ROCKY MOUNTAIN INSTITUTE

Consolidated Financial Statements
and
Independent Auditors' Report
June 30, 2017 and 2016

ROCKY MOUNTAIN INSTITUTE

Table of Contents

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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 statements of financial position as of June 30, 2017 and 2016, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

MANAGEMENT'S RESPONSIBILITY FOR THE 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 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 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 as of June 30, 2017 and 2016, and the changes in their net assets and their cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

REPORT ON SUPPLEMENTARY INFORMATION

Our audits were 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. The consolidating schedules are presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and changes in net assets of the individual entities, and are 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 audits 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.

ADJUSTMENTS TO PRIOR PERIOD FINANCIAL STATEMENTS

As discussed in Note 12 to the consolidated financial statements, the 2016 consolidated financial statements have been restated to reclassify net asset balances. Our opinion is not modified with respect to this matter.

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November 9, 2017
Denver, Colorado

ROCKY MOUNTAIN INSTITUTE

Consolidated Statements of Financial Position

	June 30, 2017	June 30, 2016 (Restated)
Assets		
Current assets		
Cash and cash equivalents	$ 4,792,403	$ 3,794,513
Investments	3,520	3,008
Beneficial interest in assets held by The Denver Foundation	128,302	113,334
Accounts receivable, net of allowance for doubtful accounts of $0 (2017) and $18,789 (2016)	1,788,180	1,311,214
Short-term pledges receivable	6,126,190	6,311,267
Other current receivables	107,318	29,387
Prepaid expenses and other assets	175,946	194,845
Total current assets	13,121,859	11,757,568
Long-term assets		
Property and equipment, net	16,746,657	16,935,393
Long-term pledges receivable, net	3,149,141	3,420,315
Investments restricted for the Innovation Center	533,657	514,637
Beneficial interest in assets held by The Denver Foundation	385,684	370,055
Deposits and other assets	356,964	336,874
Total long-term assets	21,172,103	21,577,274
Total assets	$ 34,293,962	$ 33,334,842
Liabilities and Net Assets		
Current liabilities		
Accounts payable	$ 1,008,005	$ 882,202
Accrued salaries and benefits	2,540,888	2,370,956
Deferred revenue	1,211,071	1,172,001
Loan payable, current portion	256,752	256,752
Capital lease obligations, current portion	111,828	116,884
Deferred rent, current portion	26,964	19,291
Other accrued expenses	109,771	97,705
Total current liabilities	5,265,279	4,915,791
Long-term liabilities		
Loan payable, net of current portion	4,491,434	4,710,947
Line-of-credit	12,462	24,257
Deferred rent, net of current portion	79,014	126,604
Capital lease obligations, net of current portion	89,126	88,539
Total liabilities	9,937,315	9,866,138
Commitments		
Net assets		
Unrestricted		
Rocky Mountain Institute	12,049,414	11,854,167
Non-controlling interest in Black Bear Energy, Inc.	-	(478,078)
Total unrestricted	12,049,414	11,376,089
Temporarily restricted	11,427,013	11,219,045
Permanently restricted	880,220	873,570
Total net assets	24,356,647	23,468,704
Total liabilities and net assets	$ 34,293,962	$ 33,334,842

See notes to consolidated financial statements.

ROCKY MOUNTAIN INSTITUTE

Consolidated Statements of Activities

	For the Year Ended June 30, 2017				For the Year Ended June 30, 2016 (Restated)			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, gains, and other support								
Earned revenue	$ 5,597,532	$ -	$ -	$ 5,597,532	$ 3,821,531	$ -	$ -	$ 3,821,531
Foundation, individual, and corporate contributions	18,810,686	12,223,907	6,650	31,041,243	12,521,230	13,245,999	8,000	25,775,229
Publishing and royalty revenue	8,869	-	-	8,869	5,577	-	-	5,577
Other revenue	94,237	-	-	94,237	53,413	-	-	53,413
Change in beneficial interest in assets held by The Denver Foundation	14,968	48,255	-	63,223	(103,078)	(15,338)	-	(118,416)
Investment income, net	11,753	-	-	11,753	20,199	5,869	-	26,068
Net realized and unrealized gain (loss) on investments	5,836	-	-	5,836	(104,494)	(491)	-	(104,985)
	24,543,881	12,272,162	6,650	36,822,693	16,214,378	13,236,039	8,000	29,458,417
Net assets released from restrictions	12,064,194	(12,064,194)	-	-	15,474,065	(15,474,065)	-	-
Total revenues, gains, and other support	36,608,075	207,968	6,650	36,822,693	31,688,443	(2,238,026)	8,000	29,458,417
Expenses								
Program services	27,757,004	-	-	27,757,004	23,658,624	-	-	23,658,624
Management and general	5,756,959	-	-	5,756,959	4,481,258	-	-	4,481,258
Fundraising	2,458,282	-	-	2,458,282	2,314,418	-	-	2,314,418
Total expenses	35,972,245	-	-	35,972,245	30,454,300	-	-	30,454,300
Excess of revenues, gains, and other support over expenses	635,830	207,968	6,650	850,448	1,234,143	(2,238,026)	8,000	(995,883)
Loss from investment in Black Bear Energy, Inc., as reported under the equity method	(562,602)	-	-	(562,602)	-	-	-	-
Deconsolidation (consolidation) of Black Bear Energy, Inc.	600,097	-	-	600,097	(53,397)	-	-	(53,397)
Change in net assets	$ 673,325	$ 207,968	$ 6,650	$ 887,943	$ 1,180,746	$ (2,238,026)	$ 8,000	$ (1,049,280)

See notes to consolidated financial statements.

ROCKY MOUNTAIN INSTITUTE

Consolidated Statements of Cash Flows

	For the Years Ended June 30, 2017	2016
Cash flows from operating activities		
Change in net assets	$ 887,943	$ (1,049,280)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation expense	766,335	567,489
Amortization of loan fees	17,558	-
Net realized and unrealized (gain) loss on investments	(5,836)	104,985
Permanently restricted contributions	(6,650)	(8,000)
Net change in beneficial interest in assets held by The Denver Foundation	(63,223)	118,416
Bad debt expense	848,359	-
Consolidation of former equity investment in Black Bear Energy, Inc.	-	100,000
Changes in assets and liabilities		
Accounts receivable	(476,966)	(501,690)
Pledges receivable	(392,108)	649,215
Other current receivables, prepaid expenses and other assets, and deposits	(79,122)	(239,078)
Accounts payable	125,803	(130,736)
Accrued salaries and benefits and other accrued expenses	181,998	(221,390)
Deferred revenue	39,070	501,857
Deferred rent	(39,917)	107,113
Net cash provided by (used in) operating activities	1,803,244	(1,099)
Cash flows from investing activities		
Net purchases of investments	(13,696)	(15,033)
Net proceeds from sale of investments	-	2,230,847
Net transfers from The Denver Foundation	32,626	2,484,790
Purchases of property and equipment	(442,106)	(7,720,370)
Net cash used in investing activities	(423,176)	(3,019,766)
Cash flows from financing activities		
Net payments on line-of-credit	(11,795)	(2,475,743)
Proceeds from issuance of long-term debt	21,869	5,305,770
Payments on long-term debt	(258,940)	(1,268,490)
Permanently restricted contributions	6,650	8,000
Payments on capital lease obligations	(139,962)	(147,324)
Net cash (used in) provided by financing activities	(382,178)	1,422,213
Net change in cash and cash equivalents	997,890	(1,598,652)
Cash and cash equivalents, beginning of year	3,794,513	5,393,165
Cash and cash equivalents, end of year	$ 4,792,403	$ 3,794,513

(Continued on the following page)

See notes to consolidated financial statements.

(Continued from the previous page)

Supplemental disclosure of cash flow information:

For the years ended June 30, 2017 and 2016, cash paid for interest, net of amount capitalized, was $56,056 and $99,731, respectively.

Supplemental disclosure of non-cash activity:

During the years ended June 30, 2017 and 2016, RMI entered into capital lease obligations for equipment in the amounts of $135,493 and $120,208, respectively.

Purchases of property and equipment during the year ended June 30, 2016 include $874,904 of accrued construction payables at June 30, 2015.

Note 1 - Organization and Summary of Significant Accounting Policies

Organization

Rocky Mountain Institute is an independent, entrepreneurial, non-profit think-and-do tank, whose mission is to drive the efficient and restorative use of resources. Rocky Mountain Institute is working to transform the global energy system to create a clean, prosperous, and secure future. Rocky Mountain Institute operates in Colorado, China, 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.

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 is 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.

During the year ended June 30, 2016, Black Bear Energy, Inc. ("BBE") became a 54.5% owned subsidiary of Rocky Mountain Institute. BBE helps property owners and users throughout the U.S. deploy solar projects on their terms at the most competitive pricing available. As Rocky Mountain Institute's ownership interest was greater than 50%, BBE is consolidated in Rocky Mountain Institute's financial statements for the year ended June 30, 2016, and the loss and equity attributable to the remaining ownership interests are presented as a non-controlling interest. As discussed in Note 15, on July 21, 2016, BBE sold additional equity interests to external investors, which diluted Rocky Mountain Institute's ownership interest to 37.5%. Accordingly, BBE was deconsolidated from the financial statements and Rocky Mountain Institute's investment in BBE is accounted for under the equity method subsequent to July 21, 2016.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Rocky Mountain Institute, RMIIC, and RMII (collectively, "RMI"). BBE was included in the consolidated financial statements through July 21, 2016, the date of deconsolidation.

All intercompany accounts and transactions have been eliminated in consolidation.

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.

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

Basis of Presentation (continued)

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. As of June 30, 2017 and 2016, and periodically throughout the year, RMI maintained balances in various operating accounts in excess of federally insured limits.

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 on 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 RMI on an ongoing basis. The losses ultimately incurred could differ materially in the near term from the amounts estimated in determining the allowance. As of June 30, 2017 and 2016, the allowance was $0 and $18,789, respectively.

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, 2017 and 2016, management believes all pledges are fully collectible.

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

Concentration of Risk

As of and for the year ended June 30, 2017, RMI had five donors who accounted for 72% of the receivable balance and one donor who was responsible for approximately 35% of total revenues, gains, and other support.

As of and for the year ended June 30, 2016, RMI had three donors who accounted for 38% of the receivable balance and one donor who was responsible for approximately 21% of total revenues, gains, and other support.

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 3 to 40 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, 2017 and 2016, RMI 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 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.

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

Earned Revenue

RMI 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.

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 on the consolidated 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 consolidated statements of activities.

Grants received by RMII are recognized on the milestone method, where revenue is recognized as milestones defined in the grant agreements are completed.

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. BBE is a C corporation. Deferred tax assets related to BBE's loss carryforwards have been reduced by a valuation allowance due to uncertainty related to realization. Accordingly, no provision for income taxes has been recorded in the accompanying consolidated financial statements.

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, 2017 and 2016.

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, 2017 and 2016.

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

Use of Estimates

The preparation of consolidated 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 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.

Recently Issued Accounting Pronouncements

In August 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-14, *Not-For-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The amendment applies to not-for-profit entities. The amendment reduces the classes of net assets to net assets with donor restrictions and net assets without donor restrictions; removes the reconciliation of cash flows to the indirect method if using the direct method; requires the reporting of investment returns, net of expenses, with no disclosure of netted expenses required; requires the use, in the absence of explicit donor stipulations, of the placed-in-service approach for reporting expirations of restrictions on cash or other asset donations; and requires disclosure of expenses by both their natural and functional classification on the face of the statement of activities, as a separate statement, or in the notes to the financial statements. In addition, the amendment provides enhanced disclosures on amounts and purposes of board designations and appropriations, composition of net assets with donor restrictions, discussion of liquidity for the year following year-end, discussion of liquidity of financial assets at year-end, methodology used to allocate costs between program and support functions, and underwater endowment funds. The amendment will become effective for RMI beginning July 1, 2018, with early adoption allowed. Entities should apply the amendment in this update retrospectively to all periods presented.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. The new standard establishes a right-of-use ("ROU") model that requires a lessee to record an ROU asset and a lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating with classification affecting the pattern of expense recognition on the income statement. The new standard will become effective for RMI beginning July 1, 2020, including interim periods within the fiscal years. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements with certain practical expedients available.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*, which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. ASU No. 2014-09 will replace most existing revenue recognition guidance in GAAP when it becomes effective. The new standard will become effective for RMI beginning July 1, 2019.

RMI is currently evaluating the impact of the pending adoption of the new standards on the consolidated financial statements.

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

Reclassifications

Certain amounts in the 2016 consolidated financial statements have been reclassified to conform to the 2017 presentation.

Subsequent Events

RMI has evaluated all subsequent events through the auditors' report date, which is the date the consolidated financial statements were available to be issued.

Effective July 1, 2017, RMI entered into a parent-subsidiary relationship with WattTime, a California 501(c)3 non-profit organization with a mission to raise awareness about the potential to reduce environmental harm by shifting electricity use to particular times and to encourage the development and spread of common protocols for this practice. Under the agreement, RMI as the parent is the "designator," as that term is used in California Corporations Code Section 5220(d), with the power to appoint WattTime's entire board of directors. While no consideration was exchanged in the transaction, RMI agreed to certain fundraising obligations and administrative assistance to WattTime. In exchange, WattTime will grant excess revenues to RMI to use for RMI's charitable purposes.

See Notes 7 and 8 for additional disclosure of subsequent events.

Note 2 - Investments

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

	June 30,	
	2017	2016
Unrestricted		
Cash and money market funds	$ 3,520	$ 3,008
Total unrestricted	3,520	3,008
Restricted		
Cash and money market funds	3,324	53,536
Mutual funds		
Fixed income	259,160	300,588
Equities	271,173	160,513
Total restricted	533,657	514,637
Total investments	$ 537,177	$ 517,645

Note 2 - Investments (continued)

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

	For the Years Ended June 30, 2017	For the Years Ended June 30, 2016
Investment income		
Interest and dividend income	$ 16,142	$ 38,248
Investment management and custodian fees	(4,389)	(12,180)
Total investment income	11,753	26,068
Net gain (loss) on investments		
Realized loss on investments	(8,053)	(45,323)
Unrealized gain (loss) on investments	13,889	(59,662)
Total net gain (loss) on investments	5,836	(104,985)
Total return on investments	$ 17,589	$ (78,917)

Note 3 - Beneficial Interest in Assets Held by The Denver Foundation

Funds

The Rocky Mountain Institute Fund

RMI 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 RMI. All or any part of the income and principal of the RMI Fund can be distributed to RMI or 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 by RMI in accordance with the Foundation's guidelines for advised funds.

As of June 30, 2017 and 2016, the fair value of the assets of the RMI Fund was $128,302 and $113,334, respectively. Distributions from the RMI Fund are available to RMI for its unrestricted use. During 2017 and 2016, all income from the RMI Fund was reinvested.

The Phillip Austin Semmer Memorial Internship Fund

RMI 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 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.

Note 3 - Beneficial Interest in Assets Held by The Denver Foundation (continued)

Funds (continued)

The Phillip Austin Semmer Memorial Internship Fund (continued)

As of June 30, 2017 and 2016, the fair value of the assets of the Semmer Fund was $120,432 and $117,119, respectively. Distributions from the Semmer Fund are available to RMI for the funding of a research intern. During 2017, $11,826 was distributed. During 2016, all income from the Semmer Fund was reinvested.

The Eric Konheim Memorial Internship Fund

RMI 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 RMI. RMI 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, 2017 and 2016, the fair value of the assets of the Konheim Fund was $151,998 and $142,799, respectively. Distributions from the Konheim Fund are available to RMI for the funding of a research intern. During 2017, $12,980 was distributed. During 2016, all income from the Konheim Fund was reinvested.

The RMI Endowment Fund

RMI 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 RMI. RMI 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, 2017 and 2016, the fair value of the assets of the RMI Endowment was $113,254 and $110,137, respectively. Distributions from the RMI Endowment are available to RMI for its unrestricted use. During 2017, $11,120 was distributed. During 2016, 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 on the accompanying consolidated statements of financial position as beneficial interest in assets held by The Denver Foundation.

Note 3 - Beneficial Interest in Assets Held by The Denver Foundation (continued)

Management Fees

The assets held with the Foundation, as 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 years ended June 30, 2017 and 2016 were approximately $8,000 and $30,000, respectively.

Note 4 - Fair Value Reporting

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

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

Level 1: Quoted prices are available in active markets for identical assets or liabilities that are accessible at the reporting date. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies.

Level 3: Pricing inputs are unobservable for the investment and include situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. RMI utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible as well as considers if the counterparty is significant to the fair value measurement.

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.

Note 4 - Fair Value Reporting (continued)

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

Money market and mutual funds: Valued 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 RMI's share of the Foundation's investment pool. This amount is provided by the Foundation and is driven by the fair value of the marketable securities underlying the fund.

There were no changes to the valuation technique or transfers between different hierarchy levels during the year ended June 30, 2017.

Financial assets carried at fair value as of June 30, 2017 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	$ 6,844	$ -	$ -	$ 6,844
Mutual funds	530,333	-	-	530,333
Beneficial interest in assets held by the Foundation	-	-	513,986	513,986
Total	$ 537,177	$ -	$ 513,986	$ 1,051,163

Financial assets carried at fair value as of June 30, 2016 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	$ 56,544	$ -	$ -	$ 56,544
Mutual funds	461,101	-	-	461,101
Beneficial interest in assets held by the Foundation	-	-	483,389	483,389
Total	$ 517,645	$ -	$ 483,389	$ 1,001,034

Note 4 - Fair Value Reporting (continued)

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 Years Ended June 30, 2017	For the Years Ended June 30, 2016
Beginning balance	$ 483,389	$ 3,086,595
Change in beneficial interest	63,223	(118,416)
Contributions	3,300	15,210
Distributions	(35,926)	-
Proceeds from sales used for construction in progress	-	(2,500,000)
Ending balance	$ 513,986	$ 483,389

Note 5 - Pledges Receivable

Promises to give consist of the following:

	June 30, 2017	June 30, 2016
Capital campaign	$ 836,000	$ 1,919,000
Operations/annual giving	8,439,331	7,812,582
	$ 9,275,331	$ 9,731,582

Pledges are expected to be received as follows:

	June 30, 2017	June 30, 2016
Due in less than one year	$ 6,617,190	$ 8,885,768
Due in one to five years	2,693,380	864,499
	9,310,570	9,750,267
Less unamortized discount on pledges	(35,239)	(18,685)
	9,275,331	9,731,582
Less current portion	(6,126,190)	(6,311,267)
Long-term pledges receivable	$ 3,149,141	$ 3,420,315

Pledges that are due in less than one year but are related to long-term purposes are classified as non-current assets on the accompanying consolidated statements of financial position due to the long-term nature of the underlying purpose. The effective rate used to calculate the discount on pledges receivable is 1.31%.

Note 6 - Property and Equipment

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

	June 30, 2017	June 30, 2016
Buildings and improvements	$ 16,751,076	$ 16,464,102
Equipment	2,155,311	2,499,353
Furniture	1,198,505	1,038,094
Intellectual property	101,122	100,000
Vehicles	-	57,887
Land and land improvements	-	7,141
	20,206,014	20,166,577
Less accumulated depreciation and amortization	(3,459,357)	(3,231,184)
Property and equipment, net	$ 16,746,657	$ 16,935,393

Depreciation and amortization expense for the years ended June 30, 2017 and 2016 was $766,335 and $567,489, respectively.

Innovation Center

RMI completed construction on the Innovation Center ("IC") in Basalt, Colorado, in December 2015, which now serves as an office for a portion of RMI'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 RMI 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 capitalizable, they are important and consistent with the overall mission of RMI.

The costs of the IC 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 RMI operations and to inform building construction, ownership, and operation techniques more broadly). Management believes no impairment is necessary at this time.

Note 7 - Lines-of-Credit

RMI has a revolving line-of-credit with a bank for $3,500,000 that is available until March 2018. The interest rate is based on a LIBOR index floating rate as calculated by the lender (4.3% as of June 30, 2017). This line-of-credit is collateralized by a deed of trust and is subject to certain covenants. As of June 30, 2017 and 2016, the outstanding balance on this line-of-credit was $12,462 and $24,257, respectively.

Note 7 - Lines-of-Credit (continued)

Subsequent to June 30, 2017, RMI entered into a new line-of-credit agreement with a new lender in the amount of $2,000,000. Interest is at the prime rate. The line-of-credit is collateralized by a deed of trust and other assets and is subject to certain covenants. The line-of-credit matures in August 2018.

Note 8 - Loan Payable

RMI 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 a LIBOR rate (2.9% as of June 30, 2017) 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 IC and is subject to certain covenants. At June 30, 2017 and 2016, the outstanding principal balance on the loan was $4,884,557 and $5,121,628, respectively. Debt issuance costs are netted with the loan payable on the accompanying consolidated statements of financial position and were $136,371 and $153,929 as of June 30, 2017 and 2016, respectively. Principal payments of $256,752 are due annually through November 2036.

Subsequent to June 30, 2017, RMI refinanced the loan with a new lender for a total principal amount of $6,250,000. Monthly payments of $36,612, including principal and interest at 5%, are due through maturity in September 2024. The loan is collaterialized by the IC and substantially all assets of RMI.

Note 9 - Capital Lease Obligations

RMI has acquired assets under the provisions of long-term leases. For financial reporting purposes, minimum lease payments relating to the assets have been capitalized. The leases expire from August 2016 to April 2019. Amortization of the leased property is included in depreciation expense.

The assets under capital leases have cost and accumulated amortization as follows:

	June 30, 2017	June 30, 2016
Capital leased assets	$ 437,867	$ 598,842
Less accumulated amortization	(165,030)	(347,285)
	$ 272,837	$ 251,557

Note 9 - Capital Lease Obligations (continued)

Maturities of capital lease obligations are as follows:

For the Year Ending June 30,

2018	$ 113,594
2019	67,805
2020	21,417
Total minimum lease payments	202,816
Amount representing interest	(1,862)
Present value of net minimum lease payments	200,954
Less current portion	(111,828)
Long-term capital lease obligation	$ 89,126

Note 10 - Retirement Plan

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 or after-tax (Roth) basis. RMI matches 100% of eligible participants' contributions, up to 5% of eligible participants' compensation. For the years ended June 30, 2017 and 2016, employer contributions totaled $659,001 and $554,522, respectively.

Note 11 - Net Assets

Changes in consolidated net assets consist of the following:

	Non-Controlling Interest -	Controlling Interest			
	Unrestricted	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Balance - June 30, 2015 - restated	$ -	$10,195,343	$13,457,071	$ 865,570	$24,517,984
Excess of revenues, gains, and other support over expenses	(424,681)	1,658,824	(2,238,026)	8,000	(995,883)
Consolidation of BBE	(53,397)	-	-	-	(53,397)
Change in net assets	(478,078)	1,658,824	(2,238,026)	8,000	(1,049,280)
Balance - June 30, 2016 - restated	(478,078)	11,854,167	11,219,045	873,570	23,468,704
Excess of revenues, gains, and other support over expenses	(122,019)	757,849	207,968	6,650	850,448
Loss on equity investment in BBE	-	(562,602)	-	-	(562,602)
Deconsolidation of BBE	600,097	-	-	-	600,097
Change in net assets	478,078	195,247	207,968	6,650	887,943
Balance - June 30, 2017	$ -	$12,049,414	$11,427,013	$ 880,220	$24,356,647

Note 11 - 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 RMI has incurred expenditures in compliance with the specific restrictions. Temporarily restricted net assets represent amounts that have been restricted by donors as follows:

	June 30, 2017	June 30, 2016
Electricity	$ 2,596,228	$ 39,761
China	2,242,239	1,700,000
Islands	1,536,614	1,913,685
Seed	1,165,913	1,437,594
Buildings	650,243	285,067
Mobility	614,052	251,646
Methane	569,136	998,095
Pledges receivable (time restricted)	450,000	3,619,430
Shine	396,215	38,886
Sustainable finance	336,373	-
Office of Chief Scientist (administration)	307,390	79,783
Sunshine for Mines (solar)	300,000	-
Shipping	146,714	514,708
Endowment funds	64,665	52,336
Communities	26,231	47,245
Trucking	25,000	-
Administration	-	229,937
RNS	-	10,872
	$ 11,427,013	$ 11,219,045

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 at June 30, 2017 and 2016:

	June 30, 2017	June 30, 2016 (Restated)
Eric Konheim Memorial Internship Fund	$ 148,140	$ 141,490
Phillip Austin Semmer Memorial Internship Fund	101,080	101,080
Rocky Mountain Institute Fund	75,000	75,000
Rocky Mountain Institute Innovation Center Endowment Fund	556,000	556,000
	$ 880,220	$ 873,570

Note 12 - Restatement

During 2017, RMI became aware of information that indicated that net assets related to the Rocky Mountain Institute Innovation Center Endowment Fund were misclassified in the 2016 consolidated financial statements. The 2016 financial statements have been restated to reclassify net asset balances as follows:

	As Previously Reported	As Restated	Effect of Restatement
Net assets - June 30, 2015			
Unrestricted	$ 10,804,627	$ 10,195,343	$ (609,284)
Temporarily	13,403,787	13,457,071	53,284
Permanently	309,570	865,570	556,000
Total net assets	$ 24,517,984	$ 24,517,984	$ -
Net assets - June 30, 2016			
Unrestricted	$ 12,410,167	$ 11,854,167	$ (556,000)
Temporarily	11,219,045	11,219,045	-
Permanently	317,570	873,570	556,000
Total net assets	$ 23,946,782	$ 23,946,782	$ -

Note 13 - Commitments

Operating Leases

RMI leases several of its facilities and equipment under operating leases expiring through August 2022. Rent expense for the years ended June 30, 2017 and 2016 was $1,030,360 and $1,214,007, respectively.

Future minimum lease payments are approximately as follows:

For the Year Ending June 30,	
2018	$ 1,127,000
2019	806,000
2020	590,000
2021	606,000
2022	622,000
Thereafter	105,000
	$ 3,856,000

Note 14 - Endowments

RMI's endowments consist of three donor-restricted individual 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

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 $22,194 and $41,214 as of June 30, 2017 and 2016, respectively. These deficiencies resulted from appropriations in excess of asset balances that were deemed prudent by the Board of Trustees.

Note 14 - Endowments (continued)

Return Objectives and Risk Parameters

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

- 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.

RMI expects its endowment funds, over time, to provide an average rate of return of approximately 4% to 6% annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

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

Spending Policy and How the Investment Objectives Relate to Spending Policy

Each year, RMI's policy allows for the distribution of 2% to 4% of its endowment fund's average fair value over the prior 12 quarters through the calendar year preceding 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, 2017:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ (22,194)	$ 64,665	$ 880,220	$ 922,691

Note 14 - Endowments (continued)

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

Endowment net asset composition by type of fund as of June 30, 2016 (restated):

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ (41,214)	$ 52,336	$ 873,570	$ 884,692

Changes in endowment assets for the year ended June 30, 2017:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment assets, beginning of year	$ (41,214)	$ 52,336	$ 873,570	$ 884,692
Investment return				
Investment income	9,541	6,258	-	15,799
Net appreciation, net of fees	9,479	41,997	-	51,476
Total investment return	19,020	48,255	-	67,275
Contributions	-	-	6,650	6,650
Appropriation and distribution of endowment assets for expenditure	-	(35,926)	-	(35,926)
Endowment assets, end of year	$ (22,194)	$ 64,665	$ 880,220	$ 922,691

As of June 30, 2017, a $3,350 permanently restricted contribution had been received but not yet invested in the endowment fund.

Note 14 - Endowments (continued)

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

Changes in endowment assets for the year ended June 30, 2016 (restated):

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment assets, beginning of year	$ -	$ 120,958	$ 865,570	$ 986,528
Investment return				
Investment income	-	10,771	-	10,771
Net appreciation, net of fees	-	(20,582)	-	(20,582)
Total investment return	-	(9,811)	-	(9,811)
Contributions	-	-	8,000	8,000
Appropriation and distribution of endowment assets for expenditure	(41,214)	(58,811)	-	(100,025)
Endowment assets, end of year	$ (41,214)	$ 52,336	$ 873,570	$ 884,692

Note 15 - Black Bear Equity Investment

In July 2016, BBE sold 881,057 Series A preferred stock units to external investors for approximately $2,000,000. Under the purchase agreement, BBE's $501,208 line-of-credit with RMI converted to 220,796 units of Series A preferred stock. At the time of purchase, RMI and BBE entered into a redemption agreement. Under this agreement, RMI is given the right to require BBE to redeem RMI's Series A preferred stock for common stock. Additionally, on the fifth anniversary of the agreement, BBE is obligated to redeem the stock held by RMI at that time at a specified redemption price

Note 16 - Related Party Transactions

As of June 30, 2017 and 2016, pledges receivable on the accompanying consolidated statements of financial position include $450,000 and $1,002,500, respectively, due from various members of the Board of Trustees.

SUPPLEMENTARY INFORMATION

ROCKY MOUNTAIN INSTITUTE

Schedule of Functional Expenses
For the Year Ended June 30, 2017

	Research and Consulting	Communications	Total Program Services	Management and General	Fundraising	Total
Operating expenses						
Salaries	$ 12,152,849	$ 611,344	$ 12,764,193	$ 2,114,945	$ 1,652,718	$ 16,531,856
Benefits	2,237,878	263,263	2,501,141	551,026	299,390	3,351,557
Accounting and audit fees	-	-	-	115,107	-	115,107
Bank and credit card charges	10,460	196	10,656	67,675	11,956	90,287
Board meeting expenses	-	-	-	66,656	85	66,741
Computer equipment	239	-	239	67,842	93	68,174
Computer software	3,832	1,360	5,192	142,886	5,355	153,433
Consultants - administration	4,015,289	65,509	4,080,798	379,729	31,021	4,491,548
Contractors	25,081	3,299	28,380	9,043	2,627	40,050
Donations	-	-	-	70	-	70
Dues, subscriptions, and memberships	22,371	6,930	29,301	17,636	592	47,529
General insurance	67,050	8,748	75,798	12,642	6,835	95,275
Legal	75,517	7,718	83,235	259,312	-	342,547
Library expense	128	42	170	637	-	807
Licenses and registration	28,714	-	28,714	21,970	-	50,684
Memberships	739	2	741	13,971	710	15,422
Event expense	51,863	-	51,863	10,516	4,963	67,342
Communication and content	280,054	-	280,054	1,060	1,000	282,114
Miscellaneous	206,145	1,354	207,499	72,975	21,786	302,260
Marketing and outreach	267	2,485	2,752	25	30	2,807
Office expense	30,307	4,426	34,733	37,380	4,014	76,127
Postage and freight	6,067	1,220	7,287	13,167	33,960	54,414
Printing	36,986	53,931	90,917	7,414	38,594	136,925
Professional development	39,423	2,731	42,154	21,811	11,301	75,266
Property taxes	-	-	-	5,403	-	5,403
Public relations	287,004	89,981	376,985	9,411	-	386,396
Recruiting expenses	61,043	8,038	69,081	10,334	6,316	85,731
Rent expense	715,018	92,577	807,595	148,524	77,618	1,033,737
Repairs and maintenance	79,221	9,105	88,326	14,463	10,636	113,425
Research materials	1,171	-	1,171	4,417	85	5,673
Software maintenance	196,135	33,970	230,105	32,840	48,897	311,842
Telephone	637,540	81,093	718,633	156,809	66,693	942,135
Travel, meals, and meetings	2,672,156	34,345	2,706,501	327,313	60,046	3,093,860
Utilities	22,430	2,927	25,357	6,102	2,759	34,218
Website	441	93,994	94,435	-	400	94,835
RMII operating costs	1,383,829	-	1,383,829	-	-	1,383,829
BBE operating costs	236,668	-	236,668	-	-	236,668
Total operating expenses	25,583,915	1,480,588	27,064,503	4,721,111	2,400,480	34,186,094
Other expenses						
Depreciation expense	545,178	72,005	617,183	91,350	57,802	766,335
Foreign exchange transaction	25,318	-	25,318	90,083	-	115,401
Interest expense	-	-	-	56,056	-	56,056
Bad debt expense	50,000	-	50,000	798,359	-	848,359
Total other expenses	620,496	72,005	692,501	1,035,848	57,802	1,786,151
Total expenses	$ 26,204,411	$ 1,552,593	$ 27,757,004	$ 5,756,959	$ 2,458,282	$ 35,972,245

ROCKY MOUNTAIN INSTITUTE

Consolidating Schedule of Financial Position
June 30, 2017

	RMI and RMIIC	RMII	Eliminations	Consolidated
Assets				
Current assets				
Cash and cash equivalents	$ 4,235,407	$ 556,996	$ -	$ 4,792,403
Investments	3,520	-	-	3,520
Beneficial interest in assets held by The Denver Foundation	128,302	-	-	128,302
Accounts receivable, net of allowance for doubtful accounts	1,788,180	-	-	1,788,180
Short-term pledges receivable	6,126,190	-	-	6,126,190
Other current receivables	-	107,318	-	107,318
Prepaid expenses and other assets	175,946	-	-	175,946
Due from related parties	310,000	-	(310,000)	-
Total current assets	12,767,545	664,314	(310,000)	13,121,859
Long-term assets				
Property and equipment, net	16,727,136	19,521	-	16,746,657
Long-term pledges receivable, net	3,149,141	-	-	3,149,141
Investments restricted for the Innovation Center	533,657	-	-	533,657
Investments in subsidiaries	270,220	-	(270,220)	-
Beneficial interest in assets held by The Denver Foundation	385,684	-	-	385,684
Deposits and other assets	356,964	-	-	356,964
Total long-term assets	21,422,802	19,521	(270,220)	21,172,103
Total assets	$ 34,190,347	$ 683,835	$ (580,220)	$ 34,293,962
Liabilities and Net Assets				
Current liabilities				
Accounts payable	$ 1,008,005	$ -	$ -	$ 1,008,005
Accrued salaries and benefits	2,540,888	-	-	2,540,888
Deferred revenue	1,211,071	-	-	1,211,071
Loan payable, current portion	256,752	-	-	256,752
Capital lease obligations, current portion	111,828	-	-	111,828
Deferred rent, current portion	26,964	-	-	26,964
Other accrued expenses	6,156	103,615	-	109,771
Due to related parties	-	310,000	(310,000)	-
Total current liabilities	5,161,664	413,615	(310,000)	5,265,279
Long-term liabilities				
Long-term debt, net of current portion	4,491,434	-	-	4,491,434
Line-of-credit	12,462	-	-	12,462
Deferred rent, net of current portion	79,014	-	-	79,014
Capital lease obligations, net of current portion	89,126	-	-	89,126
Total liabilities	9,833,700	413,615	(310,000)	9,937,315
Commitments				
Net assets				
Subsidiary equity	-	270,220	(270,220)	-
Unrestricted	12,049,414	-	-	12,049,414
Temporarily restricted	11,427,013	-	-	11,427,013
Permanently restricted	880,220	-	-	880,220
Total net assets and subsidiary equity	24,356,647	270,220	(270,220)	24,356,647
Total liabilities and net assets	$ 34,190,347	$ 683,835	$ (580,220)	$ 34,293,962

ROCKY MOUNTAIN INSTITUTE

Consolidating Schedule of Activities
For the Year Ended June 30, 2017

	RMI and RMIIC	BBE	RMII	Eliminations	Consolidated
Revenues, gains, and other support					
Earned revenue	$ 5,597,532	$ -	$ -	$ -	$ 5,597,532
Foundation, individual, and corporate contributions	30,729,694	-	311,549	-	31,041,243
Publishing and royalty revenue	8,869	-	-	-	8,869
Other revenue	94,237	-	-	-	94,237
Change in beneficial interest in assets held by The Denver Foundation	63,223	-	-	-	63,223
Investment income, net	11,753	-	-	-	11,753
Net realized and unrealized gain on investments	5,836	-	-	-	5,836
Total revenues, gains, and other support	36,511,144	-	311,549	-	36,822,693
Expenses					
Program services	26,136,507	236,668	1,383,829	-	27,757,004
Management and general	5,700,429	31,212	25,318	-	5,756,959
Fundraising	2,458,282	-	-	-	2,458,282
Total expenses	34,295,218	267,880	1,409,147	-	35,972,245
Excess of revenues, gains, and other support over expenses before loss from investments in subsidiaries	2,215,926	(267,880)	(1,097,598)	-	850,448
Loss from investment in BBE as reported under the equity method	(562,602)	-	-	-	(562,602)
Loss from investment in subsidiaries	(1,243,459)	-	-	1,243,459	-
Capital contributions	-	-	1,275,000	(1,275,000)	-
Deconsolidation of BBE	-	267,880	-	332,217	600,097
Change in net assets	$ 409,865	$ -	$ 177,402	$ 300,676	$ 887,943