



**Financial Statements
and
Independent Auditors' Report
June 30, 2013 and 2012**

EKS&H
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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 financial statements of Rocky Mountain Institute (a Colorado non-profit corporation), which are comprised of the statements of financial position as of June 30, 2013 and 2012, 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 from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider 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 Rocky Mountain Institute as of June 30, 2013 and 2012, 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.

OTHER MATTER

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses 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 audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

EKS&H LLLP

EKS&H LLLP

October 4, 2013
Denver, Colorado

ROCKY MOUNTAIN INSTITUTE

Statements of Financial Position

	June 30,	
	2013	2012
Assets		
Current assets		
Cash and cash equivalents	\$ 2,238,525	\$ 2,520,402
Investments	1,988,828	4,346,717
Beneficial interest in assets held by The Denver Foundation	5,765,509	-
Accounts receivable, net of allowance for doubtful accounts of \$31,350 (2013) and \$32,850 (2012)	452,885	587,865
Grants receivable	300,000	324,000
Inventory	2,420	11,768
Other current receivables	94,299	19,673
Prepaid expenses	123,689	88,474
Total current assets	10,966,155	7,898,899
Long-term assets		
Property and equipment, net	1,663,017	1,626,392
Investments restricted for endowments	596,656	708,309
Beneficial interest in assets held by The Denver Foundation	205,046	-
Deposits	41,202	43,447
Other assets	3,000	3,000
Total long-term assets	2,508,921	2,381,148
Total assets	\$ 13,475,076	\$ 10,280,047
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 469,273	\$ 455,498
Lines-of-credit	-	750,000
Compensated absences	185,514	204,427
Client retainers	7,388	52,582
Accrued salaries and benefits	884,779	526,023
Other accrued expenses	20,556	244,689
Bonds payable	-	20,865
Capital lease obligations	77,708	99,459
Total current liabilities	1,645,218	2,353,543
Long-term liabilities		
Bonds payable, net of current portion	-	278,174
Capital lease obligations, net of current portion	68,464	88,813
Total long-term liabilities	68,464	366,987
Total liabilities	1,713,682	2,720,530
Commitments		
Net assets		
Unrestricted	10,374,196	6,284,219
Temporarily restricted	560,508	561,144
Permanently restricted	826,690	714,154
Total net assets	11,761,394	7,559,517
Total liabilities and net assets	\$ 13,475,076	\$ 10,280,047

See notes to financial statements.

ROCKY MOUNTAIN INSTITUTE

Statements of Activities

	For the Years Ended							
	June 30, 2013				June 30, 2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, gains, and other support								
Applied research/collaboration	\$ 2,346,881	\$ -	\$ -	\$ 2,346,881	\$ 2,841,952	\$ -	\$ -	\$ 2,841,952
Foundation and government grants	1,196,625	952,015	-	2,148,640	1,529,546	1,064,115	-	2,593,661
Individual and corporate contributions, net of direct benefit to donors of \$11,547 (2013) and \$190,273 (2012)	11,620,240	-	125,365	11,745,605	4,613,097	-	3,421	4,616,518
Publishing and royalty revenue	39,899	-	-	39,899	28,922	-	-	28,922
Contributed facilities/in-kind donations	135,000	-	-	135,000	135,000	-	-	135,000
Other revenue	32,725	-	-	32,725	27,738	-	-	27,738
Change in beneficial interest in assets held by The Denver Foundation	(77,030)	14,066	-	(62,964)	-	-	-	-
Investment income	110,981	23,236	-	134,217	65,216	405	-	65,621
Net gain (loss) on investments	321,641	-	-	321,641	(427,732)	-	-	(427,732)
	<u>15,726,962</u>	<u>989,317</u>	<u>125,365</u>	<u>16,841,644</u>	<u>8,813,739</u>	<u>1,064,520</u>	<u>3,421</u>	<u>9,881,680</u>
Net assets released from restrictions	<u>1,002,782</u>	<u>(989,953)</u>	<u>(12,829)</u>	<u>-</u>	<u>1,076,564</u>	<u>(1,076,564)</u>	<u>-</u>	<u>-</u>
Total revenues, gains, and other support	<u>16,729,744</u>	<u>(636)</u>	<u>112,536</u>	<u>16,841,644</u>	<u>9,890,303</u>	<u>(12,044)</u>	<u>3,421</u>	<u>9,881,680</u>
Expenses								
Program services	9,879,395	-	-	9,879,395	8,892,069	-	-	8,892,069
Expenses paid on behalf of Windstar Land Conservancy	54,319	-	-	54,319	57,086	-	-	57,086
Management and general	1,191,058	-	-	1,191,058	1,436,423	-	-	1,436,423
Fundraising	1,514,995	-	-	1,514,995	1,278,330	-	-	1,278,330
Total expenses	<u>12,639,767</u>	<u>-</u>	<u>-</u>	<u>12,639,767</u>	<u>11,663,908</u>	<u>-</u>	<u>-</u>	<u>11,663,908</u>
Change in net assets	4,089,977	(636)	112,536	4,201,877	(1,773,605)	(12,044)	3,421	(1,782,228)
Net assets at beginning of year	<u>6,284,219</u>	<u>561,144</u>	<u>714,154</u>	<u>7,559,517</u>	<u>8,057,824</u>	<u>573,188</u>	<u>710,733</u>	<u>9,341,745</u>
Net assets at end of year	<u>\$ 10,374,196</u>	<u>\$ 560,508</u>	<u>\$ 826,690</u>	<u>\$ 11,761,394</u>	<u>\$ 6,284,219</u>	<u>\$ 561,144</u>	<u>\$ 714,154</u>	<u>\$ 7,559,517</u>

See notes to financial statements.

ROCKY MOUNTAIN INSTITUTE

Statements of Cash Flows

	For the Years Ended	
	June 30,	
	<u>2013</u>	<u>2012</u>
Cash flows from operating activities		
Change in net assets	\$ 4,201,877	\$ (1,782,228)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation expense	282,078	280,240
Provision for bad debt	(1,500)	17,850
Net (gain) loss on investments	(321,641)	427,732
Note payable forgiven	-	(150,000)
Donated stock investments	(89,228)	-
Permanently restricted contributions	(125,365)	(3,421)
Net change in beneficial interest in assets held by The Denver Foundation	62,964	-
Changes in assets and liabilities		
Accounts receivable	136,480	(360,322)
Grants receivable	24,000	(324,000)
Inventory	9,348	(11,186)
Other current receivables, prepaid expenses, and deposits	(107,596)	45,873
Accounts payable	13,775	169,277
Compensated absences	(18,913)	(23,175)
Client retainers, accrued salaries and benefits, and other accrued expenses	89,429	(234,164)
Net cash provided by (used in) operating activities	<u>4,155,708</u>	<u>(1,947,524)</u>
Cash flows from investing activities		
Net purchases of investments	(81,864)	(11,792)
Net proceeds from sale of investments	2,907,754	453,870
Purchases of property and equipment	(665,045)	(284,542)
Net proceeds from sale of property and equipment	403,702	-
Change in cash surrender value of life insurance policies	-	31,309
Transfer to The Denver Foundation for Rocky Mountain Institute's beneficial interest in assets held	(5,842,540)	-
Net cash (used in) provided by investing activities	<u>(3,277,993)</u>	<u>188,845</u>
Cash flows from financing activities		
Draws from lines-of-credit	4,000,000	3,512,834
Payments on lines-of-credit	(4,750,000)	(2,762,834)
Payments on bonds payable and capital lease obligations	(398,499)	(102,571)
Permanently restricted contributions	125,365	3,421
Transfer to The Denver Foundation for Rocky Mountain Institute's beneficial interest in assets held	(136,458)	-
Net cash (used in) provided by financing activities	<u>(1,159,592)</u>	<u>650,850</u>
Net change in cash and cash equivalents	(281,877)	(1,107,829)
Cash and cash equivalents, beginning of year	<u>2,520,402</u>	<u>3,628,231</u>
Cash and cash equivalents, end of year	<u>\$ 2,238,525</u>	<u>\$ 2,520,402</u>

Supplemental disclosure of cash flow information:

Interest paid was \$107,026 and \$71,630 for the years ended June 30, 2013 and 2012, respectively.

Supplemental disclosure of non-cash activity:

During the years ended June 30, 2013 and 2012, RMI entered into capital lease obligations in the amount of \$57,360 and \$129,204 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.

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.

ROCKY MOUNTAIN INSTITUTE

Notes to Financial Statements

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

Grants Receivable

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. Reserves for uncollectible amounts are assessed using the specific-identification method. There are no reserved grants at June 30, 2013 and 2012.

Concentration of Risk

For the years ended June 30, 2013 and 2012, RMI had two applied research/consulting customers that accounted for 42% and 69%, respectively, of the accounts receivable balance. For the years ended June 30, 2013 and 2012, two donors were responsible for approximately 35% and 22%, respectively, 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.

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, 2013 and 2012, 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.

ROCKY MOUNTAIN INSTITUTE

Notes to Financial Statements

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

Collaboration Fees

RMI collaborates for individuals, corporations, and governments and completes other research and education programs to advance its mission. These fees are recorded as revenue as the collaboration 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, 2013 and 2012, respectively.

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. 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, 2013.

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, 2013 and 2012. Tax years that remain subject to examination include 2010 through the current period for the federal return and 2009 through the current period for the Colorado return.

ROCKY MOUNTAIN INSTITUTE

Notes to Financial Statements

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

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.

Reclassifications

Certain amounts in the 2012 financial statements have been reclassified to conform to the 2013 presentation.

Subsequent Events

RMI has evaluated all subsequent events through the auditors' report date, which is the date the financial statements were available for issuance.

Note 2 - Beneficial Interest in Assets Held by The Denver Foundation

The Rocky Mountain Institute Fund

In 2013, RMI entered into an agreement with The Denver Foundation (the "Foundation") to establish a Non-Profit Organization Advised Fund, known as The Rocky Mountain Institute Fund (the "RMI Fund"), to be held by the Foundation. The RMI Fund is held and invested by the Foundation for the benefit of RMI. All or any part of the income and principal of the RMI Fund can be distributed to RMI or be used or distributed for the benefit of, or to carry out the purpose of, RMI as the Board of Trustees of the Foundation shall determine from time to time. All distribution considerations must be made in writing to the Foundation by an Advisory Committee established by RMI in accordance with the Foundation's guidelines for advised funds.

As of June 30, 2013, the fair value of the assets of the RMI Fund was \$5,765,509. Distributions from the RMI Fund are available to RMI for its unrestricted use. During 2013, all income from the RMI Fund was reinvested.

The Phillip Austin Semmer Memorial Internship Fund

In 2012, RMI entered into an agreement with the Foundation to establish a permanent endowment fund, known as the Phillip Austin Semmer Memorial Internship Fund (the "Semmer Fund"), to be held by the Foundation. The Semmer Fund is held and invested by the Foundation for the benefit of RMI. RMI is eligible to receive annual distributions up to 6% of the market value of the Semmer Fund. Excess earnings, if any, are reinvested in the Semmer Fund.

ROCKY MOUNTAIN INSTITUTE

Notes to Financial Statements

Note 2 - Beneficial Interest in Assets Held by The Denver Foundation (continued)

The Phillip Austin Semmer Memorial Internship Fund (continued)

As of June 30, 2013, the fair value of the assets of the Semmer Fund was \$105,720. Distributions from the Semmer Fund are available to RMI for the funding of a research intern. During 2013, all income from the Semmer Fund was reinvested.

The RMI Endowment Fund

In 2001, RMI entered into an agreement with the Foundation to establish a permanent endowment fund, known as The RMI Endowment Fund (the "RMI Endowment"), to be held by the Foundation. The RMI Endowment is held and invested by the Foundation for the benefit of RMI. RMI is eligible to receive annual distributions up to 10% of the market value of the RMI Endowment. Excess earnings, if any, are reinvested in the RMI Endowment.

As of June 30, 2013, the fair value of the assets of the RMI Endowment was \$99,326. Distributions from the RMI Endowment are available to RMI for its unrestricted use. During 2013, all income from the RMI Endowment was reinvested.

RMI granted variance power to the Foundation for the funds described above, which allows the Foundation to terminate the agreements and transfer the funds to the general funds of the Foundation if the Board of Trustees of the Foundation determines, in its sole judgment, that the purposes that had been pursued by RMI have become unnecessary, undesirable, impractical, incapable of fulfillment, or inconsistent with the charitable needs of the community. As RMI has named itself the beneficiary of the funds, the transfers were accounted for as reciprocal transfers between RMI and the Foundation. Therefore, RMI reflects the value of the funds held by the Foundation as in the accompanying statements of financial position as Beneficial Interest in assets held by The Denver Foundation.

Management Fees

The assets held with the Foundation, described above, are subject to a management fee percentage ranging from 0.75% to 2.00% of the asset balances, with a minimum fee of \$1,000 to be charged annually. Total management fees paid to the Foundation for the year ended June 30, 2013 were approximately \$3,300.

Note 3 - Grants Receivable

Grants receivable consist of grant payments expected to be collected within one year of the respective year-end date. Receivables at June 30, 2013 and 2012 totaled \$300,000 and \$324,000, respectively.

ROCKY MOUNTAIN INSTITUTE

Notes to Financial Statements

Note 4 - Investments

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

	June 30,	
	2013	2012
Unrestricted		
Cash and money market funds	\$ 506,258	\$ 2,379,094
Mutual funds		
Fixed income	379,992	996,224
Equities	1,102,578	971,399
Total unrestricted	1,988,828	4,346,717
Restricted		
Cash and money market funds	276,262	293,782
Mutual funds		
Fixed income	176,019	249,382
Equities	144,375	165,145
Total restricted	596,656	708,309
Total investments	\$ 2,585,484	\$ 5,055,026

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

	For the Years Ended June 30,	
	2013	2012
Investment income		
Interest and dividend income	\$ 169,350	\$ 102,221
Investment management and custodian fees	(35,133)	(36,600)
Total investment income	134,217	65,621
Net gain (loss) on investments		
Realized loss on investments	(16,638)	(380,520)
Unrealized gain (loss) on investments	338,279	(47,212)
Total net gain (loss) on investments	321,641	(427,732)
Total return on investments	\$ 455,858	\$ (362,111)

ROCKY MOUNTAIN INSTITUTE

Notes to Financial Statements

Note 5 - 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 counter-party is significant to the fair value measurement.

The above classifications (Levels 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:

Cash and money market funds: Recorded at cost, which approximates fair value due to the short duration of the investment.

Mutual funds: Value at the closing price reported on the active market on which the securities are traded.

Beneficial interest in assets held by The Denver Foundation: Recorded at RMI's proportionate share of the net asset value of The Denver Foundation investment pool. This amount is provided by The Denver Foundation and is driven by the fair value of the marketable securities underlying the fund.

ROCKY MOUNTAIN INSTITUTE

Notes to Financial Statements

Note 5 - Fair Value Reporting (continued)

Financial assets carried at fair value as of June 30, 2013 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>
Cash and money market funds	\$ 782,520	\$ -	\$ -	\$ 782,520
Mutual funds	1,802,964	-	-	1,802,964
Beneficial interest in assets held by the Foundation	<u>-</u>	<u>-</u>	<u>5,970,555</u>	<u>5,970,555</u>
Total	<u>\$ 2,585,484</u>	<u>\$ -</u>	<u>\$ 5,970,555</u>	<u>\$ 8,556,039</u>

Financial assets carried at fair value as of June 30, 2012 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>
Cash and money market funds	\$ 2,672,876	\$ -	\$ -	\$ 2,672,876
Mutual funds	<u>2,382,150</u>	<u>-</u>	<u>-</u>	<u>2,382,150</u>
Total	<u>\$ 5,055,026</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,055,026</u>

The following is a reconciliation of the beginning and ending balances for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

	<u>For the Years Ended</u>	
	<u>June 30,</u>	
	<u>2013</u>	<u>2012</u>
Beginning balance	\$ -	\$ -
Change in beneficial interest	(62,964)	-
Transfers to the Denver Foundation, including donated investments	<u>6,033,519</u>	<u>-</u>
Ending balance	<u>\$ 5,970,555</u>	<u>\$ -</u>

ROCKY MOUNTAIN INSTITUTE

Notes to Financial Statements

Note 6 - Property and Equipment

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

	<u>June 30.</u>	
	<u>2013</u>	<u>2012</u>
Buildings and improvements	\$ 1,780,464	\$ 1,788,483
Equipment	1,312,130	1,254,771
Land and land improvements	94,105	94,105
Furniture	291,927	291,927
Vehicles	57,887	57,887
Intellectual property licenses	<u>100,000</u>	<u>100,000</u>
	3,636,513	3,587,173
Less accumulated depreciation and amortization	<u>(1,973,496)</u>	<u>(1,960,781)</u>
Property and equipment, net	<u>\$ 1,663,017</u>	<u>\$ 1,626,392</u>

Note 7 - Lines-of-Credit

RMI has two lines-of-credit available to assist with operating cash needs. The first line-of-credit is for \$1,500,000 and is available until November 2013. As of June 30, 2013, the stated interest rate was 4.75%. This line-of-credit is collateralized by an investment account. As of June 30, 2013, there was no outstanding balance; as of June 30, 2012, the outstanding balance was \$750,000. The second line-of-credit is for \$1,500,000 and is available until December 2013. As of June 30, 2013, the stated interest rate was 5.00%. This line-of-credit is collateralized by a savings account with a balance of \$751,903 and \$750,657, included in cash and cash equivalents on the accompanying statements of financial position as of June 30, 2013 and 2012, respectively. This line-of-credit is also collateralized by real estate. As of June 30, 2013 and 2012, there were no outstanding balances on this line-of-credit.

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. During the year ended June 30, 2013, the staff housing complex was sold and outstanding principal balance of the bonds was repaid. The balance outstanding on the bonds at June 30, 2012 was \$299,039.

Note 9 - Capitalized Lease Obligations

RMI has acquired assets under the provisions of 11 long-term leases. For financial reporting purposes, minimum lease payments relating to the assets have been capitalized. The leases expire from August 2013 to July 2016. 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, 2013 as follows:

Capital leased assets	\$	311,681
Less accumulated amortization		<u>(146,730)</u>
	\$	<u>164,951</u>

Maturities of capital lease obligations are as follows:

Year Ending June 30,

2014	\$	82,444
2015		46,518
2016		<u>23,471</u>
Total minimum lease payments		152,433
Amount representing interest		<u>(6,261)</u>
Present value of net minimum lease payments		146,172
Less current portion		<u>(77,708)</u>
Long-term capital lease obligation	\$	<u>68,464</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. RMI matches 100% of eligible participants' contributions, up to 5% of eligible participants' compensation. Employer contributions of \$226,356 and \$187,051 were made and are included in the statements of activities for the years ended June 30, 2013 and 2012, respectively.

457(f) Plan

RMI had a 457(f) plan (the "457(f) plan"), which allowed a select group of management and employees to receive employer contributions. Employer deferrals made during the years ended June 30, 2013 and 2012 were \$34,455 and \$82,691, respectively. In November 2012, RMI paid \$379,000 to the final participant in the 457(f) plan when the participant reached vesting age as defined in the 457(f) plan agreement.

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, 2013 and 2012, approximately \$4,000,000 and \$2,500,000, respectively, 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:

	June 30,	
	2013	2012
Electricity	\$ 330,836	\$ 59,285
Administration	90,931	133,289
Solar	62,531	-
Endowment funds	49,297	11,995
Reinventing fire	17,063	-
Transportation	9,850	206,693
Super-efficient housing	-	146,437
Legacy consulting	-	3,420
Buildings	-	25
	\$ 560,508	\$ 561,144

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:

	June 30,	
	2013	2012
Phillip Austin Semmer Memorial Endowment	\$ 101,080	\$ 112,829
Eric Konheim Endowment	74,285	-
Rocky Mountain Institute Endowment	75,000	25,000
Windstar Land Conservancy Endowment	576,325	576,325
	\$ 826,690	\$ 714,154

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"). WLC owned land and office space in Snowmass Creek Valley, which was held for the purpose of preservation in perpetuity. In April 2013, the land was sold with the proceeds from the land being split equally between RMI and WF. Despite the change in ownership, the land continues to be held as a permanent conservation easement administered by the Pitkin County Land Trust. Per the sale agreement, RMI will occupy the office space without rent for a period of two years. Additionally, RMI continues to have variance power over grant revenue and interest income related to the endowment funds that RMI secured 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, 2013 and 2012 recorded on the books of RMI was \$596,656 and \$571,852, respectively. For each of the years ended June 30, 2013 and 2012, RMI recorded \$135,000 of imputed rent related to the use of the office facility.

Note 13 - Staff Housing

RMI owns a duplex and a quadplex near RMI's Snowmass office and rents these living spaces to the employees of RMI. Rent is deducted from the employees' bi-weekly compensation. Rental income of \$26,792 and \$16,037 was withheld from employees' paychecks for the years ended June 30, 2013 and 2012, respectively, and is included in other revenue in the accompanying statements of activities. In April 2013, RMI sold a triplex that was previously used for staff housing for net proceeds of \$403,702. This resulted in a gain of approximately \$65,000 recorded during the year ended June 30, 2013. As of June 30, 2013 and 2012, the net book value of the staff housing units is \$336,202 and \$702,465, respectively, and is included in buildings and improvements.

Note 14 - Investment in Fiberforge Corporation

RMI owns 1.17% 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, 2013 and 2012. The book value of the loan is \$0 at June 30, 2013 and 2012.

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, 2013, RMI concluded the convertible preferred stock did not have a fair market value.

Note 15 - Investment in Bright Automotive

RMI owned 1.33% of Bright Automotive, Inc. ("Bright Automotive"). Bright Automotive, located in Anderson, Indiana, was a product of RMI's research on efficient vehicles. RMI contributed the technology in return for ownership units in Bright Automotive. The investment was reported using the cost method of accounting, which was initially recorded at \$0, as no tangible assets were exchanged for RMI's ownership interest. During the year ended June 30, 2013, Bright Automotive ceased operations.

Note 16 - Commitments

Operating Leases

RMI leases several of its facilities and equipment under operating leases expiring through December 2018. Rent expense for the years ended June 30, 2013 and 2012 was \$606,066 and \$574,788, respectively.

ROCKY MOUNTAIN INSTITUTE

Notes to Financial Statements

Note 16 - Commitments (continued)

Operating Leases (continued)

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

For the Year Ending June 30,

2014	\$	423,000
2015		413,000
2016		419,000
2017		423,000
2018		430,000
Thereafter		<u>213,000</u>
	\$	<u>2,321,000</u>

Note 17 - Endowments

RMI's endowments consist of four individual funds. The endowments consist of donor-restricted endowment funds. 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.

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

ROCKY MOUNTAIN INSTITUTE

Notes to Financial Statements

Note 17 - Endowments (continued)

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 \$(15,430) as of June 30, 2013 and 2012, respectively. These deficiencies resulted from unfavorable market fluctuations and continued appropriation for certain programs that were deemed prudent by the Board of Trustees.

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:

- A managed long-term "growth" portfolio with 24% domestic equities, 21% international equities, 20% fixed income, 17% private equities, 10% cash and cash equivalents, and 8% real assets.
- The portfolio uses a comparative benchmark of composite returns from 1,500 entities, including endowments, foundations, pension plans, individual trusts, and corporate accounts.

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.

ROCKY MOUNTAIN INSTITUTE

Notes to Financial Statements

Note 17 - Endowments (continued)

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.

Endowment net asset composition by type of fund as of June 30, 2013:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 28,966	\$ 250,365	\$ 279,331
Windstar-restricted endowment fund	<u>-</u>	<u>20,331</u>	<u>576,325</u>	<u>596,656</u>
Total funds	<u>\$ -</u>	<u>\$ 49,297</u>	<u>\$ 826,690</u>	<u>\$ 875,987</u>

Endowment net asset composition by type of fund as of June 30, 2012:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 11,995	\$ 137,829	\$ 149,824
Windstar-restricted endowment fund	<u>(15,430)</u>	<u>-</u>	<u>576,325</u>	<u>560,895</u>
Total funds	<u>\$ (15,430)</u>	<u>\$ 11,995</u>	<u>\$ 714,154</u>	<u>\$ 710,719</u>

ROCKY MOUNTAIN INSTITUTE

Notes to Financial Statements

Note 17 - Endowments (continued)

Spending Policy and How the Investment Objectives Relate to Spending Policy (continued)

Changes in invested endowment assets for the year ended June 30, 2013:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment assets, beginning of year	\$ (15,430)	\$ 11,995	\$ 714,154	\$ 710,719
Change in beneficial interest in assets held by The Denver Foundation	-	14,066	-	14,066
Investment return				
Investment income	-	11,781	-	11,781
Net appreciation, net of fees	<u>15,430</u>	<u>11,455</u>	<u>-</u>	<u>26,885</u>
Total investment return	15,430	37,302	-	52,732
Contributions	-	-	125,365	125,365
Transfers (reallocation of Semmer corpus)	<u>-</u>	<u>-</u>	<u>(12,829)</u>	<u>(12,829)</u>
Endowment assets, end of year	<u>\$ -</u>	<u>\$ 49,297</u>	<u>\$ 826,690</u>	<u>\$ 875,987</u>

Changes in invested endowment assets for the year ended June 30, 2012:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment assets, beginning of year	\$ 24,505	\$ 11,590	\$ 710,733	\$ 746,828
Investment return				
Investment income	11,306	-	-	11,306
Net (depreciation) appreciation, net of fees	<u>(51,241)</u>	<u>405</u>	<u>-</u>	<u>(50,836)</u>
Total investment return	(39,935)	405	-	(39,530)
Contributions	<u>-</u>	<u>-</u>	<u>3,421</u>	<u>3,421</u>
Endowment assets, end of year	<u>\$ (15,430)</u>	<u>\$ 11,995</u>	<u>\$ 714,154</u>	<u>\$ 710,719</u>

ROCKY MOUNTAIN INSTITUTE

Notes to Financial Statements

Note 18 - 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 2015 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.

SUPPLEMENTARY INFORMATION

ROCKY MOUNTAIN INSTITUTE

**Schedule of Functional Expenses
Year Ended June 30, 2013**

	<u>Research and Consulting</u>	<u>Office of the Chief Scientist</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	\$ 4,448,030	\$ 480,675	\$ 952,751	\$ 5,881,456	\$ 13,954	\$ 359,767	\$ 931,134	\$ 7,186,311
Benefits	781,099	110,628	158,216	1,049,943	2,688	136,794	139,526	1,328,951
Accounting fees	-	-	-	-	-	21,316	-	21,316
Advertising	-	-	650	650	-	-	-	650
Appliances and furnishing expenses	-	-	-	-	-	976	-	976
Audit	-	-	-	-	-	51,000	-	51,000
Auto expense - lease expense	-	-	-	-	-	2,881	-	2,881
Auto expense - gas and maintenance	-	25	-	25	4,146	1,916	-	6,087
Bank, credit card charges	120	56	-	176	-	10,426	7,156	17,758
Board meeting expenses	-	-	-	-	-	10,411	-	10,411
Computer equipment	-	258	161	419	-	21,727	224	22,370
Computer software	204	33	2,384	2,621	-	4,840	-	7,461
Consultants and subcontractors	704,665	-	46,149	750,814	9,399	42,176	56,533	858,922
Dues, subscriptions, and memberships	1,093	666	-	1,759	-	46,879	589	49,227
Reproduction costs	26,974	1,628	4,884	33,486	-	7,326	5,970	46,782
General insurance	33,779	51,431	6,116	91,326	16,145	9,024	7,475	123,970
Legal	-	-	-	-	-	6,887	-	6,887
Library expense	58	475	961	1,494	-	4,991	134	6,619
Licenses and registration	-	-	-	-	226	6,328	-	6,554
Miscellaneous	4,906	1,129	166	6,201	-	8,241	869	15,311
Office expense	12,667	1,101	2,319	16,087	-	2,996	3,148	22,231
Other reimbursable expense	38,587	3,272	-	41,859	-	81	-	41,940
Outreach	106	-	43,878	43,984	-	9	204	44,197
Postage and freight	3,001	3,951	1,629	8,581	-	1,803	30,493	40,877
Printing	1,445	1,642	13,455	16,542	-	44	46,958	63,544
Professional development	70	-	150	220	-	3,167	5,108	8,495
Public relations	-	-	21,254	21,254	-	-	-	21,254
Recruiting expenses	93,019	-	27,906	120,925	-	65,113	-	186,038
Rent expense	304,269	41,618	58,022	403,909	-	92,704	62,670	559,283
Repairs and maintenance	16,567	988	2,964	20,519	6,415	51,231	3,623	81,788
Software maintenance	27,846	1,094	4,097	33,037	-	1,899	27,630	62,566
Supplies	-	-	-	-	1,106	10,046	-	11,152
Taxes	-	-	-	-	-	11,115	-	11,115
Telephone	145,943	18,686	24,110	188,739	-	53,067	32,753	274,559
Tools	-	-	977	977	240	220	-	1,437
Travel, meals, and meetings	560,895	143,991	29,631	734,517	-	34,406	99,576	868,499
Utilities	15,900	962	2,887	19,749	-	47,895	3,572	71,216
Web site	-	-	109,605	109,605	-	423	-	110,028
Total operating expenses	<u>7,221,243</u>	<u>864,309</u>	<u>1,515,322</u>	<u>9,600,874</u>	<u>54,319</u>	<u>1,130,125</u>	<u>1,465,345</u>	<u>12,250,663</u>
Other expenses								
Depreciation expense	162,646	9,816	29,449	201,911	-	44,174	35,993	282,078
Interest expense	61,711	3,725	11,174	76,610	-	16,759	13,657	107,026
Total other expenses	<u>224,357</u>	<u>13,541</u>	<u>40,623</u>	<u>278,521</u>	<u>-</u>	<u>60,933</u>	<u>49,650</u>	<u>389,104</u>
Total expenses	<u>\$ 7,445,600</u>	<u>\$ 877,850</u>	<u>\$ 1,555,945</u>	<u>\$ 9,879,395</u>	<u>\$ 54,319</u>	<u>\$ 1,191,058</u>	<u>\$ 1,514,995</u>	<u>\$ 12,639,767</u>

ROCKY MOUNTAIN INSTITUTE

**Schedule of Functional Expenses
Year Ended June 30, 2012**

	<u>Research and Consulting</u>	<u>Office of the Chief Scientist</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	\$ 3,749,618	\$ 293,525	\$ 750,010	\$ 4,793,153	\$ 23,649	\$ 585,905	\$ 714,159	\$ 6,116,866
Benefits	762,162	141,653	163,479	1,067,294	3,956	124,121	143,882	1,339,253
Accounting fees	-	-	-	-	-	20,069	-	20,069
Advertising	-	-	620	620	-	-	-	620
Appliances and furnishing expense	-	-	-	-	-	13,788	-	13,788
Audit	-	-	-	-	-	51,801	-	51,801
Auto expense - lease expense	-	-	-	-	-	3,153	-	3,153
Auto expense - gas and maintenance	-	-	-	-	5,256	374	-	5,630
Bad debt/professional discounts	18,000	-	-	18,000	-	-	-	18,000
Bank, credit card charges	318	25	-	343	-	9,220	6,052	15,615
Board meeting expenses	-	-	-	-	-	29,161	-	29,161
Computer equipment	(150)	2,145	152	2,147	-	12,604	167	14,918
Computer software	3,248	250	4,259	7,757	-	11,084	12,379	31,220
Consultants and subcontracts	591,719	7,521	389,792	989,032	-	63,855	58,891	1,111,778
Donations	-	-	-	-	-	-	-	-
Dues, subscriptions, and memberships	2,425	455	759	3,639	-	18,674	505	22,818
Reproduction costs	27,996	1,671	6,134	35,801	-	14,818	4,462	55,081
General insurance	25,183	46,643	5,517	77,343	11,402	5,500	4,014	98,259
Legal	-	-	198	198	-	18,098	-	18,296
Library expense	170	192	778	1,140	-	4,589	91	5,820
Licenses and registration	3,719	350	10	4,079	228	14,396	-	18,703
Memberships	950	-	300	1,250	-	3,058	99	4,407
Miscellaneous	188	194	472	854	-	5,746	1,145	7,745
Office expense	10,634	1,434	2,409	14,477	-	3,394	6,809	24,680
Office reimbursable expense	57,754	-	-	57,754	-	-	-	57,754
Outreach	260	100	28,540	28,900	-	28	80	29,008
Postage and freight	5,755	2,196	2,543	10,494	-	3,236	25,656	39,386
Printing	2,971	2,089	64,592	69,652	-	859	56,111	126,622
Professional development	10,016	-	2,034	12,050	-	2,843	2,399	17,292
Property taxes	-	-	-	-	-	5,517	-	5,517
Public relations	-	-	5,999	5,999	-	-	-	5,999
Recruiting expenses	74,919	-	11,053	85,972	-	33,158	11,053	130,183
Rent expense	285,972	27,591	61,077	374,640	-	98,086	46,979	519,705
Repairs and maintenance	3,134	186	687	4,007	10,207	15,628	500	30,342
Research materials	359	312	-	671	-	12,506	-	13,177
Software maintenance	25,923	-	5,185	31,108	-	15,554	30,023	76,685
Supplies	-	-	-	-	2,149	15,651	-	17,800
Telephone	100,177	13,542	22,516	136,235	-	76,985	20,421	233,641
Tools	-	-	1,079	1,079	239	105	-	1,423
Travel, meals, and meetings	607,792	100,496	45,515	753,803	-	33,361	88,053	875,217
Utilities	13,871	827	3,035	17,733	-	53,042	2,208	72,983
Web site	80	36	31,577	31,693	-	200	-	31,893
Total operating expenses	<u>6,385,163</u>	<u>643,433</u>	<u>1,610,321</u>	<u>8,638,917</u>	<u>57,086</u>	<u>1,380,167</u>	<u>1,236,138</u>	<u>11,312,308</u>
Other expenses								
Depreciation expense	159,737	8,407	33,629	201,773	-	44,838	33,629	280,240
Interest expense	40,675	2,141	8,563	51,379	-	11,418	8,563	71,360
Total other expenses	<u>200,412</u>	<u>10,548</u>	<u>42,192</u>	<u>253,152</u>	<u>-</u>	<u>56,256</u>	<u>42,192</u>	<u>351,600</u>
Total expenses	<u>\$ 6,585,575</u>	<u>\$ 653,981</u>	<u>\$ 1,652,513</u>	<u>\$ 8,892,069</u>	<u>\$ 57,086</u>	<u>\$ 1,436,423</u>	<u>\$ 1,278,330</u>	<u>\$ 11,663,908</u>