

ASPEN CENTER FOR ENVIRONMENTAL STUDIES

FINANCIAL STATEMENTS

October 31, 2019 and 2018



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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Aspen Center for Environmental Studies
Aspen, Colorado

We have audited the accompanying financial statements of Aspen Center for Environmental Studies (ACES, a nonprofit organization), which comprise the statements of financial position as of October 31, 2019 and 2018, and the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Aspen Center for Environmental Studies as of October 31, 2019 and 2018, and the changes in its net assets, cash flows, and functional expenses for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Reese Henry & Company, Inc.

Certified Public Accountants
Aspen, Colorado
February 26, 2020

ASPEN CENTER FOR ENVIRONMENTAL STUDIES
STATEMENTS OF FINANCIAL POSITION
October 31, 2019 and 2018

	2019	2018
ASSETS		
Cash and Cash Equivalents	\$ 5,238,565	\$ 5,227,868
Pledges Receivable (Net)	4,101,654	777,642
Inventory	22,686	22,686
Investments	3,818,392	609,986
Land, Buildings and Equipment (Net)	7,313,898	7,680,004
TOTAL ASSETS	\$ 20,495,195	\$ 14,318,186
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Accrued Expenses	\$ 218,548	\$ 104,990
Note Payable	330,309	354,058
TOTAL LIABILITIES	548,857	459,048
 NET ASSETS		
Net Assets Without Donor Restrictions		
Undesignated	5,041,478	735,904
Invested in Land, Buildings and Equipment, Net of Note Payable	6,983,589	7,325,946
Net Assets With Donor Restrictions	7,921,271	5,797,288
TOTAL NET ASSETS	19,946,338	13,859,138
TOTAL LIABILITIES AND NET ASSETS	\$ 20,495,195	\$ 14,318,186

See accompanying notes and independent auditor's report.

ASPEN CENTER FOR ENVIRONMENTAL STUDIES
STATEMENTS OF ACTIVITIES
For the Years Ended October 31, 2019 and 2018

	2019			2018		
	Without donor restrictions	With donor restrictions	Total	Without donor restrictions	With donor restrictions	Total
REVENUES, GAINS AND OTHER SUPPORT						
Contributions and Grants	\$ 1,383,421	\$ 5,887,962	\$ 7,271,383	\$ 1,719,751	\$ 506,506	\$ 2,226,257
Membership Income	216,854	-	216,854	212,459	-	212,459
Admissions and Tuition	765,079	-	765,079	667,935	-	667,935
Special Event Income (Net)	598,782	-	598,782	282,602	-	282,602
Store Sales (Net)	4,634	-	4,634	9,965	-	9,965
Other Income	127,211	-	127,211	132,048	-	132,048
Investment Income	61,822	-	61,822	11,100	-	11,100
Net Assets Released from Restrictions:						
Release of Land from Restrictions	3,100,000	(3,100,000)	-	-	-	-
Satisfaction of Program Restrictions	663,979	(663,979)	-	542,713	(542,713)	-
TOTAL REVENUES, GAINS AND OTHER SUPPORT	6,921,782	2,123,983	9,045,765	3,578,573	(36,207)	3,542,366
EXPENSES						
Program Expenses:						
Education	1,958,548	-	1,958,548	1,973,889	-	1,973,889
Supporting Service Expenses:						
Management and General	483,901	-	483,901	257,384	-	257,384
Fundraising	516,116	-	516,116	367,345	-	367,345
Total Supporting Service Expenses	1,000,017	-	1,000,017	624,729	-	624,729
TOTAL EXPENSES	2,958,565	-	2,958,565	2,598,618	-	2,598,618
CHANGE IN NET ASSETS	3,963,217	2,123,983	6,087,200	979,955	(36,207)	943,748
NET ASSETS, Beginning of year	8,061,850	5,797,288	13,859,138	7,081,895	5,833,495	12,915,390
NET ASSETS, End of year	\$ 12,025,067	\$ 7,921,271	\$ 19,946,338	\$ 8,061,850	\$ 5,797,288	\$ 13,859,138

See accompanying notes and independent auditor's report.

ASPEN CENTER FOR ENVIRONMENTAL STUDIES
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended October 31, 2019 (with Comparative Total for 2018)

	<u>Program</u>	<u>Supporting Services</u>		<u>2019</u>	<u>2018</u>
	Education	Management and General	Fundraising	Total	Total
Salaries, Benefits and Taxes	\$ 1,156,789	\$ 308,646	\$ 321,976	\$ 1,787,411	\$ 1,533,527
Professional Services and Insurance	61,318	111,337	11,149	183,804	120,622
Marketing and Advertising	16,651	19,166	5,101	40,918	47,389
Office and Occupancy	86,580	10,179	8,623	105,382	127,409
Information Technology	22,667	6,480	10,461	39,608	17,051
Supplies and Materials	391,749	-	142,704	534,453	508,359
Facility and Equipment Maintenance	77,120	26,580	3,996	107,696	85,139
Depreciation	137,708	1,513	12,106	151,327	150,633
Interest	7,966	-	-	7,966	8,489
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 1,958,548</u>	<u>\$ 483,901</u>	<u>\$ 516,116</u>	<u>\$ 2,958,565</u>	<u>\$ 2,598,618</u>

See accompanying notes and independent auditor's report.

ASPEN CENTER FOR ENVIRONMENTAL STUDIES
STATEMENTS OF CASH FLOWS
For the Years Ended October 31, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 6,087,200	\$ 943,748
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	151,328	150,633
Loss on Disposal of Fixed Assets	51,718	-
Non-Cash Capital Contributions	(3,025,500)	(230,000)
Changes in Assets and Liabilities:		
Pledges Receivable (Net)	(298,512)	217,892
Inventory	-	(296)
Accounts Payable	-	(4,312)
Accrued Expenses	113,558	17,271
NET CASH PROVIDED BY OPERATING ACTIVITIES	3,079,792	1,094,936
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(3,000,000)	-
Reinvested Interest	(208,406)	(6,655)
Disposal of Land, Buildings and Equipment	800,000	-
Purchase of Land, Buildings and Equipment	(636,940)	(140,883)
NET CASH USED IN INVESTING ACTIVITIES	(3,045,346)	(147,538)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on Debt	(23,749)	(23,227)
NET CASH USED IN FINANCING ACTIVITIES	(23,749)	(23,227)
NET INCREASE IN CASH AND CASH EQUIVALENTS	10,697	924,171
CASH AND CASH EQUIVALENTS, Beginning of year	5,227,868	4,303,697
CASH AND CASH EQUIVALENTS, End of year	\$ 5,238,565	\$ 5,227,868
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash Paid for Interest	\$ 7,966	\$ 8,489

See accompanying notes and independent auditor's report.

ASPEN CENTER FOR ENVIRONMENTAL STUDIES
NOTES TO THE FINANCIAL STATEMENTS
October 31, 2019 and 2018

1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ACTIVITIES

Aspen Center for Environmental Studies ("ACES") is a nonprofit corporation that was incorporated under the laws of Colorado on October 7, 1968. ACES is a nonprofit environmental science education organization. Since 1968, ACES has inspired a life-long commitment to the earth by providing innovative and immersive programming for all ages. ACES has three locations: Hallam Lake, Rock Bottom Ranch, and Catto Center at Toklat. The programs focus on ecological literacy, regenerative agriculture, forest and ecosystem health, land restoration, and environmental leadership.

ACES works to contribute to a national agenda for increased environmental awareness. The programs reach over 140,000 individuals every year. ACES teaches daily in schools from Aspen to Rifle, provides kids camps, adult classes, guided hikes and field programs for all ages, with 70 partner organizations. ACES also engages the community by hosting public lectures and events. ACES collaborates with land trusts, public agencies, and other nonprofits to achieve its mission.

In the next 50 years, ACES seeks to cultivate a community of environmental stewards so that children, parents, consumers, decision-makers, and leaders can make informed decisions in an increasingly complex world.

BASIS OF PRESENTATION

The financial statements of ACES have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP").

USE OF ESTIMATES

The preparation of financial statements in conformity with GAAP includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

ADOPTION OF ACCOUNTING PRONOUNCEMENT

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*. ASU 2016-14 requires significant changes to the financial reporting model of organizations who follow the not-for-profit reporting model. The changes include reducing the classes of net assets from three classes to two – net assets with donor restrictions and net assets without donor restrictions. The ASU also requires changes in the way certain information is aggregated and reported by ACES, including required disclosures about liquidity and availability of resources and increased disclosures on functional expenses. The new standard was adopted for ACES year ending October 31, 2019 and retrospectively applied to all periods presented. The adoption of the ASU did not result in any reclassifications or restatements to net assets or changes in net assets.

CLASSIFICATION OF NET ASSETS

Net assets of ACES are classified based on the presence or absence of donor-imposed restrictions. Net assets are classified as follows:

Net assets without donor restrictions: Net assets available for use in operations and not subject to donor-imposed restrictions.

Net assets with donor restrictions: Net assets that are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the resources are to be maintained in perpetuity. Net assets with donor restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include all cash held in deposits and investments with an original maturity of three months or less.

PLEDGES RECEIVABLE

Unconditional pledges are recognized as contribution revenue in the period the pledge is made. Pledges are recorded at net realizable value if expected to be collected in one year and at fair value if expected to be collected in more than one year. Conditional pledges are recognized when the conditions on which they depend are substantially met. As of October 31, 2019 and 2018, there were no conditional pledges and no allowance for doubtful accounts.

INVENTORY

Inventory is stated at cost, which is lower than market, on the first-in, first-out method. Inventory consists of gift shop items and agricultural products held for resale.

INVESTMENTS

ACES holds investments in certificates of deposit and money market funds with a readily determinable fair value based on quoted prices in active markets in the statement of financial position.

LAND, BUILDINGS AND EQUIPMENT

Donations of land, buildings and equipment are recorded as support at their estimated fair value at the date of the donation. Such donations are reported as net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Purchased assets are recorded at fair value as an increase to net assets without donor restrictions as of the purchase date. Buildings and equipment are depreciated over their estimated useful lives using the straight-line method, as follows:

Buildings and Land Improvements	3-40 years
Equipment and Furnishings	3-10 years
Vehicles	5 years

ACCRUED EXPENSES

Accrued expenses consist of compensated absences and accrued payroll. Compensated absences for paid vacation, sick pay and personal time have been accrued based on hours earned and current pay rates.

CONTRIBUTIONS AND GRANTS

Contributions and grants received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence or nature of any donor restrictions.

Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restrictions. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions restricted for the acquisition of land, buildings and equipment are reported as net assets without donor restriction upon acquisition of the assets, and the assets are placed in service.

MEMBERSHIP INCOME

Membership income is related to the sale of memberships. ACES offers members access to members' only events and programs. Members also receive discounts on adult workshops and classes, kids' programs, and store purchases. ACES recognizes this as revenue when received.

ADMISSIONS AND TUITION

Admissions and tuition revenue is related to different program activities provided by ACES including classes, hikes, events, tuition and agricultural products. Admissions and tuition revenue is recognized when the related service or good is provided to the customer.

DONATED SERVICES

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by ACES. There were photography services recognized as contributions during the year ended October 31, 2019, in the amount of \$738. There were no in-kind services recognized as contributions in the year ended October 31, 2018.

INCOME TAX STATUS

ACES is exempt from income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to ACES' tax-exempt purpose is subject to taxation as unrelated business income. Contributions to ACES are tax deductible as permitted under the Code.

FASC Topic 740-10, Accounting for Uncertainty in Income Taxes, prescribes when to recognize and how to measure the financial statement effects of income tax positions taken or expected to be taken on its income tax returns. These rules require management to evaluate the likelihood that, upon examination by relevant taxing jurisdictions, those income tax positions would be sustained. Based

on that evaluation, ACES only recognizes the maximum benefit of each income tax position that is more than 50% likely of being sustained. To the extent that all or a portion of the benefits of an income tax position are not recognized, a liability would be recognized for the unrecognized benefits, along with any interest and penalties that would result from disallowance of the position. Should any such penalties and interest be incurred, they would be recognized as operating expenses. ACES had no material unrecognized tax benefits for the years ended October 31, 2019 and 2018. As a result, no interest or penalties were accrued for unrecognized tax benefits during these years.

FUNCTIONAL EXPENSES

The costs of providing the various programs and activities have been summarized on a functional basis (program services, management and general, and fundraising). The statement of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

ADVERTISING

ACES expenses advertising costs as incurred. Advertising expenses incurred for the years ended October 31, 2019 and 2018 were \$40,918 and \$47,389, respectively.

UPCOMING ACCOUNTING PRONOUNCEMENT

In June 2018, the FASB issued ASU No. 2018-08, *Not-For-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this ASU clarify and improve current guidance about whether a transfer of assets (or the reduction, settlement, or cancellation of liabilities) is a contribution or an exchange transaction. This ASU is effective for ACES for the year ending October 31, 2020. ACES is determining how this ASU will be applied.

RECLASSIFICATION

Certain amounts in the October 31, 2018 financial statements have been reclassified for consistency with the current year presentation.

2. LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available to meet cash needs for general expenditures within one year are as follows as of October 31, 2019:

Cash and Cash Equivalents	\$ 5,238,565
Pledges Receivable, Undesignated	705,000
Investments	<u>3,818,392</u>
Total assets available for general expenditures	<u>\$9,761,957</u>

As part of ACES' liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, ACES invests cash in excess of daily requirements in short-term investments. To help manage unanticipated liquidity needs, ACES

2. LIQUIDITY AND AVAILABILITY OF RESOURCES (CONTINUED)

has a committed line of credit in the amount of \$250,000 (as further discussed in Note 6), which it could draw upon.

3. PLEDGES RECEIVABLE

Pledges receivable as of October 31 are as follows:

	2019					
	Years Ending October 31					
	2020	2021	2022	2023	Thereafter	Total
Undesignated Pledges	\$ 255,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ -	\$ 705,000
For The Forest	100,000	100,000	100,000	100,000	-	400,000
Down Valley Education	51,000	-	-	-	-	51,000
Hallam Lake Neighbors	6,200	6,200	1,200	-	-	13,600
50th Anniversary Capital Campaign	605,555	588,799	562,500	500,000	768,647	3,025,501
Total Pledges	<u>\$ 1,017,755</u>	<u>\$ 844,999</u>	<u>\$ 813,700</u>	<u>\$ 750,000</u>	<u>\$ 768,647</u>	4,195,101
Less Present Value Discount						(93,447)
Pledges Receivable, Net of Discount						<u>\$ 4,101,654</u>

	2018			
	Years Ending October 31			
	2019	2020	2021	Total
Undesignated Pledges	\$ 452,400	\$ 76,200	\$ 6,200	\$ 534,800
For The Forest	150,000	-	-	150,000
Down Valley Education	51,000	51,000	-	102,000
Total Pledges	<u>\$ 653,400</u>	<u>\$ 127,200</u>	<u>\$ 6,200</u>	786,800
Less Present Value Discount				(9,158)
Pledges Receivable, Net of Discount				<u>\$ 777,642</u>

A discount rate of 1% was determined applicable on pledges receivable as of October 31, 2019 and 2018.

4. FAIR VALUE MEASUREMENT

ACES measure all financial assets and liabilities in order to mitigate volatility in reported changes in net assets. The carrying amount reported in the statement of financial position for cash and cash equivalents, pledges receivable, accounts payable and accrued expenses approximates fair value because of the immediate or short-term maturities of these financial instruments. Investments are measured on a recurring basis and reported at fair value.

4. FAIR VALUE MEASUREMENT (CONTINUED)

ACES is subject to the provisions of *Fair Value Measurements and Disclosures*. This standard requires use of a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels: quoted market prices in active markets for identical assets and liabilities (Level 1); inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly (Level 2); and unobservable inputs for the asset or liability (Level 3).

The following table summarizes the valuation of investments in the fair value hierarchy as of October 31:

	2019			
	Fair Value	Level 1	Level 2	Level 3
Certificates of deposit	\$ 771,493	\$ 771,493	\$ -	\$ -
Money market fund	3,046,898	3,046,898	-	-
Total Investments	<u>\$3,818,391</u>	<u>\$3,818,391</u>	<u>\$ -</u>	<u>\$ -</u>
	2018			
	Fair Value	Level 1	Level 2	Level 3
Certificates of deposit	\$ 609,986	\$ 609,986	\$ -	\$ -

5. LAND, BUILDINGS AND EQUIPMENT

Land, buildings and equipment are reported at cost or, if donated, at fair market value on the date donated. Land values are reduced for impairment of values based on deed restrictions or conservation easements placed on the property. Land, buildings and equipment are held in the following locations as of October 31:

	2019						
	Hallam Lake	Rock Bottom Ranch	Toklat	Land	Employee Housing	Construction in Progress	Total
Land	\$1,100,000	\$ 1,005,000	\$ 800,000	\$1,016,000	\$ 260,000	\$ -	\$4,181,000
Buildings and Land Improvements	1,961,265	1,650,198	822,279	-	908,694	23,357	5,365,793
Equipment and Furnishings	198,652	60,183	7,503	-	-	-	266,338
Vehicles	41,005	35,500	-	-	-	-	76,505
	<u>3,300,922</u>	<u>2,750,881</u>	<u>1,629,782</u>	<u>1,016,000</u>	<u>1,168,694</u>	<u>23,357</u>	<u>9,889,636</u>
Less: Accumulated Depreciation	<u>(1,598,063)</u>	<u>(467,617)</u>	<u>(274,028)</u>	<u>-</u>	<u>(236,030)</u>	<u>-</u>	<u>(2,575,738)</u>
	<u>\$1,702,859</u>	<u>\$ 2,283,264</u>	<u>\$1,355,754</u>	<u>\$1,016,000</u>	<u>\$ 932,664</u>	<u>\$ 23,357</u>	<u>\$7,313,898</u>

5. LAND, BUILDINGS AND EQUIPMENT (CONTINUED)

2018

	Rock		Toklat	Spring Creek		Employee		Total
	Hallam Lake	Bottom Ranch		Ranch	Land	Housing		
Land	\$ 1,100,000	\$ 1,005,000	\$ 800,000	\$ 850,000	\$ 1,016,000	\$ 260,000	\$ 5,031,000	
Buildings and Land Improvements	1,954,265	1,629,772	781,559	1,000	-	363,255	4,729,851	
Equipment and Furnishings	198,652	60,183	7,503	8,675	-	-	275,013	
Vehicles	46,005	35,500	-	-	-	-	81,505	
	<u>3,298,922</u>	<u>2,730,455</u>	<u>1,589,062</u>	<u>859,675</u>	<u>1,016,000</u>	<u>623,255</u>	<u>10,117,369</u>	
Less: Accumulated Depreciation	<u>(1,541,626)</u>	<u>(406,317)</u>	<u>(254,257)</u>	<u>(8,840)</u>	<u>-</u>	<u>(226,325)</u>	<u>(2,437,365)</u>	
	<u>\$ 1,757,296</u>	<u>\$ 2,324,138</u>	<u>\$ 1,334,805</u>	<u>\$ 850,835</u>	<u>\$ 1,016,000</u>	<u>\$ 396,930</u>	<u>\$ 7,680,004</u>	

Depreciation expense for the years ended October 31, 2019 and 2018 was \$151,328 and \$150,633, respectively.

As of October 31, 2019 and 2018, a portion of net assets consists of land with conservations easements. The land at Spring Creek Ranch was sold during the year ended October 31, 2019. The proceeds from the sale were restricted for the 50th Anniversary Capital Campaign. Land with conservations easements consist of the following land parcels as of October 31:

	2019	2018
Hallam Lake	\$ 1,100,000	\$ 1,100,000
Rock Bottom Ranch	1,000,000	1,000,000
Northstar Land	500,000	500,000
North Ranch	500,000	500,000
Spring Creek Ranch	-	850,000
	<u>\$ 3,100,000</u>	<u>\$ 3,950,000</u>

6. LINE OF CREDIT

ACES has a \$250,000 line of credit with a bank. The line was not in use during the years ended October 31, 2019 and 2018. The line of credit was renewed on June 16, 2019 for five years and expires in June 2024. When in use, the line accrues interest at the rate of the JP Morgan Chase prime plus 1.75%, with a floor of 0.0%. The line is secured by the employee housing unit owned by ACES.

7. NOTE PAYABLE

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

Year Ending October 31:	
2020	\$ 24,283
2021	24,830
2022	25,389
2023	25,960
2024	26,544
Thereafter	203,303
	<u>\$ 330,309</u>

8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions for a specified purpose or time restriction consist of the following as of October 31:

Fund	Restriction	2019	2018
Temporarily Restricted Pledges	Miscellaneous	\$ 3,409,888	\$ 268,427
50th Anniversary Capital Campaign	Capital projects	2,671,933	-
Undesignated Pledges	Operational Expenses	691,766	509,214
For the Forest	Forest Program	382,399	235,395
General Capital	Capital Projects	228,688	228,688
Bob Lewis Cabin	Toklat	148,090	148,090
Green Energy	Green Energy	123,540	123,540
JCLD Lectures	Educational Lectures	75,000	100,000
Hallam Lake Neighbors	Hallam Lake Maintenance	64,500	42,800
Downvalley Education	Education	51,000	50,000
Rock Bottom Ranch	Rock Bottom Ranch Projects	26,156	31,977
Toklat	Special Projects	15,390	15,390
Heritage orchard	Education	11,315	-
Roaring Fork Gauges	Gauge Monitoring	9,805	9,805
Strategic Planning	Overall Facility Planning	7,141	7,141
Apprentice program	Education	4,660	-
Spring Creek	Habitat Enhancement	-	73,969
Planning Services	Toklat	-	2,852
		<u>\$ 7,921,271</u>	<u>\$ 1,847,288</u>

9. STORE SALES

Store sales are shown net of related expenses on the statements of activities. Gross sales and cost of sales for the years ended October 31 are as follows:

	<u>2019</u>	<u>2018</u>
Gross Sales	\$ 26,468	\$ 131,656
Cost of Sales	<u>(21,834)</u>	<u>(121,691)</u>
Store Sales, Net	<u>\$ 4,634</u>	<u>\$ 9,965</u>

10. RETIREMENT PLAN

On January 1, 2009 ACES adopted a SIMPLE plan. For the year ended October 31, 2019 and 2018, employer contributions of \$29,872 and \$26,318 respectively were made to the SIMPLE plan.

11. ASPEN CENTER FOR ENVIRONMENTAL STUDIES ENDOWMENT FUND

The endowment funds of ACES have been transferred to The Aspen Center for Environmental Studies Endowment Fund (“ACES Endowment Fund”), a separate 501(c)(3) organization that is not controlled by ACES. A separate board determines the investing policies and reviews grant requests. ACES submits annual grant requests to the ACES Endowment Fund. Approved grants from the ACES Endowment Fund were \$455,000 and \$440,000, respectively, for the years ended October 31, 2019 and 2018.

ACES has granted full variance power to ACES Endowment Fund, which has complete control of the funds. Therefore, none of the assets of ACES Endowment Fund are included in ACES statements of financial position as of October 31, 2019 and 2018. The ACES Endowment Fund has an October 31 fiscal year end. At October 31, 2019, the ACES Endowment Fund had \$11,151,821 in total assets. Of this total, \$1,538,663 was net assets without donor restrictions; \$3,056,014 net assets with donor restrictions was board designated and \$6,557,144 was to be held in perpetuity. At October 31, 2018, the ACES Endowment Fund had \$10,090,919 in total assets. Of this total, \$814,251 was net assets without donor restrictions; \$2,869,524 net assets with donor restrictions was board designated and \$6,407,144 was to be held in perpetuity.

12. OPERATING LEASES

ACES entered into an operating lease to rent housing for employees during July 2019. The lease expires in November 2019 and has monthly payments of \$4,500.

ACES entered into an operating lease to rent housing for employees during November 2019. The lease expires in November 2023 and has annual payments of \$18,000.

12. OPERATING LEASES (CONTINUED)

Future payments on operating leases are as follows:

Year Ending October 31:

2020	\$ 22,500
2021	18,000
2022	18,000
2023	18,000
	<u>\$ 76,500</u>

13. CONCENTRATIONS

ACES places its cash with federally insured financial institutions. At times, the balances at these financial institutions may exceed the FDIC insured limits. As of October 31, 2019 and 2018, ACES had \$4,738,565 and \$4,752,781, respectively, of its cash and cash equivalents in excess of the FDIC insured limits.

For the year ended October 31, 2019 and 2018, three donors and one donor provided 39% and 10%, respectively, of total contributions and grants, including pledge commitments accounted for as contributions and grants.

For the year ended October 31, 2019, four donor pledge balances represent 82% of pledges receivable. The undiscounted pledge balance from these donors was \$3,450,000.

For the year ended October 31, 2018, two donor pledge balances represent 99% of pledges receivable. The undiscounted pledge balance from these donors was \$1,000,000.

14. SUBSEQUENT EVENTS

ACES has evaluated subsequent events through February 26, 2020, the date the October 31, 2019 financial statements were available for issuance.

On December 5, 2019, ACES received a donation of a land parcel valued at approximately \$2,730,000.