



**Financial Statements
and
Independent Auditors' Report
June 30, 2014 and 2013**

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AUDIT | TAX | CONSULTING

ROCKY MOUNTAIN INSTITUTE

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Rocky Mountain Institute
Boulder, Colorado

We have audited the accompanying financial statements of Rocky Mountain Institute (a Colorado non-profit corporation), which are comprised of the statements of financial position as of June 30, 2014 and 2013, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

OPINION

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rocky Mountain Institute as of June 30, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

OTHER MATTER

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of functional expenses are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

EKS+H LLLP
EKS&H LLLP

October 3, 2014
Denver, Colorado

ROCKY MOUNTAIN INSTITUTE

Statements of Financial Position

	June 30,	
	2014	2013
Assets		
Current assets		
Cash and cash equivalents	\$ 2,920,998	\$ 2,238,525
Investments	2,275,965	1,988,828
Beneficial interest in assets held by The Denver Foundation	6,286,626	5,765,509
Accounts receivable, net of allowance for doubtful accounts of \$30,163 (2014) and \$31,350 (2013)	165,757	452,885
Grants receivable	-	300,000
Short-term pledges receivable	130,000	-
Inventory	2,613	2,420
Other current receivables	46,071	94,299
Prepaid expenses	92,201	123,689
Total current assets	11,920,231	10,966,155
Long-term assets		
Property and equipment, net	3,083,603	1,663,017
Long-term pledges receivable, net	2,878,215	-
Investments restricted for endowments	645,128	596,656
Beneficial interest in assets held by The Denver Foundation	335,802	205,046
Deposits	44,209	41,202
Other assets	3,000	3,000
Total long-term assets	6,989,957	2,508,921
Total assets	\$ 18,910,188	\$ 13,475,076
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 1,075,296	\$ 469,273
Accrued salaries and benefits	1,022,451	884,779
Compensated absences	209,711	185,514
Client retainers	5,252	7,388
Other accrued expenses	8,056	20,556
Capital lease obligations	99,692	77,708
Total current liabilities	2,420,458	1,645,218
Long-term liabilities		
Capital lease obligations, net of current portion	104,091	68,464
Total liabilities	2,524,549	1,713,682
Commitments		
Net assets		
Unrestricted	11,120,837	10,374,196
Temporarily restricted	4,414,797	560,508
Permanently restricted	850,005	826,690
Total net assets	16,385,639	11,761,394
Total liabilities and net assets	\$ 18,910,188	\$ 13,475,076

See notes to financial statements.

ROCKY MOUNTAIN INSTITUTE

Statements of Activities

	For the Years Ended							
	June 30, 2014				June 30, 2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, gains, and other support								
Applied research/collaboration	\$ 1,968,757	\$ -	\$ -	\$ 1,968,757	\$ 2,346,881	\$ -	\$ -	\$ 2,346,881
Foundation, individual, and government grants	1,452,140	3,366,078	-	4,818,218	1,196,625	952,015	-	2,148,640
Capital campaign contributions	-	3,920,656	-	3,920,656	-	-	-	-
Individual and corporate contributions, net of direct benefit to donors of \$25,309 (2014) and \$11,547 (2013)	7,430,388	-	23,315	7,453,703	11,620,240	-	125,365	11,745,605
Publishing and royalty revenue	15,004	-	-	15,004	39,899	-	-	39,899
Contributed facilities/in-kind donations	135,000	-	-	135,000	135,000	-	-	135,000
Other revenue	20,872	-	-	20,872	32,725	-	-	32,725
Change in beneficial interest in assets held by The Denver Foundation	747,601	31,675	-	779,276	(77,030)	14,066	-	(62,964)
Investment income	575,869	49,953	-	625,822	110,981	23,236	-	134,217
Net gain on investments	296,470	-	-	296,470	321,641	-	-	321,641
	<u>12,642,101</u>	<u>7,368,362</u>	<u>23,315</u>	<u>20,033,778</u>	<u>15,726,962</u>	<u>989,317</u>	<u>125,365</u>	<u>16,841,644</u>
Net assets released from restrictions	<u>3,514,073</u>	<u>(3,514,073)</u>	<u>-</u>	<u>-</u>	<u>1,002,782</u>	<u>(989,953)</u>	<u>(12,829)</u>	<u>-</u>
Total revenues, gains, and other support	<u>16,156,174</u>	<u>3,854,289</u>	<u>23,315</u>	<u>20,033,778</u>	<u>16,729,744</u>	<u>(636)</u>	<u>112,536</u>	<u>16,841,644</u>
Expenses								
Program services	12,507,001	-	-	12,507,001	9,879,395	-	-	9,879,395
Expenses paid on behalf of Windstar Land Conservancy	-	-	-	-	54,319	-	-	54,319
Management and general	1,030,797	-	-	1,030,797	1,191,058	-	-	1,191,058
Fundraising	1,871,735	-	-	1,871,735	1,514,995	-	-	1,514,995
Total expenses	<u>15,409,533</u>	<u>-</u>	<u>-</u>	<u>15,409,533</u>	<u>12,639,767</u>	<u>-</u>	<u>-</u>	<u>12,639,767</u>
Change in net assets	746,641	3,854,289	23,315	4,624,245	4,089,977	(636)	112,536	4,201,877
Net assets at beginning of year	<u>10,374,196</u>	<u>560,508</u>	<u>826,690</u>	<u>11,761,394</u>	<u>6,284,219</u>	<u>561,144</u>	<u>714,154</u>	<u>7,559,517</u>
Net assets at end of year	<u>\$ 11,120,837</u>	<u>\$ 4,414,797</u>	<u>\$ 850,005</u>	<u>\$ 16,385,639</u>	<u>\$ 10,374,196</u>	<u>\$ 560,508</u>	<u>\$ 826,690</u>	<u>\$ 11,761,394</u>

See notes to financial statements.

ROCKY MOUNTAIN INSTITUTE

Statements of Cash Flows

	For the Years Ended	
	June 30,	
	2014	2013
Cash flows from operating activities		
Change in net assets	\$ 4,624,245	\$ 4,201,877
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation expense	279,908	282,078
Provision for bad debt	(1,187)	(1,500)
Net gain on investments	(296,470)	(321,641)
Donated stock investments for endowments	(23,315)	(54,522)
Permanently restricted contributions	-	(70,843)
Net change in beneficial interest in assets held by The Denver Foundation	(779,276)	62,964
Changes in assets and liabilities		
Accounts receivable	288,315	136,480
Grants receivable	300,000	24,000
Pledges receivable	(3,008,215)	-
Inventory	(193)	9,348
Other current receivables, prepaid expenses, and deposits	76,709	(107,596)
Accounts payable	606,023	13,775
Compensated absences	24,197	(18,913)
Client retainers, accrued salaries and benefits, and other accrued expenses	123,036	89,429
Net cash provided by operating activities	2,213,777	4,244,936
Cash flows from investing activities		
Net purchases of investments	(39,139)	(81,864)
Net proceeds from sale of investments	-	2,818,526
Purchases of property and equipment	(1,535,018)	(665,045)
Net proceeds from sale of property and equipment	-	403,702
Transfer to The Denver Foundation for Rocky Mountain Institute's beneficial interest in assets held	-	(5,842,540)
Distributions from The Denver Foundation	225,000	-
Net cash used in investing activities	(1,349,157)	(3,367,221)
Cash flows from financing activities		
Draws from lines-of-credit	2,700,000	4,000,000
Payments on lines-of-credit	(2,700,000)	(4,750,000)
Payments on capital lease obligations	(107,865)	(398,499)
Permanently restricted contributions	-	70,843
Transfer to The Denver Foundation for Rocky Mountain Institute's beneficial interest in assets held, net of donated stock	(74,282)	(81,936)
Net cash used in financing activities	(182,147)	(1,159,592)
Net change in cash and cash equivalents	682,473	(281,877)
Cash and cash equivalents, beginning of year	2,238,525	2,520,402
Cash and cash equivalents, end of year	\$ 2,920,998	\$ 2,238,525

Supplemental disclosure of cash flow information:

Interest paid was \$24,345 and \$107,026 for the years ended June 30, 2014 and 2013, respectively.

Supplemental disclosure of non-cash activity:

During the years ended June 30, 2014 and 2013, RMI entered into capital lease obligations in the amount of \$165,476 and \$57,360 for equipment, respectively.

See notes to financial statements.

ROCKY MOUNTAIN INSTITUTE

Notes to Financial Statements

Note 1 - Organization and Summary of Significant Accounting Policies

Organization

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

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

Basis of Presentation

RMI reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

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

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

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

Cash and Cash Equivalents

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

Investments

RMI reports investments in equity securities with readily determinable fair values and all investments in debt securities at their fair values with realized and unrealized gains and losses included in the statements of activities.

Accounts Receivable

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

ROCKY MOUNTAIN INSTITUTE

Notes to Financial Statements

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

Grants Receivable

Receivables that are expected to be collected within one year are recorded at their net realizable value, and those that are expected to be collected in future years are recorded at the present value of estimated future cash flows. Reserves for uncollectible amounts are assessed using the specific identification method. There are no reserved grants at June 30, 2014 and 2013.

Long-Term Pledges Receivable

Long-term pledges receivable consist of all pledges related to long-term purposes, such as the capital campaign, due after one year. 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, 2014, management believes all pledges are fully collectible.

Concentration of Risk

For the year ended June 30, 2014, RMI had five applied research/consulting customers that accounted for 77% of the accounts receivable balance. For the year ended June 30, 2013, RMI had two applied research/consulting customers that accounted for 42% of the accounts receivable balance. For the year ended June 30, 2014, one donor was responsible for 30% of total revenues, gains, and other support. For the year ended June 30, 2013, two donors were responsible for approximately 35% of total revenues, gains, and other support.

Inventory

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

Property and Equipment

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

ROCKY MOUNTAIN INSTITUTE

Notes to Financial Statements

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

Long-Lived Assets

RMI reviews its assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable from future undiscounted cash flows. For assets that are held and used in operations, impairment losses are recorded for the difference between the carrying value and fair value of the long-lived asset. For assets that are held for sale, impairment losses are recorded for the difference between the carrying value and estimated costs to sell the asset. For the years ended June 30, 2014 and 2013, RMI has not recognized any impairment losses on long-lived assets.

Contributions

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

Collaboration Fees

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

Grant Revenue and Expense

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

Contributed Facilities

RMI occupies, without charge, certain office space and facilities at the Windstar Land Conservancy (Note 12). Rental value is reflected in the financial statements as in-kind revenue and related expense of \$135,000 for each of the years ended June 30, 2014 and 2013, respectively.

ROCKY MOUNTAIN INSTITUTE

Notes to Financial Statements

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

Functional Expenses

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

Income Taxes

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

RMI applies a more-likely-than-not measurement methodology to reflect the financial statement impact of uncertain tax positions taken or expected to be taken in a tax return. After evaluating the tax positions taken, none are considered to be uncertain; therefore, no amounts have been recognized as of June 30, 2014.

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, 2014 and 2013. Tax years that remain subject to examination include 2011 through the current period for the federal return and 2010 through the current period for the Colorado return.

Use of Estimates

The preparation of 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 financial statements and the reported amounts of revenue, expenses, gains, losses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Subsequent Events

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

ROCKY MOUNTAIN INSTITUTE

Notes to Financial Statements

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

The Rocky Mountain Institute Fund

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

As of June 30, 2014 and 2013, the fair value of the assets of the RMI Fund was \$6,286,626 and \$5,765,509, respectively. Distributions from the RMI Fund are available to RMI for its unrestricted use. During 2014 and 2013, all income from the RMI Fund was reinvested.

The Phillip Austin Semmer Memorial Internship Fund

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

As of June 30, 2014 and 2013, the fair value of the assets of the Semmer Fund was \$120,142 and \$105,720, respectively. Distributions from the Semmer Fund are available to RMI for the funding of a research intern. During 2014 and 2013, all income from the Semmer Fund was reinvested.

The Eric Konheim Memorial Internship Fund

In 2014, RMI entered into an agreement with the Foundation to establish 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, 2014, the fair value of the assets of the Konheim Fund was \$102,680. Distributions from the Konheim Fund are available to RMI for the funding of a research intern. During 2014, all income from the Konheim Fund was reinvested.

ROCKY MOUNTAIN INSTITUTE

Notes to Financial Statements

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

The RMI Endowment Fund

In 2001, RMI entered into an agreement with the Foundation to establish a permanent endowment fund, known as The RMI Endowment Fund (the "RMI Endowment"), to be held by the Foundation. The RMI Endowment is held and invested by the Foundation for the benefit of RMI. RMI is eligible to receive annual distributions up to 6% of the market value of the RMI Endowment. Excess earnings, if any, are reinvested in the RMI Endowment.

As of June 30, 2014 and 2013, the fair value of the assets of the RMI Endowment was \$112,980 and \$99,326. Distributions from the RMI Endowment are available to RMI for its unrestricted use. During 2014 and 2013, all income from the RMI Endowment was reinvested.

RMI granted variance power to the Foundation for the funds described above, which allows the Foundation to terminate the agreements and transfer the funds to the general funds of the Foundation if the Board of Trustees of the Foundation determines, in its sole judgment, that the purposes that had been pursued by RMI have become unnecessary, undesirable, impractical, incapable of fulfillment, or inconsistent with the charitable needs of the community. As RMI has named itself the beneficiary of the funds, the transfers were accounted for as reciprocal transfers between RMI and the Foundation. Therefore, RMI reflects the value of the funds held by the Foundation as in the accompanying statements of financial position as beneficial interest in assets held by the 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 years ended June 30, 2014 and 2013 were approximately \$93,678 and \$18,894, respectively.

Note 3 - Pledges Receivable

Promises to give consist of the following as of June 30, 2014:

Capital campaign	\$ 2,913,000
Operations/annual giving	<u>130,000</u>
	<u>\$ 3,043,000</u>

ROCKY MOUNTAIN INSTITUTE

Notes to Financial Statements

Note 3 - Pledges Receivable (continued)

Pledges are expected to be received as follows at June 30, 2014:

Due in less than one year	\$ 1,949,500
Due in one to five years	<u>1,093,500</u>
	3,043,000
Less unamortized discount on pledges	<u>(34,785)</u>
	3,008,215
Less current portion	<u>(130,000)</u>
Long-term pledges receivable	<u>\$ 2,878,215</u>

Pledges that are due in less than one year but are related to long-term purposes, such as the capital campaigns, are classified as non-current assets on the accompanying statements 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 0.88%. Four donors accounted for 87% of pledges receivable at June 30, 2014.

Note 4 - Grants Receivable

Grants receivable consist of grant payments expected to be collected within one year of the respective year-end date. Receivables at June 30, 2014 and 2013 totaled \$0 and \$300,000, respectively.

Note 5 - Investments

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

	<u>June 30,</u>	
	<u>2014</u>	<u>2013</u>
Unrestricted		
Cash and money market funds	\$ 128,215	\$ 506,258
Mutual funds		
Fixed income	478,773	379,992
Equities	<u>1,668,977</u>	<u>1,102,578</u>
Total unrestricted	<u>2,275,965</u>	<u>1,988,828</u>
Restricted		
Cash and money market funds	31,935	276,262
Mutual funds		
Fixed income	293,487	176,019
Equities	<u>319,706</u>	<u>144,375</u>
Total restricted	<u>645,128</u>	<u>596,656</u>
Total investments	<u>\$ 2,921,093</u>	<u>\$ 2,585,484</u>

ROCKY MOUNTAIN INSTITUTE

Notes to Financial Statements

Note 5 - Investments (continued)

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

	For the Years Ended June 30,	
	<u>2014</u>	<u>2013</u>
Investment income		
Interest and dividend income	\$ 647,530	\$ 169,350
Investment management and custodian fees	<u>(21,708)</u>	<u>(35,133)</u>
Total investment income	<u>625,822</u>	<u>134,217</u>
Net gain on investments		
Realized loss on investments	(18,261)	(16,638)
Unrealized gain on investments	<u>314,731</u>	<u>338,279</u>
Total net gain on investments	<u>296,470</u>	<u>321,641</u>
Total return on investments	<u>\$ 922,292</u>	<u>\$ 455,858</u>

Note 6 - Fair Value Reporting

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

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

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

ROCKY MOUNTAIN INSTITUTE

Notes to Financial Statements

Note 6 - Fair Value Reporting (continued)

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

The above classifications (Levels 1, 2, and 3) are intended to reflect the observability of inputs used in the valuation of investments and are not necessarily an indication of risk or liquidity.

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

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 RMI'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.

Financial assets carried at fair value as of June 30, 2014 are classified in the table below in one of the three categories described above:

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 160,150	\$ -	\$ -	\$ 160,150
Mutual funds	2,760,943	-	-	2,760,943
Beneficial interest in assets held by the Foundation	<u>-</u>	<u>-</u>	<u>6,622,428</u>	<u>6,622,428</u>
Total	<u>\$ 2,921,093</u>	<u>\$ -</u>	<u>\$ 6,622,428</u>	<u>\$ 9,543,521</u>

Financial assets carried at fair value as of June 30, 2013 are classified in the table below in one of the three categories described above:

<u>Description</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money market funds	\$ 782,520	\$ -	\$ -	\$ 782,520
Mutual funds	1,802,964	-	-	1,802,964
Beneficial interest in assets held by the Foundation	<u>-</u>	<u>-</u>	<u>5,970,555</u>	<u>5,970,555</u>
Total	<u>\$ 2,585,484</u>	<u>\$ -</u>	<u>\$ 5,970,555</u>	<u>\$ 8,556,039</u>

ROCKY MOUNTAIN INSTITUTE

Notes to Financial Statements

Note 6 - 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,	
	2014	2013
Beginning balance	\$ 5,970,555	\$ -
Change in beneficial interest	779,276	(62,964)
Transfers to the Foundation, including donated investments	97,597	6,033,519
Proceeds from sales used for construction in progress	<u>(225,000)</u>	<u>-</u>
Ending balance	<u>\$ 6,622,428</u>	<u>\$ 5,970,555</u>

Note 7 - Property and Equipment

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

	June 30,	
	2014	2013
Construction in progress	\$ 2,021,878	\$ 691,258
Equipment	1,653,835	1,312,130
Buildings and improvements	1,103,942	1,089,206
Furniture	305,360	291,927
Land and land improvements	94,105	94,105
Vehicles	57,887	57,887
Intellectual property licenses	<u>100,000</u>	<u>100,000</u>
	5,337,007	3,636,513
Less accumulated depreciation and amortization	<u>(2,253,404)</u>	<u>(1,973,496)</u>
Property and equipment, net	<u>\$ 3,083,603</u>	<u>\$ 1,663,017</u>

Note 8 - Lines-of-Credit

RMI has two lines-of-credit available to assist with operating cash needs. The first line-of-credit is for \$1,500,000 and is available until November 2014. As of June 30, 2014, the interest rate was 4.75%. This line-of-credit is collateralized by an investment account. As of June 30, 2014 and 2013, there was no outstanding balance. The second line-of-credit is for \$1,500,000 and is available until December 2014. As of June 30, 2014, the interest rate was 5.00%. This line-of-credit is collateralized by a savings account with a balance of \$753,006 and \$751,903, included in cash and cash equivalents on the accompanying statements of financial position as of June 30, 2014 and 2013, respectively. This line-of-credit is also collateralized by real estate. As of June 30, 2014 and 2013, there were no outstanding balances on this line-of-credit.

ROCKY MOUNTAIN INSTITUTE

Notes to Financial Statements

Note 9 - Capitalized Lease Obligations

RMI has acquired assets under the provisions of 15 long-term leases. For financial reporting purposes, minimum lease payments relating to the assets have been capitalized. The leases expire from October 2014 to March 2017. Amortization of the leased property is included in depreciation expense.

The assets under capital leases have cost and accumulated amortization at June 30, 2014 as follows:

Capital leased assets	\$	477,156
Less accumulated amortization		<u>(248,086)</u>
	\$	<u>229,070</u>

Maturities of capital lease obligations are as follows:

Year Ending June 30,

2015	\$	103,513
2016		80,466
2017		<u>25,206</u>
Total minimum lease payments		209,185
Amount representing interest		<u>(5,402)</u>
Present value of net minimum lease payments		203,783
Less current portion		<u>(99,692)</u>
Long-term capital lease obligation	\$	<u>104,091</u>

Note 10 - Retirement Plans

403(b) Plan

RMI offers to its staff the option to participate in a deferred compensation plan pursuant to IRC Section 403(b). Staff contributions are voluntary and are made on a pre-tax basis. RMI matches 100% of eligible participants' contributions, up to 5% of eligible participants' compensation. Employer contributions of \$219,260 and \$226,356 were made and are included in the statements of activities for the years ended June 30, 2014 and 2013, respectively.

457(f) Plan

RMI had a 457(f) plan (the "457(f) plan"), which allowed a select group of management and employees to receive employer contributions. Employer deferrals made during the years ended June 30, 2014 and 2013 were \$0 and \$34,455, respectively. In November 2012, RMI paid \$379,000 to the final participant in the 457(f) plan when the participant reached vesting age as defined in the 457(f) plan agreement.

ROCKY MOUNTAIN INSTITUTE

Notes to Financial Statements

Note 11 - Net Assets

In 2010, RMI implemented a Designated Funding Policy for the purpose of designating unrestricted operating funds for future use and specified purposes. RMI establishes designations of these funds for activities and projects specifically approved by the Programmatic Review and Evaluation Panel. As of June 30, 2014 and 2013, approximately \$2,000,000 and \$4,000,000, respectively, of unrestricted net assets was considered designated under this policy.

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

	June 30,	
	2014	2013
Comprehensive campaign	\$ 3,970,896	\$ -
Administration	126,634	90,931
Endowment funds	130,925	49,297
Buildings	100,725	-
Electricity	77,962	330,836
Transportation	6,447	9,850
Solar	1,045	62,531
Reinventing fire	163	17,063
	\$ 4,414,797	\$ 560,508

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

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

	June 30,	
	2014	2013
Phillip Austin Semmer Memorial Endowment	\$ 101,080	\$ 101,080
Eric Konheim Endowment	97,600	74,285
Rocky Mountain Institute Endowment	75,000	75,000
Windstar Land Conservancy Endowment	576,325	576,325
	\$ 850,005	\$ 826,690

ROCKY MOUNTAIN INSTITUTE

Notes to Financial Statements

Note 12 - Windstar Land Conservancy

In 1995, RMI purchased a 50% interest in a property. At the time of RMI's purchase, Windstar Foundation ("WF") owned the remaining 50%. In conjunction with the purchase, RMI and WF agreed to transfer their property to a charitable, not-for-profit organization that is named Windstar Land Conservancy ("WLC"). WLC owned land and office space in Snowmass Creek Valley, which was held for the purpose of preservation in perpetuity. In April 2013, the land was sold with the proceeds from the land being split equally between RMI and WF. Despite the change in ownership, the land continues to be held as a permanent conservation easement administered by the Pitkin County Land Trust. Per the sale agreement, RMI will occupy the office space without rent for a period of two years. Additionally, RMI continues to have variance power over grant revenue and interest income related to the endowment funds that RMI secured on behalf of WLC; therefore, these funds are reported as a component of RMI's permanently restricted net assets. The investment value of the endowments as of June 30, 2014 and 2013 recorded on the books of RMI was \$645,128 and \$596,656, respectively. For each of the years ended June 30, 2014 and 2013, RMI recorded \$135,000 of imputed rent related to the use of the office facility.

Note 13 - Staff Housing

RMI owns a duplex and a quadplex near RMI's Snowmass office and rents these living spaces to the employees of RMI. Rent is deducted from the employees' bi-weekly compensation. Rental income of \$15,743 and \$26,792 was withheld from employees' paychecks for the years ended June 30, 2014 and 2013, respectively, and is included in other revenue in the accompanying statements of activities. In April 2013, RMI sold a triplex that was previously used for staff housing for net proceeds of \$403,702. This resulted in a gain of approximately \$65,000 recorded during the year ended June 30, 2013. As of June 30, 2014 and 2013, the net book value of the staff housing units is \$320,278 and \$336,202, respectively, and is included in buildings and improvements.

Note 14 - Investment in Fiberforge Corporation

RMI owns 1.17% of Fiberforge Corporation ("Fiberforge"). Fiberforge is a product of RMI's research on efficient electric vehicles and manufacturing processes for advanced materials. The investment in Fiberforge was previously reported using the equity method of accounting. RMI's share of Fiberforge's net losses is in excess of the carrying value of its investment in Fiberforge. RMI is not responsible for losses of Fiberforge in excess of its investment and, therefore, is no longer reflecting its share of Fiberforge's losses and may only reflect its share of Fiberforge's future earnings to the extent that they exceed RMI's share of Fiberforge's cumulative unrecognized net losses. During the year ended June 30, 2008, the investment in Fiberforge was reduced to \$0, and RMI began reporting the investment using the cost method.

ROCKY MOUNTAIN INSTITUTE

Notes to Financial Statements

Note 14 - Investment in Fiberforge Corporation (continued)

In April 2004, RMI extended a line-of-credit to Fiberforge for \$750,000 with a 3% interest rate plus the prime lending rate in effect at the time of disbursement. In accordance with generally accepted accounting principles, the value of the loan was reported at \$0 due to RMI's share of Fiberforge's prior years' losses being in excess of the investment and loan balance. Fiberforge repaid approximately \$582,000 on the loan during the year ended June 30, 2014, which was recorded as investment income. The book value of the loan is \$0 at June 30, 2014 and 2013.

In December 2010, RMI amended its line-of-credit with Fiberforge and deferred the commencement of principal payments until January 2013, as well as extended the due date of the line-of-credit to January 2015. In addition, under the amended line-of-credit, all accrued and unpaid interest due on the line-of-credit was converted into convertible preferred stock of Fiberforge at \$7.50 per share. For calendar years beginning after December 31, 2010 until the note is paid, Fiberforge will pay any accrued interest annually in arrears in additional convertible preferred stock or cash at Fiberforge's discretion. Additionally, up to \$300,000 of the line-of-credit can be repaid in convertible preferred stock. Due to the cumulative net losses of Fiberforge, RMI did not assign any value to these shares of convertible preferred stock as of their issuance date. At June 30, 2014, RMI concluded the convertible preferred stock did not have a fair market value.

Note 15 - Commitments

Operating Leases

RMI leases several of its facilities and equipment under operating leases expiring through December 2018. Rent expense for the years ended June 30, 2014 and 2013 was \$601,221 and \$606,066, respectively.

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

For the Year Ending June 30,

2015	\$	442,000
2016		423,000
2017		429,000
2018		433,000
2019		<u>218,000</u>
	\$	<u>1,945,000</u>

ROCKY MOUNTAIN INSTITUTE

Notes to Financial Statements

Note 16 - Endowments

RMI'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 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

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.

ROCKY MOUNTAIN INSTITUTE

Notes to Financial Statements

Note 16 - Endowments (continued)

Return Objectives and Risk Parameters (continued)

- The portfolio uses a comparative benchmark of composite returns from 1,500 entities, including endowments, foundations, pension plans, individual trusts, and corporate accounts.

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

Strategies Employed for Achieving Objectives

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

Spending Policy and How the Investment Objectives Relate to Spending Policy

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

Endowment net asset composition by type of fund as of June 30, 2014:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ 62,122	\$ 273,680	\$ 335,802
Windstar-restricted endowment fund	<u>-</u>	<u>68,803</u>	<u>576,325</u>	<u>645,128</u>
Total funds	<u>\$ -</u>	<u>\$ 130,925</u>	<u>\$ 850,005</u>	<u>\$ 980,930</u>

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

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

ROCKY MOUNTAIN INSTITUTE

Notes to Financial Statements

Note 16 - Endowments (continued)

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

Changes in invested endowment assets for the year ended June 30, 2014:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment assets, beginning of year	\$ -	\$ 49,297	\$ 826,690	\$ 875,987
Change in beneficial interest in assets held by the Foundation	<u>-</u>	<u>31,675</u>	<u>-</u>	<u>31,675</u>
Investment return				
Investment income	-	12,058	-	12,058
Net appreciation, net of fees	<u>-</u>	<u>37,895</u>	<u>-</u>	<u>37,895</u>
Total investment return	-	49,953	-	49,953
Contributions	<u>-</u>	<u>-</u>	<u>23,315</u>	<u>23,315</u>
Endowment assets, end of year	<u>\$ -</u>	<u>\$ 130,925</u>	<u>\$ 850,005</u>	<u>\$ 980,930</u>

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

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment assets, beginning of year	\$ (15,430)	\$ 11,995	\$ 714,154	\$ 710,719
Change in beneficial interest in assets held by the Foundation	<u>-</u>	<u>14,066</u>	<u>-</u>	<u>14,066</u>
Investment return				
Investment income	-	11,781	-	11,781
Net appreciation, net of fees	<u>15,430</u>	<u>11,455</u>	<u>-</u>	<u>26,885</u>
Total investment return	15,430	23,236	-	38,666
Contributions	-	-	125,365	125,365
Transfers (reallocation of Semmer corpus)	<u>-</u>	<u>-</u>	<u>(12,829)</u>	<u>(12,829)</u>
Endowment assets, end of year	<u>\$ -</u>	<u>\$ 49,297</u>	<u>\$ 826,690</u>	<u>\$ 875,987</u>

ROCKY MOUNTAIN INSTITUTE

Notes to Financial Statements

Note 17 - Option to Purchase Basalt Land

During the year ended June 30, 2011, RMI entered into an option contract to purchase approximately 0.5 acres of property in the town of Basalt, Colorado, for a total of \$600,000. Under the terms of this option contract, RMI deposited earnest money totaling \$5,000 and has until January 2015 to exercise this option. The option contract also contains special financing provisions should RMI exercise the option. Through the date of this report, RMI has not exercised this option.

SUPPLEMENTARY INFORMATION

ROCKY MOUNTAIN INSTITUTE

**Schedule of Functional Expenses
Year Ended June 30, 2014**

	<u>Research and Consulting</u>	<u>Office of the Chief Scientist</u>	<u>Communications</u>	<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Operating expenses							
Salaries	\$ 5,310,988	\$ 402,877	\$ 849,959	\$ 6,563,824	\$ 250,471	\$ 1,265,381	\$ 8,079,676
Benefits	1,034,391	77,237	118,991	1,230,619	108,739	151,555	1,490,913
Accounting fees	-	-	-	-	25,697	-	25,697
Advertising	-	-	1,775	1,775	-	100	1,875
Appliances and furnishing expenses	-	140	-	140	3,376	-	3,516
Audit	-	-	-	-	49,720	-	49,720
Auto expense - lease expense	-	-	-	-	5,545	-	5,545
Auto expense - gas and maintenance	-	-	-	-	902	-	902
Bank, credit card charges	225	-	15	240	12,884	4,183	17,307
Board meeting expenses	-	-	-	-	26,772	-	26,772
Computer equipment	48	634	3,104	3,786	27,530	67	31,383
Computer software	443	351	332	1,126	5,543	-	6,669
Consultants and subcontractors	1,414,416	8,713	45,272	1,468,401	41,333	88,378	1,598,112
Dues, subscriptions, and memberships	80,819	425	50	81,294	4,160	670	86,124
Reproduction costs	17,927	1,082	3,246	22,255	4,869	3,967	31,091
General insurance	32,472	44,296	5,879	82,647	8,819	7,186	98,652
Legal	37,870	-	-	37,870	1,993	-	39,863
Library expense	7,317	890	349	8,556	60	77	8,693
Licenses and registration	5,457	120	-	5,577	5,365	-	10,942
Memberships	5,570	179	54	5,803	4,918	744	11,465
Miscellaneous	442	460	107	1,009	8,411	384	9,804
Office expense	15,444	1,686	2,621	19,751	4,785	3,405	27,941
Other reimbursable expense	80,374	171	-	80,545	-	-	80,545
Marketing and outreach	-	603	14,579	15,182	-	814	15,996
Postage and freight	4,258	1,469	6,931	12,658	1,332	30,724	44,714
Printing	3,291	587	36,732	40,610	174	54,069	94,853
Professional development	18,935	650	413	19,998	8,544	1,490	30,032
Public relations	-	-	112,607	112,607	-	-	112,607
Recruiting expenses	492,984	55	-	493,039	25,936	-	518,975
Rent expense	306,235	41,175	59,346	406,756	96,960	66,413	570,129
Repairs and maintenance	13,763	831	2,914	17,508	51,342	3,045	71,895
Software maintenance	36,042	1,807	5,421	43,270	2,033	30,287	75,590
Supplies	1,360	-	-	1,360	8,409	-	9,769
Taxes	-	-	-	-	10,647	-	10,647
Telephone	168,802	23,335	28,387	220,524	80,481	40,888	341,893
Tools	-	520	-	520	451	-	971
Travel, meals, and meetings	1,068,220	141,619	15,228	1,225,067	57,138	85,732	1,367,937
Utilities	15,893	960	2,878	19,731	38,167	3,518	61,416
Web site	-	-	33,850	33,850	771	28	34,649
Total operating expenses	<u>10,173,986</u>	<u>752,872</u>	<u>1,351,040</u>	<u>12,277,898</u>	<u>984,277</u>	<u>1,843,105</u>	<u>15,105,280</u>
Other expenses							
Depreciation expense	167,945	13,184	29,642	210,771	42,798	26,339	279,908
Interest expense	14,607	1,147	2,578	18,332	3,722	2,291	24,345
Total other expenses	<u>182,552</u>	<u>14,331</u>	<u>32,220</u>	<u>229,103</u>	<u>46,520</u>	<u>28,630</u>	<u>304,253</u>
Total expenses	<u>\$ 10,356,538</u>	<u>\$ 767,203</u>	<u>\$ 1,383,260</u>	<u>\$ 12,507,001</u>	<u>\$ 1,030,797</u>	<u>\$ 1,871,735</u>	<u>\$ 15,409,533</u>

ROCKY MOUNTAIN INSTITUTE

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

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