ROCKY MOUNTAIN INSTITUTE

Consolidated Financial Statements
and
Independent Auditors' Report
June 30, 2015

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ROCKY MOUNTAIN INSTITUTE

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7979 E. Tufts Avenue, Suite 400
Denver, Colorado 80237-2521
P: 303-740-9400
F: 303-740-9009
www.EKSH.com

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Rocky Mountain Institute
Boulder, Colorado

We have audited the accompanying consolidated financial statements of Rocky Mountain Institute (a Colorado non-profit corporation) and subsidiaries, which are comprised of the consolidated statement of financial position as of June 30, 2015, and the related consolidated statements of activities and cash flows for the period from January 1, 2015 (inception) to June 30, 2015, and the related notes to the consolidated financial statements.

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Rocky Mountain Institute and subsidiaries for the period from January 1, 2015 (inception) to June 30, 2015, and the changes in their net assets and their cash flows for the period then ended in accordance with accounting principles generally accepted in the United States of America.

REPORT ON SUPPLEMENTARY INFORMATION

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

EKS+H LLLP

EKS&H LLLP

October 2, 2015
Denver, Colorado

ROCKY MOUNTAIN INSTITUTE

Consolidated Statement of Financial Position
June 30, 2015

Assets

Current assets		
Cash and cash equivalents	$	5,393,165
Investments		2,229,160
Beneficial interest in assets held by The Denver Foundation		2,716,413
Accounts receivable, net of allowance for doubtful accounts of $23,156		809,524
Short-term pledges receivable		6,330,047
Inventory		2,859
Other current receivables		60,838
Prepaid expenses		287,902
Total current assets		17,829,908
Long-term assets		
Property and equipment, net		10,537,208
Long-term pledges receivable, net		4,050,750
Investments restricted for the Innovation Center		609,284
Other investments		100,000
Beneficial interest in assets held by The Denver Foundation		370,182
Deposits		121,357
Other assets		3,000
Total long-term assets		15,791,781
Total assets	$	33,621,689

Liabilities and Net Assets

Current liabilities		
Accounts payable	$	2,095,975
Accrued salaries and benefits		2,095,022
Lines-of-credit		2,500,000
Compensated absences		384,457
Deferred revenue		670,144
Deferred rent		38,781
Other accrued expenses		2,439
Capital lease obligations		130,010
Total current liabilities		7,916,828
Long-term liabilities		
Loan payable		1,084,348
Capital lease obligations, net of current portion		102,529
Total liabilities		9,103,705
Commitments		
Net assets		
Unrestricted		9,345,833
Temporarily restricted		14,862,581
Permanently restricted		309,570
Total net assets		24,517,984
Total liabilities and net assets	$	33,621,689

See notes to consolidated financial statements.

ROCKY MOUNTAIN INSTITUTE

Consolidated Statement of Activities
For the Period From January 1, 2015 (Inception) to June 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, gains, and other support				
Applied research/collaboration	$ 1,126,294	$ -	$ -	$ 1,126,294
Foundation, individual, and government grants	2,792,007	1,620,100	-	4,412,107
Individual and corporate contributions, net of direct benefit to donors of $1,818	3,324,763	3,569,712	6,710	6,901,185
Publishing and royalty revenue	10,418	-	-	10,418
Contributed facilities/in-kind donations	33,750	-	-	33,750
Other revenue	5,780	-	-	5,780
Gain on sale of assets	680,639	-	-	680,639
Change in beneficial interest in assets held by The Denver Foundation	(15,178)	3,665	-	(11,513)
Investment income (loss)	7,387	(3,571)	-	3,816
Net loss on investments	(16,711)	-	-	(16,711)
	7,949,149	5,189,906	6,710	13,145,765
Net assets released from restrictions	3,703,835	(3,127,510)	(576,325)	-
Total revenues, gains, and other support	11,652,984	2,062,396	(569,615)	13,145,765
Expenses				
Program services	11,363,123	-	-	11,363,123
Management and general	1,119,995	-	-	1,119,995
Fundraising	1,034,244	-	-	1,034,244
Total expenses	13,517,362	-	-	13,517,362
Change in net assets	(1,864,378)	2,062,396	(569,615)	(371,597)
Net assets at beginning of period	11,210,211	12,800,185	879,185	24,889,581
Net assets at end of period	$ 9,345,833	$ 14,862,581	$ 309,570	$ 24,517,984

See notes to consolidated financial statements.

ROCKY MOUNTAIN INSTITUTE

Consolidated Statement of Cash Flows
For the Period From January 1, 2015 (Inception) to June 30, 2015

Cash flows from operating activities	
Change in net assets	$ (371,597)
Adjustments to reconcile change in net assets to net cash used in operating activities	
Depreciation expense	141,220
Gain on sale of assets	(680,639)
Net loss on investments	16,711
Donated stock investments	(88,191)
Permanently restricted contributions	(6,710)
Net change in beneficial interest in assets held by The Denver Foundation	11,513
Changes in assets and liabilities	
Accounts receivable	(278,153)
Pledges receivable	(877,699)
Inventory	3,381
Other current receivables, prepaid expenses, and deposits	(33,622)
Accounts payable	645,712
Accrued salaries and benefits and other accrued expenses	861,665
Compensated absences	156,200
Deferred revenue	400,144
Deferred rent	38,781
Net cash used in operating activities	(61,284)
Cash flows from investing activities	
Net purchases of investments	(26,700)
Net proceeds from sale of investments	2,895,311
Purchases of property and equipment	(6,071,247)
Net proceeds from sale of property and equipment	1,200,000
Net cash used in investing activities	(2,002,636)
Cash flows from financing activities	
Draws from lines-of-credit	750,000
Proceeds from issuance of long-term debt	1,084,348
Permanently restricted contributions	6,710
Transfer to The Denver Foundation for beneficial interest in assets held	(15,500)
Payments on notes payable and capital lease obligations	(65,325)
Net cash provided by financing activities	1,760,233
Net change in cash and cash equivalents	(303,687)
Cash and cash equivalents, beginning of period	5,696,852
Cash and cash equivalents, end of period	$ 5,393,165

Supplemental disclosure of cash flow information:

Interest paid was $41,085 for the period ended June 30, 2015.

Supplemental disclosure of non-cash activity:

During the period ended June 30, 2015, the Alliance entered into capital lease obligations in the amount of $67,215 for equipment.

See notes to consolidated financial statements.

Note 1 - Organization and Summary of Significant Accounting Policies

Organization

Effective January 1, 2015, the entity formerly known as Rocky Mountain Institute ("RMI") merged with Carbon War Room ("CWR"). RMI, located in Snowmass and Boulder, Colorado, is an independent, entrepreneurial, non-profit think-and-do tank, whose mission is to drive the efficient and restorative use of resources. RMI is working to transform the global energy system to create a clean, prosperous, and secure future. CWR operates in Colorado; New York; and Washington, D.C.; and specifically works to accelerate the adoption of business solutions that reduce carbon emissions at the gigaton scale and advance the low-carbon economy.

The purpose of the merger is to unite two business units with closely aligned missions, maintaining distinct, yet complementary, impact models and brands. Their alliance will generate breakthrough insights, partner with early adopters, create replicable solutions, engage with markets to remove transaction barriers, and close information gaps, all in order to scale impact and transform global energy use. As of the merger date, the combination of RMI and CWR was deemed to be a newly formed entity referred to as Rocky Mountain Institute. As such, the accompanying consolidated statements of activities and cash flows are for the period from January 1, 2015 (inception) to June 30, 2015.

In September 2014, RMI Innovation Center, LLC ("RMIIC") was formed as a 100% owned subsidiary of Rocky Mountain Institute. RMIIC was formed to construct and own Rocky Mountain Institute's Innovation Center which, when completed, will be a beyond-state-of-the-art office and convening center of 15,610 square feet along the banks of the Roaring Fork River in Basalt, Colorado.

On April 21, 2015, Rocky Mountain Institute International ("RMII") was formed as a 100% owned subsidiary of Rocky Mountain Institute. RMII was created to facilitate the execution of Rocky Mountain Institute's mission in China and elsewhere in Asia.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Rocky Mountain Institute, RMIIC, and RMII (collectively, the "Alliance").

All intercompany accounts and transactions have been eliminated in consolidation.

Basis of Presentation

The Alliance 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 the Alliance'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.

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

Basis of Presentation (continued)

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

Cash and Cash Equivalents

The Alliance 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. As of June 30, 2015 and periodically throughout the period, the Alliance maintained balances in various operating accounts in excess of federally insured limits.

Investments

The Alliance 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 consolidated statement 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 the Alliance 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. Pledges that are expected to be collected within one year are recorded at their net realizable value. Pledge commitments that are expected to be collected in future years are recorded at the present value of estimated future cash flows.

The allowance method is used to determine uncollectible pledges receivable. The allowance is based on prior years' experience and management's analysis of specific pledges. As of June 30, 2015, management believes all pledges are fully collectible.

Concentration of Risk

As of and for the period ended June 30, 2015, the Alliance had two donors who accounted for 27% of the pledges receivable balance, and two donors who were responsible for approximately 34% of total revenues, gains, and other support.

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

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 the Alliance. 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 3 to 40 years.

Long-Lived Assets

The Alliance 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 period ended June 30, 2015, the Alliance has not recognized any impairment losses on long-lived assets.

Deferred Revenue

Prepayments of membership dues and event registration fees are deferred and recognized as revenue in the applicable future period when the revenue is earned.

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 the Alliance. 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.

Collaboration Fees

The Alliance collaborates with individuals, corporations, and governments to produce research and education programs to advance its mission. Fees related to these programs are recorded as revenue as the collaboration projects are completed.

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

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 consolidated statement 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 consolidated statement of activities.

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

Rocky Mountain Institute is a non-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC"). RMIIC is a limited liability company, and RMII is a limited partnership with no significant taxable activity during the period. Accordingly, no provision for income taxes has been recorded on the accompanying consolidated financial statements.

The Alliance 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, 2015.

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, 2015.

Use of Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated 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

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

Note 2 - Merger of Entities

As described in Note 1, RMI and CWR merged effective January 1, 2015. The amounts recognized as of the merger date are as follows:

	RMI	CWR	Total
Cash	$ 2,956,337	$ 2,740,515	$ 5,696,852
Investments	2,247,721	-	2,247,721
Beneficial interest in assets	5,957,608	-	5,957,608
Accounts receivable, net	503,463	27,908	531,371
Promises to give	5,183,290	4,319,808	9,503,098
Property, plant, and equipment, net	4,957,569	101,761	5,059,330
Investments restricted for endowment	612,855	-	612,855
Other assets	418,740	26,975	445,715
Total assets	$ 22,837,583	$ 7,216,967	$ 30,054,550
Accounts payable and accrued expenses	$ 2,393,643	$ 790,677	$ 3,184,320
Line of credit	1,750,000	-	1,750,000
Capital lease obligations	230,649	-	230,649
Total liabilities	4,374,292	790,677	5,164,969
Net assets	18,463,291	6,426,290	24,889,581
Total liabilities and net assets	$ 22,837,583	$ 7,216,967	$ 30,054,550

Note 3 - Investments

The following is a summary of investments at estimated fair value as of June 30, 2015:

Unrestricted	
Cash and money market funds	$ 430,187
Mutual funds	
Fixed income	472,911
Equities	1,326,062
Total unrestricted	2,229,160
Restricted	
Cash and money market funds	77,990
Mutual funds	
Fixed income	284,453
Equities	246,841
Total restricted	609,284
Total investments	$ 2,838,444

Note 3 - Investments (continued)

The following schedule summarizes the investment return and its classification in the consolidated statement of activities as of June 30, 2015:

Investment income	
Interest and dividend income	$ 15,742
Investment management and custodian fees	(11,926)
Total investment income	3,816
Net loss on investments	
Realized loss on investments	(8,954)
Unrealized loss on investments	(7,757)
Total net loss on investments	(16,711)
Total return on investments	$ (12,895)

Note 4 - Beneficial Interest in Assets Held by The Denver Foundation

The Rocky Mountain Institute Fund

The Alliance established a Non-Profit Organization Advised Fund, known as The Rocky Mountain Institute Fund (the "RMI Fund"), to be held by The Denver Foundation (the "Foundation"). The RMI Fund is held and invested by the Foundation for the benefit of the Alliance. All or any part of the income and principal of the RMI Fund can be distributed to the Alliance or be used or distributed for the benefit of, or to carry out the purpose of, the Alliance 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 the Alliance in accordance with the Foundation's guidelines for advised funds.

As of June 30, 2015, the fair value of the assets of the RMI Fund was $2,716,413. Distributions from the RMI Fund are available to the Alliance for its unrestricted use. During 2015, all income from the RMI Fund was reinvested.

The Phillip Austin Semmer Memorial Internship Fund

The Alliance established 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 the Alliance. The Alliance 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.

As of June 30, 2015, the fair value of the assets of the Semmer Fund was $122,075. Distributions from the Semmer Fund are available to the Alliance for the funding of a research intern. During 2015, all income from the Semmer Fund was reinvested.

Note 4 - Beneficial Interest in Assets Held by The Denver Foundation (continued)

The Eric Konheim Memorial Internship Fund

The Alliance established a permanent endowment fund, known as the Eric Konheim Memorial Internship Fund (the "Konheim Fund"), to be held by the Foundation. The Konheim Fund is held and invested by the Foundation for the benefit of the Alliance. The Alliance is eligible to receive annual distributions up to 6% of the market value of the Konheim Fund. Excess earnings, if any, are reinvested in the Konheim Fund.

As of June 30, 2015, the fair value of the assets of the Konheim Fund was $133,309. Distributions from the Konheim Fund are available to the Alliance for the funding of a research intern. During 2015, all income from the Konheim Fund was reinvested.

The RMI Endowment Fund

The Alliance established 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 the Alliance. The Alliance is eligible to receive annual distributions up to 6% of the market value of the RMI Endowment. Excess earnings, if any, are reinvested in the RMI Endowment.

As of June 30, 2015, the fair value of the assets of the RMI Endowment was $114,798. Distributions from the RMI Endowment are available to the Alliance for its unrestricted use. During 2015, all income from the RMI Endowment was reinvested.

The Alliance 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 the Alliance have become unnecessary, undesirable, impractical, incapable of fulfillment, or inconsistent with the charitable needs of the community. As the Alliance has named itself the beneficiary of the funds, the transfers were accounted for as reciprocal transfers between the Alliance and the Foundation. Therefore, the Alliance reflects the value of the funds held by the Foundation in the accompanying consolidated statement of financial position as beneficial interest in assets held by the 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 period ended June 30, 2015 were approximately $56,700.

Note 5 - Fair Value Reporting

The Alliance 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. The Alliance 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:

Money market and 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 Foundation: Recorded at the Alliance's proportionate share of the net asset value of the Foundation investment pool. This amount is provided by the Foundation and is driven by the fair value of the marketable securities underlying the fund.

Note 5 - Fair Value Reporting (continued)

Financial assets carried at fair value as of June 30, 2015 are classified in the table below in one of the three categories described above:

Description	Level 1	Level 2	Level 3	Total
Money market funds	$ 508,177	$ -	$ -	$ 508,177
Mutual funds	2,330,267	-	-	2,330,267
Beneficial interest in assets held by the Foundation	-	-	3,086,595	3,086,595
Total	$ 2,838,444	$ -	$ 3,086,595	$ 5,925,039

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) for the period ended June 30, 2015:

Beginning balance	$ 5,957,608
Change in beneficial interest	(11,513)
Transfers to the Foundation, including donated investments	15,500
Proceeds from sales used for construction in progress	(2,875,000)
Ending balance	$ 3,086,595

Note 6 - Pledges Receivable

Promises to give consist of the following at June 30, 2015:

Capital campaign	$ 2,728,000
Operations/annual giving	7,652,797
	$ 10,380,797

Pledges are expected to be received as follows at June 30, 2015:

Due in less than one year	$ 5,780,047
Due in one to five years/restricted for long-term purposes	4,619,435
	10,399,482
Less unamortized discount on pledges	(18,685)
	10,380,797
Less current portion	(6,330,047)
Long-term pledges receivable	$ 4,050,750

Note 6 - Pledges Receivable (continued)

Pledges that are due in less than one year but are related to long-term purposes, such as the capital campaign, are classified as non-current assets on the accompanying consolidated statement of financial position due to the long-term nature of the underlying purpose. The effective interest rate used to calculate the discount on pledges receivable is 0.80%.

Note 7 - Property and Equipment

The Alliance's property and equipment are comprised of the following as of June 30, 2015:

Construction in progress	$ 9,878,335
Equipment	2,342,832
Buildings and improvements	480,156
Furniture	334,552
Intellectual property licenses	100,000
Vehicles	57,887
Land and land improvements	7,141
	13,200,903
Less accumulated depreciation and amortization	(2,663,695)
Property and equipment, net	$ 10,537,208

Depreciation and amortization expense for the period ended June 30, 2015 was $141,220.

Construction in Progress

The Alliance commenced construction on the Innovation Center in Basalt, Colorado, which will serve as an office for a portion of the Alliance's staff and a convening space. It is expected to be one of the most energy-efficient buildings in North America, and demonstrate many of the design and technical features that the Alliance advocates in its buildings program work. Elements of the IC, or its construction, operation, and maintenance, are expected to impact the techniques used in other buildings thereby lowering the energy consumption of buildings more broadly. While those benefits associated with the IC are not capitalizeable, they are important and consistent with the overall mission of the Alliance.

The costs of the IC to date include the cost of land and construction, including soft costs associated with consultants and others engaged to assist in the project. Given the nature and purpose of the IC, it is entirely possible that the market value of the property, when compared to other similarly sized and situated real estate, will be less than the capitalized costs associated with its construction (given the IC's dual purpose to both house Alliance operations and to inform building construction, ownership, and operation techniques more broadly). Upon completion of the IC, a third-party appraisal will be performed and management will determine the amount, if any, of impairment to be recorded.

Note 8 - Investment in Black Bear Energy, Inc.

During the period ended June 30, 2015, the Alliance made is its initial investment in Black Bear Energy, Inc. ("BBE"). As of June 30, 2015, the Alliance's investment totaled $100,000 and is reported as other investments on the consolidated statement of financial position. The Alliance has committed to invest an additional $25,000 plus $400,000 subject to the completion of certain milestones. The Alliance and BBE have entered into a shared services agreement under which the Alliance provides certain services to BBE (e.g., office space, administrative support).

As of June 30, 2015, the Alliance holds 15.95% of the issued and outstanding shares of BBE. The Alliance's investment in BBE is reported under the cost method of accounting. Management will assess the effect of further investment or control provisions of the Alliance's investment in BBE to determine the need to report the investment on the equity method or as a consolidated entity in the future.

Note 9 - Lines-of-Credit

The Alliance 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 2015. As of June 30, 2015, the interest rate was 4.00%. This line-of-credit is collateralized by an investment account. As of June 30, 2015, the outstanding balance on this line-of-credit was $1,250,000. The second line-of-credit is for $1,500,000 and is available until December 2015. As of June 30, 2015, the interest rate was 5.00%. This line-of-credit is collateralized by a savings account with a balance of $1,503,598, included in cash and cash equivalents on the accompanying consolidated statement of financial position as of June 30, 2015. As of June 30, 2015, the outstanding balance on this line-of-credit was $1,250,000.

Note 10 - Loan Payable

The Alliance entered into a loan agreement with a bank and the Town of Basalt, Colorado (the "Town"), to borrow the proceeds of revenue bonds issued by the Town. The maximum principal available on the draw-down loan is $7,500,000. Payments of principal and interest based on LIBOR are due each May and November starting November 2016 through the maturity date in November 2036. The loan is collateralized by a deed of trust on the Innovation Center and is subject to certain covenants. At June 30, 2015, the outstanding principal balance on the loan totaled $1,084,348.

Note 11 - Capitalized Lease Obligations

The Alliance has acquired assets under the provisions of 12 long-term leases. For financial reporting purposes, minimum lease payments relating to the assets have been capitalized. The leases expire from September 2015 to April 2018. Amortization of the leased property is included in depreciation expense.

Note 11 - Capitalized Lease Obligations (continued)

The assets under capital leases have cost and accumulated amortization at June 30, 2015 as follows:

Capital leased assets	$ 456,546
Less accumulated amortization	(195,425)
	$ 261,121

Maturities of capital lease obligations are as follows:

Year Ending June 30,	
2016	$ 134,418
2017	79,158
2018	25,657
Total minimum lease payments	239,233
Amount representing interest	(6,694)
Present value of net minimum lease payments	232,539
Less current portion	(130,010)
Long-term capital lease obligations	$ 102,529

Note 12 - Retirement Plan

403(b) Plan

The Alliance 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. The Alliance matches 100% of eligible participants' contributions, up to 5% of eligible participants' compensation. Employer contributions of $246,867 were made and are included in the consolidated statement of activities for the period ended June 30, 2015.

Note 13 - Net Assets

The Alliance implemented a Designated Funding Policy for the purpose of designating unrestricted operating funds for future use and specified purposes. The Alliance establishes designations of these funds for activities and projects specifically approved by the Programmatic Review and Evaluation Panel. As of June 30, 2015, approximately $7,000,000 of unrestricted net assets was considered designated under this policy.

Note 13 - Net Assets (continued)

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 the Alliance 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:

Pledges receivable (time restricted)	$ 10,380,797
Carbon War Room	2,725,213
Reinventing fire	1,071,110
Buildings	77,953
RMI shipping	170,520
Endowment funds	67,674
Electricity	113,145
Communities	86,413
Solar	75,000
Transportation	51,646
Administration	43,110
	$ 14,862,581

The Alliance 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:

Phillip Austin Semmer Memorial Endowment	$ 101,080
Eric Konheim Endowment	133,490
Rocky Mountain Institute Endowment	75,000
	$ 309,570

Note 14 - Commitments

Operating Leases

The Alliance leases several of its facilities and equipment under operating leases expiring through January 2023. Rent expense for the period ended June 30, 2015 was $407,494.

From January 1 through March 31, 2015, the Alliance occupied office space without rent and recorded $33,750 of imputed rent and a related in-kind contribution. Effective April 2015, the Alliance pays rent for the space.

Note 14 - Commitments (continued)

Operating Leases (continued)

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

For the Year Ending June 30,	
2016	$ 752,000
2017	711,000
2018	709,000
2019	501,000
2020	291,000
Thereafter	707,000
	$ 3,671,000

Construction Commitment

As of June 30, 2015, the Alliance has commitments related to the construction of the Innovation Center totaling approximately $6,700,000.

Note 15 - Endowments

The Alliance's endowments consist of four individual funds. The endowments consist of donor-restricted endowment funds. As required by generally accepted accounting principles, 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 the Alliance 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, the Alliance 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 the Alliance in a manner consistent with the standard of prudence prescribed by UPMIFA.

Note 15 - Endowments (continued)

Interpretation of Relevant Law (continued)

In accordance with UPMIFA, the Alliance 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

Return Objectives and Risk Parameters

The Alliance 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 the Alliance 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 36% domestic equities, 22% international equities, 19% fixed income, 18% private equities, 2% cash and cash equivalents, and 3% 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.

The Alliance 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, the Alliance 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). The Alliance 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.

Note 15 - Endowments (continued)

Spending Policy and How the Investment Objectives Relate to Spending Policy

Each year, the Alliance's policy allows for the distribution of 2% to 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, the Alliance considered the long-term expected return on its endowments. Accordingly, over the long-term the Alliance expects the current spending policy to allow its endowments to grow at an average of 4% annually. This is consistent with the Alliance'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, 2015:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ 67,674	$ 309,570	$ 377,244

Changes in invested endowment assets for the period ended June 30, 2015:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment assets, beginning of period	$ -	$ 100,540	$ 879,185	$ 979,725
Change in beneficial interest in assets held by the Foundation	-	3,665	-	3,665
Investment return				
Investment income	-	3,528	-	3,528
Net appreciation, net of fees	-	(7,099)	-	(7,099)
Total investment return	-	(3,571)	-	(3,571)
Contributions	-	-	6,710	6,710
Repurposing of endowment assets for expenditure	-	(32,960)	(576,325)	(609,285)
Endowment assets, end of period	$ -	$ 67,674	$ 309,570	$ 377,244

Note 16 - Related Party Transactions

The balance in accounts receivable on the accompanying consolidated statement of financial position includes $74,220 due from a member of the Board of Trustees.

Pledges receivable on the accompanying consolidated statement of financial position include $3,315,000 due from various members of the Board of Trustees.

Note 17 - Subsequent Event

In August 2015, Qianhai RMI Research Center ("Qianhai") was formed as a partnership in China. The Alliance is a limited partner, and RMII is a general partner in Qianhai. As such, Qianhai will be consolidated in fiscal year 2016 with the Alliance.

SUPPLEMENTARY INFORMATION

ROCKY MOUNTAIN INSTITUTE

Schedule of Functional Expenses
For the Period Ended June 30, 2015

	Research and Consulting	Office of the Chief Scientist	Carbon War Room	Communications	Total Program Services	Management and General	Fundraising	Total
Operating expenses								
Salaries	$ 4,136,994	$ 249,323	$ 660,194	$ 506,486	$ 5,552,997	$ 346,880	$ 708,977	$ 6,608,854
Benefits	827,917	52,306	123,678	86,881	1,090,782	107,169	70,334	1,268,285
Accounting and audit fees	-	-	1,650	-	1,650	46,857	-	48,507
Advertising	-	-	-	408	408	-	475	883
Auto expense - lease	-	-	-	-	-	2,600	-	2,600
Auto expense - gas and maintenance	-	-	-	-	-	75	-	75
Bad debt/professional discounts	2,500	-	-	-	2,500	-	-	2,500
Bank and credit card charges	30	-	698	-	728	11,834	468	13,030
Board meeting expenses	-	-	29	-	29	23,338	-	23,367
Computer equipment	-	388	603	238	1,229	19,528	-	20,757
Computer software	100	301	1,583	3,000	4,984	6,025	1,364	12,373
Consultants and subcontractors	1,201,591	-	543,337	67,732	1,812,660	95,220	91,622	1,999,502
Dues, subscriptions, and memberships	52,345	395	1,942	27	54,709	1,845	718	57,272
Reproduction costs	8,183	443	1,658	1,450	11,734	1,549	1,106	14,389
General insurance	16,998	919	3,439	3,019	24,375	3,217	2,297	29,889
Legal	78,592	-	21,703	47	100,342	4,136	-	104,478
Library expense	1,648	-	-	-	1,648	17	268	1,933
Licenses and registration	4,549	-	2,394	-	6,943	6,066	350	13,359
Memberships	557	-	585	-	1,142	6,190	48	7,380
Event expense	-	-	13,130	182	13,312	-	-	13,312
Miscellaneous	281	1,002	332	-	1,615	8,042	99	9,756
Office expense	10,169	866	2,631	1,810	15,476	2,103	1,368	18,947
Other reimbursable expense	59,613	-	3,631	-	63,244	-	-	63,244
Marketing and outreach	-	73	-	3,381	3,454	-	58	3,512
Postage and freight	1,511	504	1,178	225	3,418	3,469	16,128	23,015
Printing	1,382	123	91	12,968	14,564	569	21,332	36,465
Professional development	46,394	1,280	-	225	47,899	2,024	1,393	51,316
Public relations	-	-	-	97,260	97,260	-	-	97,260
Recruiting expenses	288,210	-	399	-	288,609	15,154	-	303,763
Rent expense	200,526	21,507	42,488	35,143	299,664	68,889	26,912	395,465
Repairs and maintenance	9,958	538	2,315	1,781	14,592	41,873	1,346	57,811
Research materials	850	320	2,100	-	3,270	-	-	3,270
Software maintenance	19,902	948	3,573	3,140	27,563	5,961	18,573	52,097
Supplies	-	-	-	-	-	4,118	-	4,118
Taxes	-	-	-	-	-	12,860	-	12,860
Telephone	164,734	16,371	39,849	27,102	248,056	43,781	22,194	314,031
Travel, meals, and meetings	1,098,671	67,424	199,516	16,193	1,381,804	181,059	35,543	1,598,406
Utilities	7,455	4,558	1,485	1,302	14,800	17,072	1,007	32,879
Website	-	-	1,855	9,120	10,975	-	-	10,975
Total operating expenses	8,241,660	419,589	1,678,066	879,120	11,218,435	1,089,520	1,023,980	13,331,935
Other expenses								
Depreciation expense	78,658	4,445	17,777	9,313	110,193	23,211	7,816	141,220
Foreign exchange transaction	1,739	98	393	206	2,436	512	174	3,122
Interest expense	22,884	1,293	5,172	2,710	32,059	6,752	2,274	41,085
Total other expenses	103,281	5,836	23,342	12,229	144,688	30,475	10,264	185,427
Total expenses	$ 8,344,941	$ 425,425	$ 1,701,408	$ 891,349	$ 11,363,123	$ 1,119,995	$ 1,034,244	$ 13,517,362