>-</u>	<u>-</u>	<u>755,737</u>
<b>Total</b>	<b><u>\$ 5,471,255</u></b>	<b><u>\$ 1,119,696</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 6,590,951</u></b>

# ROCKY MOUNTAIN INSTITUTE

## Notes to Financial Statements

### Note 5 - Property and Equipment

RMI's property and equipment are comprised of the following:

	<u>June 30,</u>	
	<u>2011</u>	<u>2010</u>
Buildings and improvements	\$ 1,624,268	\$ 1,536,909
Equipment	1,112,116	986,825
Land and land improvements	94,105	94,105
Furniture	185,050	157,248
Vehicles	57,887	57,887
Intellectual property licenses	<u>100,000</u>	<u>100,000</u>
	3,173,426	2,932,974
Less accumulated depreciation and amortization	<u>(1,680,540)</u>	<u>(1,377,680)</u>
Property and equipment, net	<u>\$ 1,492,886</u>	<u>\$ 1,555,294</u>

### Note 6 - Lines-of-Credit

RMI has two lines-of-credit available to assist with operating cash needs. The first line-of-credit for \$1,500,000 is available until November 2011. As of June 30, 2011, the stated interest rate was 4.75%. This line-of-credit is collateralized by an investment account. The second line-of-credit is for \$1,500,000, and has a stated interest rate of 5.50%, and matured May 2011. As of June 30, 2011 and 2010, there were no balances outstanding on the lines-of-credit.

### Note 7 - Notes Payable

	<u>June 30,</u>	
	<u>2011</u>	<u>2010</u>
Term loans dated between December 2000 and June 2006, paid in full during 2011.	\$ -	\$ 167,816
Note payable dated October 2000 with a related party. The note has an indefinite due date and a portion may be forgiven at the discretion of the note holder. The note is callable with written notice 90 days in advance (considered due in calendar 2012 on the following maturity schedule). The note is non-interest bearing and unsecured.	<u>150,000</u>	<u>150,000</u>
	150,000	317,816
Less current portion	<u>(150,000)</u>	<u>(317,816)</u>
Long-term portion of notes payable	<u>\$ -</u>	<u>\$ -</u>

# ROCKY MOUNTAIN INSTITUTE

## Notes to Financial Statements

### **Note 7 - Notes Payable (continued)**

Notes payable mature as follows:

#### For the Year Ending June 30,

2012	\$ <u>150,000</u>
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### **Note 8 - Industrial Revenue Bonds**

RMI funded the purchase of an additional staff housing complex through the issuance of the "Town of Basalt, Colorado, Industrial Development Revenue Bond (Rocky Mountain Institute Project) Series 2001" authorized by Pitkin County. The bond issuance closed on October 5, 2001. The bonds are secured by the staff housing complex and future rents. RMI is obligated to pay the bond holders \$474,000, accruing interest at a fixed rate of 6.03% per annum through September 25, 2011, and, thereafter, bearing interest on the unpaid balance, as adjusted on September 25, 2011 and again on September 25, 2016, at a rate based on prime rate. The final maturity of the bond is September 25, 2021. Payment of the principal and interest on the bonds shall be made (unless accelerated pursuant to the bond document) by making equal monthly payments of principal and interest totaling \$3,194, with any remaining balance due on September 25, 2021.

The principal repayment schedule is as follows:

#### For the Year Ending June 30,

2012	\$ 19,599
2013	20,873
2014	22,167
2015	23,542
2016	25,001
Thereafter	<u>207,446</u>
	\$ <u>318,628</u>

### **Note 9 - Capitalized Lease Obligations**

RMI has acquired assets under the provisions of ten long-term leases. For financial reporting purposes, minimum lease payments relating to the assets have been capitalized. The leases expire from March 2013 to March 2014. Amortization of the leased property is included in depreciation expense.

# ROCKY MOUNTAIN INSTITUTE

## Notes to Financial Statements

### **Note 9 - Capitalized Lease Obligations (continued)**

The assets under capital leases have cost and accumulated amortization at June 30, 2011 as follows:

Capital leased assets	\$ 255,286
Less accumulated amortization	<u>(113,236)</u>
	<u>\$ 142,050</u>

Maturities of capital lease obligations are as follows:

#### **Year Ending June 30,**

2012	\$ 70,021
2013	66,670
2014	<u>19,147</u>
Total minimum lease payments	155,838
Amount representing interest	<u>(13,788)</u>
Present value of net minimum lease payments	142,050
Less current portion	<u>(60,814)</u>
Long-term capital lease obligation	<u>\$ 81,236</u>

### **Note 10 - Retirement Plans**

#### **403(b) Plan**

RMI offers to its staff the option to participate in a deferred compensation plan pursuant to IRC Section 403(b). Staff contributions are voluntary and are made on a pre-tax basis. Effective July 1, 2010, RMI matches 100% of eligible participants' contributions, up to 5% of eligible participants' compensation. Prior to this date, RMI had no obligation to make employer contributions. Employer contributions of \$232,787 and \$289,948 were made and are included in the statements of activities for the years ended June 30, 2011 and 2010, respectively.

#### **457(f) Plan**

RMI has a 457(f) plan (the "457(f) plan"), which allows a select group of management and employees to receive employer contributions. Employer deferrals made during the years ended June 30, 2011 and 2010 were \$133,176 and \$169,236, respectively. In February 2011, RMI paid \$238,000 to one of the 457(f) plan participants due to the participant's reaching vesting age as defined in the 457(f) plan agreement. The 457(f) plan is partially funded, and RMI reports the deferrals and related cash funding in other accrued expenses and cash and cash equivalents, respectively, in the accompanying statements of financial position. RMI expects to fully fund and pay out the final participant in the 457(f) plan when the participant reaches vesting age during November 2012.



# ROCKY MOUNTAIN INSTITUTE

## Notes to Financial Statements

### Note 11 - Net Assets

In 2010, RMI implemented a Designated Funding Policy for the purpose of designating unrestricted operating funds for future use and specified purposes. RMI establishes designations of these funds for activities and projects specifically approved by the Programmatic Review and Evaluation Panel ("PREP"). As of June 30, 2011 and 2010, approximately \$3,254,000 and \$1,978,000 of unrestricted net assets was considered designated under this policy.

Funds restricted by the donor, grantor, or other outside party for particular operating purposes or for property and equipment acquisitions are deemed to be temporarily restricted until RMI has incurred expenditures in compliance with the specific restrictions. Temporarily restricted net assets represent amounts that have been restricted by donors for the following purposes:

	<u>June 30.</u>	
	<u>2011</u>	<u>2010</u>
Electricity	\$ 200,000	\$ 8,600
Reinventing fire	179,435	142,470
Administration	172,216	89,500
Endowment funds	11,590	11,560
Transportation	9,917	41,085
Industry	-	84,075
Legacy consulting	-	83,031
Buildings	-	58,292
Communications	-	26,388
	<u>\$ 573,158</u>	<u>\$ 545,001</u>

RMI considers donations for general support that have not been received to have an implicit time restriction on the use of these assets. Such contributions are considered temporarily restricted until they are received.

The permanently restricted net assets represent the net proceeds of donations, which have been restricted by the donors to be used only for the following purposes:

	<u>June 30.</u>	
	<u>2011</u>	<u>2010</u>
Semmer Endowment	\$ 109,408	\$ 108,698
Rocky Mountain Institute Endowment	25,000	25,000
Windstar Land Conservancy Endowment	<u>576,325</u>	<u>576,325</u>
	<u>\$ 710,733</u>	<u>\$ 710,023</u>

# ROCKY MOUNTAIN INSTITUTE

## Notes to Financial Statements

### **Note 12 - Windstar Land Conservancy**

In 1995, RMI purchased a 50% interest in a property. At the time of RMI's purchase, Windstar Foundation ("WF") owned the remaining 50%. In conjunction with the purchase, RMI and WF agreed to transfer their property to a charitable, not-for-profit organization that is named Windstar Land Conservancy ("WLC"). Currently, WLC is controlled by two Board members selected by RMI, two Board members selected by WF, and one at-large Board member. WLC owns land in Snowmass Creek Valley, which is held for the purpose of preservation in perpetuity. According to the interim agreement dated November 2, 2000, RMI incurs all costs associated with WLC and is responsible for the daily management of WLC. In return, RMI occupies the majority of the office space owned by WLC without rent. Additionally, RMI has variance power over grant revenue and interest income related to the endowments that RMI has raised funds for on behalf of WLC; therefore, these funds are reported as a component of RMI's permanently restricted net assets. The investment value of the endowments as of June 30, 2011 and 2010 recorded on the books of RMI was \$603,007 and \$571,421, respectively. At the end of the interim agreement, the endowments may be transferred to WLC if certain conditions are met. For each of the years ended June 30, 2011 and 2010, RMI recorded \$135,000 of imputed rent related to the use of the WLC facility. RMI incurred \$67,933 and \$101,713 of expenses on behalf of WLC for the years ended June 30, 2011 and 2010, respectively. Because the Board of Directors is not controlled by RMI, the operations of WLC are not consolidated in the accompanying financial statements.

### **Note 13 - Staff Housing**

RMI owns a duplex, a triplex, and a quadplex near RMI's Snowmass office and rents these living spaces to the employees of RMI. Rent is deducted from the employees' weekly compensation. Rental income of \$8,529 and \$60,103 was withheld from employees paychecks for the years ended June 30, 2011 and 2010, respectively, and is included in other revenue in the accompanying statements of activities. As of June 30, 2011 and 2010, the net book value of the staff housing units is \$623,867 and \$604,547, respectively, and is included in buildings and improvements.

### **Note 14 - Investment in Fiberforge Corporation**

RMI owns 1.18% of Fiberforge Corporation ("Fiberforge"). Fiberforge is a product of RMI's research on efficient electric vehicles and manufacturing processes for advanced materials. The investment in Fiberforge was previously reported using the equity method of accounting. RMI's share of Fiberforge's net losses is in excess of the carrying value of its investment in Fiberforge. RMI is not responsible for losses of Fiberforge in excess of its investment and, therefore, is no longer reflecting its share of Fiberforge's losses and may only reflect its share of Fiberforge's future earnings to the extent that they exceed RMI's share of Fiberforge's cumulative unrecognized net losses. During the year ended June 30, 2008, the investment in Fiberforge was reduced to \$0, and RMI began reporting the investment using the cost method.

# ROCKY MOUNTAIN INSTITUTE

## Notes to Financial Statements

### **Note 14 - Investment in Fiberforge Corporation (continued)**

In April 2004, RMI extended a line-of-credit to Fiberforge for \$750,000 with a 3% interest rate plus the prime lending rate in effect at the time of disbursement. In accordance with GAAP, the value of the loan was reported at \$0 due to RMI's share of Fiberforge's prior years' losses being in excess of the investment and loan balance. Fiberforge owed RMI \$625,000 as of June 30, 2011 and 2010. The book value of the loan is \$0 at June 30, 2011 and 2010.

In December 2010, RMI amended its line-of-credit with Fiberforge and deferred the commencement of principal payments until January 2013, as well as extended the due date of the line-of-credit to January 2015. In addition, under the amended line-of-credit, all accrued and unpaid interest due on the line-of-credit was converted into convertible preferred stock of Fiberforge at \$7.50 per share. For calendar years beginning after December 31, 2010 until the note is paid, Fiberforge will pay any accrued interest annually in arrears in additional convertible preferred stock or cash at Fiberforge's discretion. Additionally, up to \$300,000 of the line-of-credit can be repaid in convertible preferred stock. Due to the cumulative net losses of Fiberforge, RMI did not assign any value to these shares of convertible preferred stock as of their issuance date. At June 30, 2011, RMI concluded the convertible preferred stock did not have a fair market value.

### **Note 15 - Investment in Bright Automotive**

RMI owns 1.33% of Bright Automotive, Inc. ("Bright Automotive"). Bright Automotive, located in Anderson, Indiana, is a product of RMI's research on efficient vehicles. RMI contributed the technology in return for ownership units in Bright Automotive. The investment is reported using the cost method of accounting, which was initially recorded at \$0, as no tangible assets were exchanged for RMI's ownership interest.

### **Note 16 - Sale Leaseback**

During the year ended June 30, 2008, RMI sold its interest in the Snowmass property to a related party and leased back a portion of the property for a two-year term through May 2010. As the leased portion of the property was determined to be minor, the related gain totaling \$124,862 was recognized in its entirety in the statement of activities for the year then ended. Rent expense totaled \$0 and \$31,312 for the years ended June 30, 2011 and 2010, respectively.

### **Note 17 - Commitments**

#### **Operating Leases**

RMI leases several of its facilities and equipment under operating leases expiring through January 2013. Rent expense for the years ended June 30, 2011 and 2010 was \$470,278 and \$595,028, respectively.

# ROCKY MOUNTAIN INSTITUTE

## Notes to Financial Statements

### **Note 17 - Commitments (continued)**

#### Operating Leases (continued)

Future minimum lease payments, including triple net lease expenses, are approximately as follows:

#### For the Year Ending June 30,

2012	\$	401,024
2013		375,954
2014		<u>190,027</u>
	\$	<u>967,005</u>

### **Note 18 - Health Insurance Program**

RMI has a self-insurance program for hospitalization and medical coverage for its employees. RMI limits its losses through the use of stop-loss policies from reinsurers. Specific individual losses for claims are limited to \$40,000 per year. RMI's aggregate annual loss limitation is based on a formula that considers, among other things, the total number of employees. During the years ended June 30, 2011 and 2010, expenses totaled \$277,882 and \$596,820, respectively, under the program. RMI has accrued a liability of \$3,564 and \$242,362, for the expected claims that had been incurred but not paid as of June 30, 2011 and 2010, respectively. Subsequent to June 30, 2011, RMI terminated its self-insurance program and obtained health insurance for their employees through a third-party provider.

### **Note 19 - Endowments**

RMI's endowments consist of three individual funds. The endowments consist of donor-restricted endowment funds including funds designated by the RMI Board of Trustees. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

# ROCKY MOUNTAIN INSTITUTE

## Notes to Financial Statements

### **Note 19 - Endowments (continued)**

#### Interpretation of Relevant Law

The Board of Trustees of RMI has interpreted the Colorado Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, RMI classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowments, (b) the original value of subsequent gifts to the permanent endowments, and (c) accumulations to the permanent endowments made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by RMI in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, RMI considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the organization
- (7) The investment policies of the organization

#### Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires RMI to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature that are reported in unrestricted net assets were \$0 and \$17,813 as of June 30, 2011 and 2010, respectively. These deficiencies resulted from unfavorable market fluctuations and continued appropriation for certain programs that were deemed prudent by the Board of Trustees.

# ROCKY MOUNTAIN INSTITUTE

## Notes to Financial Statements

### Note 19 - Endowments (continued)

#### Return Objectives and Risk Parameters

RMI has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that RMI must hold in perpetuity or for a donor-specified period(s) as well as Board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results based on the following:

- An allocated "growth" portfolio with 30% fixed income, 65% global equities, and 5% REITs.
- The portfolio uses a comparative benchmark of 30% Barclay's Aggregate Bond Index, 30% S&P Index, 10% Russell 2000 Index, 25% MSCI EAFE Index, and 5% NAREIT Index.

RMI expects its endowment funds, over time, to provide an average rate of return of approximately 6%-8% annually. Actual returns in any given year may vary from this amount.

#### Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, RMI relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). RMI targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

#### Spending Policy and How the Investment Objectives Relate to Spending Policy

Each year, RMI's policy allows for the distribution of 2%-4% of its endowment fund's average fair value over the prior 12 quarters through the calendar year proceeding the fiscal year in which the distribution is planned. In establishing this policy, RMI considered the long-term expected return on its endowments. Accordingly, over the long-term, RMI expects the current spending policy to allow its endowments to grow at an average of 4% annually. This is consistent with RMI's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

# ROCKY MOUNTAIN INSTITUTE

## Notes to Financial Statements

### Note 19 - Endowments (continued)

Endowment net asset composition by type of fund as of June 30, 2011:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 11,590	\$ 134,408	\$ 145,998
Windstar-restricted endowment fund	<u>24,505</u>	<u>-</u>	<u>576,325</u>	<u>600,830</u>
Total funds	<u>\$ 24,505</u>	<u>\$ 11,590</u>	<u>\$ 710,733</u>	<u>\$ 746,828</u>

Endowment net asset composition by type of fund as of June 30, 2010:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ (12,909)	\$ 11,560	\$ 133,698	\$ 132,349
Windstar-restricted endowment fund	<u>(4,904)</u>	<u>-</u>	<u>576,325</u>	<u>571,421</u>
Total funds	<u>\$ (17,813)</u>	<u>\$ 11,560</u>	<u>\$ 710,023</u>	<u>\$ 703,770</u>

Changes in invested endowment assets for the fiscal year ended June 30, 2011:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment assets, beginning of year	<u>\$ (17,813)</u>	<u>\$ 11,560</u>	<u>\$ 710,023</u>	<u>\$ 703,770</u>
Investment return				
Investment income	15,811	-	-	15,811
Net appreciation, net of fees	<u>26,507</u>	<u>30</u>	<u>-</u>	<u>26,537</u>
Total investment return	42,318	30	-	42,348
Contributions	-	-	710	710
Appropriation of endowment assets for expenditure	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Endowment assets, end of year	<u>\$ 24,505</u>	<u>\$ 11,590</u>	<u>\$ 710,733</u>	<u>\$ 746,828</u>

# ROCKY MOUNTAIN INSTITUTE

## Notes to Financial Statements

### Note 19 - Endowments (continued)

Changes in invested endowment assets for the fiscal year ended June 30, 2010:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment assets, beginning of year	\$ (11,328)	\$ 9,132	\$ 708,369	\$ 706,173
Investment return				
Investment income	1,322	13,209	-	14,531
Net depreciation, net of fees	<u>(7,807)</u>	<u>(10,781)</u>	<u>-</u>	<u>(18,588)</u>
Total investment return	(6,485)	2,428	-	(4,057)
Contributions	-	-	1,654	1,654
Appropriation of endowment assets for expenditure	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Endowment assets, end of year	<u>\$ (17,813)</u>	<u>\$ 11,560</u>	<u>\$ 710,023</u>	<u>\$ 703,770</u>

### Note 20 - Option to Purchase Basalt Land

During the year ended June 30, 2011, RMI entered into an option contract to purchase approximately 0.5 acres of property in the town of Basalt, Colorado for a total of \$600,000. Under the terms of this option contract, RMI deposited earnest money totaling \$5,000 and has until January 2014 to exercise this option. The option contract also contains special financing provisions should RMI exercise the option. Through the date of this report, RMI has not exercised this option.



**ACCOMPANYING INFORMATION**

**ROCKY MOUNTAIN INSTITUTE**

**Schedule of Functional Expenses  
Year Ended June 30, 2011**

	<u>Research and Consulting</u>	<u>Communications</u>	<u>Total Program Services</u>	<u>Windstar Land Conservancy</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Operating expenses							
Salaries	\$ 4,283,140	\$ 864,929	\$ 5,148,069	\$ 29,283	\$ 697,973	\$ 660,927	\$ 6,536,252
Benefits	759,293	169,916	929,209	5,941	201,349	164,977	1,301,476
Accounting fees	-	-	-	-	20,629	-	20,629
Appliances and furnishing expenses	-	-	-	-	6,249	-	6,249
Audit	-	-	-	-	46,830	-	46,830
Auto expense - lease expense	-	-	-	-	3,153	-	3,153
Auto expense - gas and maintenance	105	-	105	4,408	3,831	-	8,344
Bad debt/professional discounts	31,112	-	31,112	-	-	-	31,112
Bank, credit card charges	1,484	90	1,574	-	10,512	3,516	15,602
Board meeting expenses	-	10	10	-	6,696	14	6,720
Computer equipment	3,896	462	4,358	-	1,159	403	5,920
Computer software	8,716	1,368	10,084	-	3,012	1,048	14,144
Consultants and subcontractors	918,907	34,555	953,462	350	48,244	54,456	1,056,512
Donations	-	-	-	-	-	1,000	1,000
Dues, subscriptions, and memberships	2,919	2,698	5,617	-	19,829	130	25,576
Reproduction costs	28,015	4,794	32,809	-	11,037	3,953	47,799
General insurance	41,232	4,304	45,536	12,918	2,216	3,549	64,219
Legal	3,084	-	3,084	-	16,597	-	19,681
Library expense	38	-	38	-	5,036	-	5,074
Licenses and registration	4,040	65	4,105	126	9,338	1,200	14,769
Memberships	1,320	-	1,320	-	8,007	715	10,042
Miscellaneous	31,656	289	31,945	-	28,700	728	61,373
Office expense	13,066	1,950	15,016	-	3,673	3,882	22,571
Outreach	50	30,303	30,353	-	550	54	30,957
Postage and freight	617	5,326	5,943	-	6,269	30,891	43,103
Printing	1,876	57,083	58,959	-	1,115	44,429	104,503
Professional development	6,670	2,087	8,757	-	4,289	211	13,257
Property taxes	-	-	-	-	9,643	-	9,643
Publications expense	-	4,222	4,222	-	-	-	4,222
Recruiting expenses	9,659	5,950	15,609	-	3,482	1,414	20,505
Rent expense	199,430	54,050	253,480	-	121,359	47,640	422,479
Repairs and maintenance	4,918	842	5,760	10,187	20,467	694	37,108
Research materials	163	-	163	-	699	40	902
Software maintenance	-	-	-	-	42,426	23,408	65,834
Supplies	7,072	-	7,072	4,720	7,072	-	18,864
Telephone	139,440	24,189	163,629	-	68,913	18,296	250,838
Tools	-	-	-	-	20	-	20
Travel, meals, and meetings	473,210	14,542	487,752	-	8,584	65,899	562,235
Utilities	12,869	2,715	15,584	-	58,038	2,239	75,861
Web site	24	12,874	12,898	-	149	-	13,047
Total operating expenses	<u>6,988,021</u>	<u>1,299,613</u>	<u>8,287,634</u>	<u>67,933</u>	<u>1,507,145</u>	<u>1,135,713</u>	<u>10,998,425</u>
Other expenses							
Depreciation expense	177,507	30,377	207,884	-	69,931	25,047	302,862
Interest expense	<u>20,850</u>	<u>3,568</u>	<u>24,418</u>	<u>-</u>	<u>8,214</u>	<u>2,942</u>	<u>35,574</u>
Total other expenses	<u>198,357</u>	<u>33,945</u>	<u>232,302</u>	<u>-</u>	<u>78,145</u>	<u>27,989</u>	<u>338,436</u>
Total expenses	<u>\$ 7,186,378</u>	<u>\$ 1,333,558</u>	<u>\$ 8,519,936</u>	<u>\$ 67,933</u>	<u>\$ 1,585,290</u>	<u>\$ 1,163,702</u>	<u>\$ 11,336,861</u>

**ROCKY MOUNTAIN INSTITUTE**

**Schedule of Functional Expenses  
Year Ended June 30, 2010**

	<u>Research and Consulting</u>	<u>Communications</u>	<u>Total Program Services</u>	<u>Windstar Land Conservancy</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Operating expenses							
Salaries	\$ 4,204,400	\$ 941,060	\$ 5,145,460	\$ 44,313	\$ 538,354	\$ 689,346	\$ 6,417,473
Benefits	1,080,875	216,862	1,297,737	10,568	222,616	166,405	1,697,326
Accounting fees	-	-	-	-	17,668	-	17,668
Appliances and furnishing expense	-	-	-	-	412	-	412
Audit	-	-	-	-	47,622	-	47,622
Assessments	-	-	-	15,656	-	-	15,656
Auto expense - lease expense	1,051	-	1,051	-	-	-	1,051
Auto expense - gas and maintenance	-	-	-	3,202	2,708	-	5,910
Bad debt/professional discounts	112,028	-	112,028	-	-	-	112,028
Bank, credit card charges	613	105	718	25	14,042	9,001	23,786
Board meeting expenses	-	27	27	46	17,525	-	17,598
Computer equipment	15,309	7,324	22,633	-	4,533	1,604	28,770
Computer software	9,381	1,296	10,677	-	14,468	1,184	26,329
Consultants and subcontracts	926,066	62,828	988,894	-	33,998	5,668	1,028,560
Equipment rental	-	-	-	-	2,000	-	2,000
Dues, subscriptions, and memberships	4,708	1,879	6,587	55	14,965	-	21,607
Reproduction costs	27,695	4,819	32,514	351	11,099	3,566	47,530
General insurance	34,423	4,721	39,144	14,565	17,351	3,473	74,533
Legal	3,741	1,018	4,759	-	12,060	1,724	18,543
Library expense	828	345	1,173	-	4,910	-	6,083
Licenses and registration	5,855	25	5,880	10	6,356	99	12,345
Memberships	2,483	342	2,825	-	6,799	-	9,624
Miscellaneous	9,608	762	10,370	-	10,538	469	21,377
Office expense	16,099	2,768	18,867	245	5,376	2,093	26,581
Office reimbursables	82,639	3,192	85,831	-	1,332	(197)	86,966
Outreach	1,400	104,422	105,822	-	-	12,426	118,248
Postage and freight	3,618	1,207	4,825	-	6,230	24,189	35,244
Printing	5,404	32,610	38,014	178	1,354	31,963	71,509
Professional development	11,129	2,407	13,536	-	8,689	699	22,924
Property taxes	-	-	-	-	10,275	-	10,275
Publications expense	-	7,251	7,251	-	-	-	7,251
Recruiting expenses	7,327	1,066	8,393	-	1,763	-	10,156
Rent expense	283,767	56,551	340,318	4,598	158,718	43,864	547,498
Repairs and maintenance	27,564	9,446	37,010	4,683	39,892	7,988	89,573
Research materials	1,792	210	2,002	-	4,231	46	6,279
Software maintenance	2,271	312	2,583	40	30,254	18,599	51,476
Supplies	50	-	50	966	6,550	13	7,579
Telephone	135,592	23,980	159,572	1,120	68,203	17,560	246,455
Tools	-	2,779	2,779	195	507	-	3,481
Travel, meals, and meetings	551,521	39,330	590,851	20	9,035	68,327	668,233
Utilities	16,896	6,539	23,435	877	56,559	5,567	86,438
Web site	2,308	38,876	41,184	-	450	154	41,788
Total operating expenses	<u>7,588,441</u>	<u>1,576,359</u>	<u>9,164,800</u>	<u>101,713</u>	<u>1,409,442</u>	<u>1,115,830</u>	<u>11,791,785</u>
Other expenses							
Depreciation expense	168,610	28,578	197,188	-	65,729	22,862	285,779
Interest expense	50,377	8,538	58,915	-	19,639	6,831	85,385
Total other expenses	<u>218,987</u>	<u>37,116</u>	<u>256,103</u>	<u>-</u>	<u>85,368</u>	<u>29,693</u>	<u>371,164</u>
Total expenses	<u>\$ 7,807,428</u>	<u>\$ 1,613,475</u>	<u>\$ 9,420,903</u>	<u>\$ 101,713</u>	<u>\$ 1,494,810</u>	<u>\$ 1,145,523</u>	<u>\$ 12,162,949</u>