ROCKY MOUNTAIN INSTITUTE

Consolidated Financial Statements
and
Independent Auditors' Report
June 30, 2018 and 2017

ROCKY MOUNTAIN INSTITUTE

Table of Contents

EKS&H

8181 East Tufts Avenue, Suite 600
Denver, Colorado 80237-2579
P: 303-740-9400
F: 303-740-9009
www.EKSH.com

EKS&H LLLP

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, 2018 and 2017, 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 CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our 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 June 30, 2018 and 2017, 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.

OTHER MATTERS

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The schedule of functional expenses and the consolidating schedules of financial position and activities are presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, change in net assets, and cash flows of the individual entities and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the 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.

EKS+H LLLP

EKS&H LLLP

Denver, Colorado
October 24, 2018

ROCKY MOUNTAIN INSTITUTE

Consolidated Statements of Financial Position

	June 30, 2018	June 30, 2017
Assets		
Current assets		
Cash and cash equivalents	$ 8,186,650	$ 4,792,403
Investments	3,770	3,520
Beneficial interest in assets held by The Denver Foundation	137,715	128,302
Accounts receivable	3,666,258	1,788,180
Short-term pledges receivable	6,145,380	6,126,190
Other current receivables	-	107,318
Prepaid expenses and other assets	440,595	175,946
Total current assets	18,580,368	13,121,859
Long-term assets		
Property and equipment, net	16,468,614	16,746,657
Long-term pledges receivable, net	1,344,540	3,149,141
Investments restricted for the Innovation Center	558,689	533,657
Beneficial interest in assets held by The Denver Foundation	406,523	385,684
Deposits and other assets	470,006	356,964
Total long-term assets	19,248,372	21,172,103
Total assets	$ 37,828,740	$ 34,293,962
Liabilities and Net Assets		
Current liabilities		
Accounts payable	$ 1,114,290	$ 1,008,005
Accrued salaries and benefits	2,990,558	2,540,888
Deferred revenue	651,553	1,211,071
Line-of-credit	11,056	12,462
Loans payable, current portion	139,139	256,752
Capital lease obligations, current portion	70,024	111,828
Other accrued expenses	505,331	109,771
Total current liabilities	5,481,951	5,250,777
Long-term liabilities		
Loans payable, net of current portion	6,776,393	4,491,434
Capital lease obligations, net of current portion	21,417	89,126
Deferred rent	173,980	105,978
Total liabilities	12,453,741	9,937,315
Commitments		
Net assets		
Unrestricted	10,698,993	12,049,414
Temporarily restricted	13,781,211	11,427,013
Permanently restricted	894,795	880,220
Total net assets	25,374,999	24,356,647
Total liabilities and net assets	$ 37,828,740	$ 34,293,962

See notes to consolidated financial statements.

ROCKY MOUNTAIN INSTITUTE

Consolidated Statements of Activities

	For the Year Ended June 30, 2018				For the Year Ended June 30, 2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, gains, and other support								
Earned revenue	$ 8,020,286	$ -	$ -	$ 8,020,286	$ 5,382,125	$ -	$ -	$ 5,382,125
Foundation, individual, and corporate contributions	17,976,493	16,343,861	14,575	34,334,929	18,806,581	12,223,907	6,650	31,037,138
Event revenue	539,713	-	-	539,713	215,407	-	-	215,407
Government and multilateral grants	507,209	-	-	507,209	4,105	-	-	4,105
Publishing and royalty revenue	3,508	-	-	3,508	8,869	-	-	8,869
Other revenue	141,837	-	-	141,837	94,237	-	-	94,237
Change in beneficial interest in assets held by The Denver Foundation	9,416	28,249	-	37,665	14,968	48,255	-	63,223
Investment income, net	6,013	2,838	-	8,851	11,753	-	-	11,753
Net realized and unrealized gain on investments	37,509	-	-	37,509	5,836	-	-	5,836
	27,241,984	16,374,948	14,575	43,631,507	24,543,881	12,272,162	6,650	36,822,693
Net assets released from restrictions	14,020,750	(14,020,750)	-	-	12,064,194	(12,064,194)	-	-
Total revenues, gains, and other support	41,262,734	2,354,198	14,575	43,631,507	36,608,075	207,968	6,650	36,822,693
Expenses								
Program services	34,023,915	-	-	34,023,915	27,757,004	-	-	27,757,004
Management and general	6,131,217	-	-	6,131,217	5,756,959	-	-	5,756,959
Fundraising	2,458,023	-	-	2,458,023	2,458,282	-	-	2,458,282
Total expenses	42,613,155	-	-	42,613,155	35,972,245	-	-	35,972,245
Excess of revenues, gains, and other support over expenses	(1,350,421)	2,354,198	14,575	1,018,352	635,830	207,968	6,650	850,448
Loss from investment in Black Bear Energy, Inc., as reported under the equity method	-	-	-	-	(562,602)	-	-	(562,602)
Deconsolidation of Black Bear Energy, Inc.	-	-	-	-	600,097	-	-	600,097
Change in net assets	$ (1,350,421)	$ 2,354,198	$ 14,575	$ 1,018,352	$ 673,325	$ 207,968	$ 6,650	$ 887,943

See notes to consolidated financial statements.

ROCKY MOUNTAIN INSTITUTE

Consolidated Statements of Cash Flows

	For the Years Ended June 30, 2018	2017
Cash flows from operating activities		
Change in net assets	$ 1,018,352	$ 887,943
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation expense	813,167	766,335
Amortization of loan fees	142,420	17,558
Net realized and unrealized gain on investments	(37,509)	(5,836)
Gain on sale of property and equipment	(10,671)	-
Interest accrued on loans payable	67,422	-
Contribution recorded for WattTime acquisition	(16,939)	-
Permanently restricted contributions	(14,575)	(6,650)
Net change in beneficial interest in assets held by The Denver Foundation	(37,665)	(63,223)
Bad debt expense	108,260	848,359
Changes in assets and liabilities		
Accounts receivable	(1,878,078)	(476,966)
Pledges receivable	1,677,151	(392,108)
Other current receivables, prepaid expenses and other assets, and deposits	(270,373)	(79,122)
Accounts payable	97,155	125,803
Accrued salaries and benefits and other accrued expenses	845,230	181,998
Deferred revenue	(599,851)	39,070
Deferred rent	68,002	(39,917)
Net cash provided by operating activities	1,971,498	1,803,244
Cash flows from investing activities		
Cash received in conjunction with WattTime acquisition	66,402	-
Net sales (purchases) of investments	12,227	(13,696)
Net transfers from The Denver Foundation	7,413	32,626
Purchases of property and equipment	(524,453)	(442,106)
Net cash used in investing activities	(438,411)	(423,176)
Cash flows from financing activities		
Net payments on line-of-credit	(1,406)	(11,795)
Proceeds from issuance of long-term debt	2,115,443	21,869
Payments on long-term debt	(99,739)	(258,940)
Payments on debt issuance costs	(58,200)	-
Permanently restricted contributions	14,575	6,650
Payments on capital lease obligations	(109,513)	(139,962)
Net cash provided by (used in) financing activities	1,861,160	(382,178)
Net change in cash and cash equivalents	3,394,247	997,890
Cash and cash equivalents, beginning of year	4,792,403	3,794,513
Cash and cash equivalents, end of year	$ 8,186,650	$ 4,792,403

(Continued on the following page)

See notes to consolidated financial statements.

Consolidated Statements of Cash Flows

(Continued from the previous page)

Supplemental disclosure of cash flow information:

For the years ended June 30, 2018 and 2017, cash paid for interest, net of amount capitalized, was $276,434 and $56,056, respectively.

In conjunction with the combination of WattTime on July 1, 2017, RMI recorded cash of $66,402 and accounts payable and deferred revenue of $9,130 and $40,333, respectively.

Supplemental disclosure of non-cash activity:

During the year ended June 30, 2017, RMI entered into capital lease obligations for equipment in the amount of $135,493.

See notes to consolidated financial statements.

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. Effective January 1, 2018, Rocky Mountain Institute established a representative office (the "RO") in response to laws recently instituted in China, which requires foreign non-governmental organizations with a permanent physical office in China to be registered and approved by the Ministry of Public Security. The RO is treated as a division within Rocky Mountain Institute, as the U.S. sponsor; not as a separate legal entity. ROs are not allowed to directly engage in operational activities, including receiving payments from their clients or donors; accordingly, all revenue activity associated with the RO was processed and recorded by Rocky Mountain Institute's U.S. headquarters subsequent to January 1, 2018.

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 was initially consolidated in Rocky Mountain Institute's financial statements. 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.

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

Organization (continued)

Effective July 1, 2017, Rocky Mountain Institute 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, Rocky Mountain Institute 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. Accordingly, WattTime is consolidated in Rocky Mountain Institute's financial statements for the year ended June 30, 2018. While no consideration was exchanged in the transaction, Rocky Mountain Institute agreed to certain fundraising obligations and administrative assistance to WattTime. At the discretion of WattTime's board of directors, WattTime may grant excess revenues to Rocky Mountain Institute to use for Rocky Mountain Institute's charitable purposes. In conjunction with the combination of WattTime, Rocky Mountain Institute recorded cash of $66,402 and accounts payable and deferred revenue of $9,130 and $40,333, respectively.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Rocky Mountain Institute, RMIIC, RMII, and WattTime (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 net assets 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 net assets are monies restricted by donors specifically for certain time periods, purposes, or programs.
>
> Permanently restricted net assets 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, 2018 and 2017, and periodically throughout the year, RMI maintained balances in various operating accounts in excess of federally insured limits.

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

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 consolidated 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. As of June 30, 2018 and 2017, management believes all accounts receivable are fully collectible and accordingly, no allowance is recorded.

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, 2018 and 2017, management believes all pledges are fully collectible and accordingly, no allowance is recorded.

Concentration of Risk

As of and for the year ended June 30, 2018, RMI had two donors who accounted for 31% of the receivable balance and one donor who was responsible for 21% of total revenues, gains, and other support.

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 35% 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.

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

Long-Lived Assets

RMI reviews its long-lived 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, 2018 and 2017, 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.

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.

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

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 an estimate of time and effort. Certain overhead costs are allocated to services on a pro rata basis of full-time equivalents by each service.

Income Taxes

Rocky Mountain Institute and WattTime are non-profit organizations exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC"). RMIIC is a limited liability company, and RMII is a limited partnership with no significant taxable activity during the period. Accordingly, no provision for income taxes has been recorded 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, 2018 and 2017. 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, 2018 and 2017.

Use of Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue, expenses, gains, losses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

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

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. Entities should apply the amendment in this update retrospectively to all periods presented.

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 generally accepted accounting principles when it becomes effective. The new standard will become effective for RMI beginning July 1, 2019.

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.

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

Reclassifications

Certain amounts in the 2017 consolidated financial statements have been reclassified to conform to the 2018 presentation.

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

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.

Note 2 - Investments

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

	June 30, 2018	June 30, 2017
Unrestricted		
Cash and money market funds	$ 3,770	$ 3,520
Total unrestricted	3,770	3,520
Restricted		
Cash and money market funds	45,187	3,324
Mutual funds		
Fixed income	277,698	259,160
Equities	235,804	271,173
Total restricted	558,689	533,657
Total investments	$ 562,459	$ 537,177

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

	For the Years Ended June 30, 2018	For the Years Ended June 30, 2017
Investment income		
Interest and dividend income	$ 13,579	$ 16,142
Investment management and custodian fees	(4,728)	(4,389)
Total investment income	8,851	11,753
Net gain on investments		
Realized gain (loss) on investments	19,412	(8,053)
Unrealized gain on investments	18,097	13,889
Total net gain on investments	37,509	5,836
Total return on investments	$ 46,360	$ 17,589

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, 2018 and 2017, the fair value of the assets of the RMI Fund was $137,715 and $128,302, respectively. Distributions from the RMI Fund are available to RMI for its unrestricted use. During 2018 and 2017, 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. As of June 30, 2018 and 2017, the fair value of the assets of the Semmer Fund was $123,149 and $120,432, respectively. Distributions from the Semmer Fund are available to RMI for the funding of a research intern. During the years ended June 30, 2018 and 2017, $6,044 and $11,826 was distributed, respectively.

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, 2018 and 2017, the fair value of the assets of the Konheim Fund was $167,565 and $151,998, respectively. Distributions from the Konheim Fund are available to RMI for the funding of a research intern. During the years ended June 30, 2018 and 2017, $7,660 and $12,980 was distributed, respectively.

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.

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

Funds (continued)

The RMI Endowment Fund (continued)

As of June 30, 2018 and 2017, the fair value of the assets of the RMI Endowment was $115,809 and $113,254, respectively. Distributions from the RMI Endowment are available to RMI for its unrestricted use. During the years ended June 30, 2018 and 2017, $5,683 and $11,120 was distributed, respectively.

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 Foundation.

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, 2018 and 2017 were approximately $10,000 and $8,000, 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.

Note 4 - Fair Value Reporting (continued)

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.

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, 2018.

Financial assets carried at fair value as of June 30, 2018 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	$ 48,957	$ -	$ -	$ 48,957
Mutual funds	513,502	-	-	513,502
Beneficial interest in assets held by the Foundation	-	-	544,238	544,238
Total	$ 562,459	$ -	$ 544,238	$ 1,106,697

Note 4 - Fair Value Reporting (continued)

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

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, 2018	2017
Beginning balance	$ 513,986	$ 483,389
Change in beneficial interest	37,665	63,223
Contributions	11,975	3,300
Distributions	(19,388)	(35,926)
Ending balance	$ 544,238	$ 513,986

Note 5 - Pledges Receivable

Promises to give consist of the following:

	June 30, 2018	2017
Capital campaign	$ 550,000	$ 836,000
Operations/annual giving	6,965,192	8,474,570
	$ 7,515,192	$ 9,310,570

Note 5 - Pledges Receivable (continued)

Pledges are expected to be received as follows:

	June 30, 2018	June 30, 2017
Due in less than one year	$ 6,145,380	$ 6,617,190
Due in one to five years	1,369,812	2,693,380
	7,515,192	9,310,570
Less unamortized discount on pledges	(25,272)	(35,239)
	7,489,920	9,275,331
Less current portion	(6,145,380)	(6,126,190)
Long-term pledges receivable	$ 1,344,540	$ 3,149,141

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 rates used to calculate the discount on pledges receivable range from 1.24% to 2.33%.

Note 6 - Property and Equipment

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

	June 30, 2018	June 30, 2017
Buildings and improvements	$ 16,479,177	$ 16,751,076
Equipment	1,911,573	2,155,311
Furniture	1,107,405	1,198,505
Intellectual property	101,122	101,122
	19,599,277	20,206,014
Less accumulated depreciation and amortization	(3,130,663)	(3,459,357)
Property and equipment, net	$ 16,468,614	$ 16,746,657

Depreciation and amortization expense for the years ended June 30, 2018 and 2017 was $813,167 and $766,335, respectively.

Note 6 - Property and Equipment (continued)

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

In August 2017, RMI entered into a line-of-credit agreement with a bank for $2,000,000. The interest rate is based on the prime rate as calculated by the lender (5% as of June 30, 2018). This line-of-credit is collateralized by substantially all assets of RMI and a deed of trust and is subject to certain covenants. The line-of-credit matures October 22, 2018. As of June 30, 2018, the outstanding balance on this line-of-credit was $11,056.

Additionally, RMI had a revolving line-of-credit with a bank for $3,500,000, which was canceled in November 2017. As of June 30, 2017, the outstanding balance on this line-of-credit was $12,462.

Note 8 - Loans Payable

Loans payable, including accrued interest, consist of the following:

	June 30, 2018	June 30, 2017
Municipal bonds payable, paid in full during 2018.	$ -	$ 4,884,557
Note payable to a bank for $6,250,000 with interest at 5%. Monthly payments of $36,612 maturing in September 2024. The loan is collateralized by the IC and substantially all assets of RMI.	6,150,261	-
Four notes payable totaling $550,000 with interest ranging from 5% to 6%. Principal and interest are due at maturity between May 2022 and July 2023.	568,575	-

Note 8 - Loans Payable (continued)

	June 30, 2018	June 30, 2017
Note payable with an initial loan amount of $200,000. If the note is paid in full on or before April 2020, the repayment amount is 1.25 times the initial loan amount; if paid after April 2020, the repayment amount is 1.40 times the initial loan amount and is due April 2023. Payments are due annually based on 2.25% of WattTime's gross revenues, as defined.	248,847	-
Total long-term debt	6,967,683	4,884,557
Less unamortized debt issuance costs	(52,151)	(136,371)
Less current portion	(139,139)	(256,752)
Long-term portion of notes payable	$ 6,776,393	$ 4,491,434

Loans payable mature as follows:

For the Year Ending June 30,	
2019	$ 139,139
2020	394,532
2021	167,441
2022	375,928
2023	274,671
Thereafter	5,615,972
	$ 6,967,683

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 September 2018 to April 2020. Amortization of the leased property is included in depreciation expense.

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

	June 30, 2018	June 30, 2017
Capital lease assets	$ 410,756	$ 437,867
Less accumulated amortization	(257,083)	(165,030)
	$ 153,673	$ 272,837

Note 9 - Capital Lease Obligations (continued)

Maturities of capital lease obligations are as follows:

For the Year Ending June 30,	
2019	$ 70,120
2020	21,417
Total minimum lease payments	91,537
Amount representing interest	(96)
Present value of net minimum lease payments	91,441
Less current portion	(70,024)
Long-term capital lease obligation	$ 21,417

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, 2018 and 2017, employer contributions totaled $711,857 and $659,001, 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, 2016	$ (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
Change in net assets	-	(1,350,421)	2,354,198	14,575	1,018,352
Balance - June 30, 2018	$ -	$ 10,698,993	$ 13,781,211	$ 894,795	$ 25,374,999

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.

Note 11 - Net Assets (continued)

Temporarily restricted net assets represent amounts that have been restricted by donors as follows:

	June 30, 2018	June 30, 2017
Electricity	$ 2,306,992	$ 2,596,228
Pledges receivable (time restricted)	2,204,558	450,000
China	2,080,293	2,242,239
Buildings	1,780,459	650,243
Islands	1,643,495	1,536,614
Global Climate Finance	1,352,902	336,373
Seed	891,397	1,165,913
Office of Chief Scientist (administration)	583,582	307,390
Shine	232,576	396,215
Breakthrough	188,000	-
Mobility	169,711	614,052
Methane	91,778	569,136
Shipping	86,907	146,714
Endowment funds	76,364	64,665
WattTime	75,798	-
Sunshine for Mines (solar)	16,399	300,000
Communities	-	26,231
Trucking	-	25,000
	$ 13,781,211	$ 11,427,013

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, 2018	June 30, 2017
Eric Konheim Memorial Internship Fund	$ 162,715	$ 148,140
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
	$ 894,795	$ 880,220

Note 12 - 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, 2018 and 2017 was $1,831,034 and $1,030,360, respectively.

Future minimum lease payments are approximately as follows:

For the Year Ending June 30,	
2019	$ 1,201,000
2020	1,148,000
2021	880,000
2022	896,000
2023	379,000
Thereafter	69,000
	$ 4,573,000

Note 13 - Endowments

RMI's endowments consist of three donor-restricted individual 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.

Note 13 - Endowments (continued)

Interpretation of Relevant Law (continued)

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 generally accepted accounting principles, deficiencies of this nature that are reported in unrestricted net assets were $0 and $22,194 as of June 30, 2018 and 2017, respectively. These deficiencies resulted from appropriations in excess of asset balances that were deemed prudent by the Board of Trustees.

Return Objectives and Risk Parameters

RMI has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that RMI must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds.

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.

Note 13 - Endowments (continued)

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, 2018:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ 76,364	$ 894,795	$ 971,159

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

Changes in endowment assets for the year ended June 30, 2018:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment assets, beginning of year	$ (22,194)	$ 64,665	$ 880,220	$ 922,691
Investment return				
Investment income	8,840	9,843	-	18,683
Net appreciation, net of fees	13,354	21,244	-	34,598
Total investment return	22,194	31,087	-	53,281
Contributions	-	-	14,575	14,575
Appropriation and distribution of endowment assets for expenditure	-	(19,388)	-	(19,388)
Endowment assets, end of year	$ -	$ 76,364	$ 894,795	$ 971,159

As of June 30, 2018, a $5,950 permanently restricted contribution had been received but not yet invested in the endowment fund.

Note 13 - Endowments (continued)

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

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 - Black Bear Equity Investment

As of June 30, 2018 and 2017, RMI owned 20.0% and 37.5%, respectively, of BBE. RMI accounts for this investment using the equity method. RMI's share of BBE's net losses is in excess of the carrying value of its investment in BBE. RMI is not responsible for losses of BBE in excess of its investment, and therefore, is no longer reflecting its share of BBE's losses and may only reflect its share of BBE's future earnings to the extent they exceed RMI's share of BBE's cumulative unrecognized losses. As of June 30, 2018 and 2017, RMI's investment in BBE was $0.

Note 15 - Related Party Transactions

As of June 30, 2018 and 2017, pledges receivable on the accompanying consolidated statements of financial position include $796,033 and $450,000, 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, 2018

	Rocky Mountain Institute Program Services	Rocky Mountain Institute International	WattTime	Communications	Total Program Services	Management and General	Fundraising	Total
Operating expenses								
Salaries	$ 14,488,753	$ 499,210	$ 605,548	$ 853,567	$ 16,447,078	$ 2,229,124	$ 1,375,956	$ 20,052,158
Benefits	3,086,713	308,796	100,291	178,872	3,674,672	518,083	242,239	4,434,994
Accounting and audit fees	3,645	-	-	-	3,645	18,521	-	22,166
Bank and credit card charges	14,667	822	2,476	113	18,078	27,667	11,605	57,350
Board meeting expenses	589	-	-	-	589	104,375	602	105,566
Computer equipment	313,498	3,739	13,211	39,199	369,647	101,748	27,041	498,436
Computer software	8,198	1,617	23,242	1,855	34,912	95,094	25,058	155,064
Contract labor	5,054,946	122,530	160,387	31,928	5,369,791	750,279	229,149	6,349,219
Donations	5,000	-	-	-	5,000	192,410	-	197,410
Dues, subscriptions, and memberships	117,220	524	-	13,014	130,758	47,018	16,804	194,580
General insurance	76,565	54,964	1,204	9,216	141,949	15,785	6,520	164,254
Legal	108,456	6,554	650	-	115,660	178,071	-	293,731
Licenses and registration	47,291	-	147	190	47,628	12,891	850	61,369
Event expense	795,463	-	-	-	795,463	12,661	80,042	888,166
Communication and content	11,862	1,459	-	16,882	30,203	330	-	30,533
Miscellaneous	30,285	23,857	175	-	54,317	-	-	54,317
Marketing and outreach	47,898	-	12,705	1,669	62,272	94	-	62,366
Office expense	57,044	-	-	7,095	64,139	12,151	5,019	81,309
Postage and freight	12,426	198	608	1,000	14,232	5,863	45,376	65,471
Printing	54,194	-	-	42,028	96,222	12,259	32,451	140,932
Professional development	11,301	-	-	313	11,614	34,176	5,373	51,163
Property taxes	-	-	-	-	-	204,480	-	204,480
Public relations	116,803	46,598	-	48,486	211,887	7,488	-	219,375
Recruiting expenses	-	-	958	-	958	145,618	-	146,576
Rent expense	1,106,216	183,855	46,146	128,404	1,464,621	275,568	90,845	1,831,034
Repairs and maintenance	128,705	884	-	15,309	144,898	26,221	10,831	181,950
Telephone	708,392	964	1,705	83,559	794,620	162,224	59,560	1,016,404
Travel, meals, and meetings	2,732,626	122,942	17,430	36,615	2,909,613	258,703	113,205	3,281,521
Supplies	77,312	7,895	1,878	3,252	90,337	32,307	3,314	125,958
Utilities	23,922	655	-	2,873	27,450	4,921	2,033	34,404
Website	34,733	-	-	37,577	72,310	-	-	72,310
Loss on property and equipment	-	-	-	-	-	10,671	-	10,671
Total operating expenses	29,274,723	1,388,063	988,761	1,553,016	33,204,563	5,496,801	2,383,873	41,085,237
Other expenses								
Depreciation expense	568,923	6,636	-	69,472	645,031	118,986	49,150	813,167
Foreign exchange transaction	75,553	18,580	-	-	94,133	-	-	94,133
Interest expense	-	-	68,738	-	68,738	443,620	-	512,358
Bad debt expense	11,450	-	-	-	11,450	71,810	25,000	108,260
Total other expenses	655,926	25,216	68,738	69,472	819,352	634,416	74,150	1,527,918
Total expenses	$ 29,930,649	$ 1,413,279	$ 1,057,499	$ 1,622,488	$ 34,023,915	$ 6,131,217	$ 2,458,023	$ 42,613,155

ROCKY MOUNTAIN INSTITUTE

Consolidating Schedule of Financial Position
June 30, 2018

	Rocky Mountain Institute and RMI Innovation Center, LLC	Rocky Mountain Institute International	WattTime	Eliminations	Consolidated
Assets					
Current assets					
Cash and cash equivalents	$ 7,698,452	$ 134,032	$ 354,166	$ -	$ 8,186,650
Investments	3,770	-	-	-	3,770
Beneficial interest in assets held by The Denver Foundation	137,715	-	-	-	137,715
Accounts receivable, net of allowance for doubtful accounts	3,644,758	-	21,500	-	3,666,258
Short-term pledges receivable	6,070,380	-	75,000	-	6,145,380
Prepaid expenses and other assets	315,834	124,761	-	-	440,595
Due from related parties	362,206	-	2,629	(364,835)	-
Total current assets	18,233,115	258,793	453,295	(364,835)	18,580,368
Long-term assets					
Property and equipment, net	16,447,546	21,068	-	-	16,468,614
Long-term pledges receivable, net	1,344,540	-	-	-	1,344,540
Investments restricted for the Innovation Center	558,689	-	-	-	558,689
Investment in Rocky Mountain Institute International	720,220	-	-	(720,220)	-
Loan receivable - intercompany	62,500	-	-	(62,500)	-
Beneficial interest in assets held by The Denver Foundation	406,523	-	-	-	406,523
Deposits and other assets	462,206	-	7,800	-	470,006
Total long-term assets	20,002,224	21,068	7,800	(782,720)	19,248,372
Total assets	$ 38,235,339	$ 279,861	$ 461,095	$ (1,147,555)	$ 37,828,740
Liabilities and Net Assets					
Current liabilities					
Accounts payable	$ 1,092,116	$ -	$ 22,174	$ -	$ 1,114,290
Accrued salaries and benefits	2,951,146	-	39,412	-	2,990,558
Deferred revenue	643,645	-	7,908	-	651,553
Line-of-credit	11,056	-	-	-	11,056
Loans payable, current portion	139,139	-	-	-	139,139
Capital lease obligations, current portion	70,024	-	-	-	70,024
Other accrued expenses	395,049	102,160	8,122	-	505,331
Due to related parties	2,629	362,206	-	(364,835)	-
Total current liabilities	5,304,804	464,366	77,616	(364,835)	5,481,951
Long-term liabilities					
Loans payable, net of current portion	5,962,059	-	876,834	(62,500)	6,776,393
Capital lease obligations, net of current portion	21,417	-	-	-	21,417
Deferred rent, net of current portion	173,980	-	-	-	173,980
Total liabilities	11,462,260	464,366	954,450	(427,335)	12,453,741
Commitments					
Net assets					
Rocky Mountain Institute International deficit	-	(184,505)	-	184,505	-
Unrestricted	12,172,869	-	(569,153)	(904,725)	10,698,991
Temporarily restricted	13,705,415	-	75,798	-	13,781,213
Permanently restricted	894,795	-	-	-	894,795
Total net assets	26,773,079	(184,505)	(493,355)	(720,220)	25,374,999
Total liabilities and net assets	$ 38,235,339	$ 279,861	$ 461,095	$ (1,147,555)	$ 37,828,740

ROCKY MOUNTAIN INSTITUTE

Consolidating Schedule of Activities
For the Year Ended June 30, 2018

	Rocky Mountain Institute and RMI Innovation Center, LLC	Rocky Mountain Institute International	WattTime	Eliminations	Consolidated
Revenues, gains, and other support					
Earned revenue	$ 7,774,149	$ -	$ 246,137	$ -	$ 8,020,286
Foundation, individual, and corporate contributions	33,523,374	481,083	330,472	-	34,334,929
Event revenue	539,713	-	-	-	539,713
Government and multilateral grants	507,209	-	-	-	507,209
Publishing and royalty revenue	3,508	-	-	-	3,508
Other revenue	115,087	26,750	-	-	141,837
Change in beneficial interest in assets held by The Denver Foundation	37,665	-	-	-	37,665
Investment income, net	20,595	721	35	(12,500)	8,851
Net realized and unrealized gain on investments	37,509	-	-	-	37,509
Total revenues, gains, and other support	42,558,809	508,554	576,644	(12,500)	43,631,507
Expenses					
Program services	31,553,137	1,413,279	1,069,999	(12,500)	34,023,915
Management and general	6,131,217	-	-	-	6,131,217
Fundraising	2,458,023	-	-	-	2,458,023
Total expenses	40,142,377	1,413,279	1,069,999	(12,500)	42,613,155
Change in net assets	$ 2,416,432	$ (904,725)	$ (493,355)	$ -	$ 1,018,352