THE ASPEN INSTITUTE

Financial Statements

For the Year Ended December 31, 2014
(With Summarized Financial Information for the Year Ended December 31, 2013)

and
Report Thereon

Reports Required in Accordance with Office of Management and Budget Circular A-133

For the Year Ended December 31, 2014

THE ASPEN INSTITUTE

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Raffa

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
The Aspen Institute

Report on the Financial Statements

We have audited the accompanying financial statements of The Aspen Institute (the Institute), which comprise the statement of financial position as of December 31, 2014, and the related statements of activities, functional expenses, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 auditor's 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 auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Institute as of December 31, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Continued

Other Matters

Report on Summarized Comparative Information

We have previously audited the Institute's 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 28, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is 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 audit 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2015, on our consideration of the Institute's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Institute's internal control over financial reporting and compliance.

Raffa, P.C.

Raffa, P.C.

Washington, D.C.
September 28, 2015

THE ASPEN INSTITUTE

STATEMENT OF FINANCIAL POSITION
December 31, 2014
(With Summarized Financial Information as of December 31, 2013)
(Dollars in Thousands)

	2014	2013
ASSETS		
Cash and cash equivalents	$ 12,674	$ 6,710
Accounts receivable, net	3,063	1,923
Grants and contributions receivable, net	43,374	43,854
Prepaid expenses	1,256	709
Inventory	100	116
Investments	116,735	111,854
Investments held for deferred compensation	3,268	2,687
Property and equipment, net	51,626	52,884
Security deposits	109	101
TOTAL ASSETS	$ 232,205	$ 220,838
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	$ 6,446	$ 5,717
Grants payable	725	1,072
Customer deposits and deferred fees	5,571	4,722
Capital lease obligations	93	138
Deferred rent and lease incentive	691	-
Deferred compensation	3,268	2,687
TOTAL LIABILITIES	16,794	14,336
Net Assets		
Unrestricted		
Board-designated	82,633	83,204
Undesignated	1,171	738
Total Unrestricted	83,804	83,942
Temporarily restricted	81,655	75,757
Permanently restricted	49,952	46,803
TOTAL NET ASSETS	215,411	206,502
TOTAL LIABILITIES AND NET ASSETS	$ 232,205	$ 220,838

The accompanying notes are an integral part of these financial statements.

THE ASPEN INSTITUTE

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2014
(With Summarized Financial Information for the Year Ended December 31, 2013)
(Dollars in Thousands)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2014 Total	2013 Total
OPERATING REVENUE AND SUPPORT					
Project grants	$ 1,136	$ 40,778	$ -	$ 41,914	$ 39,593
Contributions	9,003	14,795	3,149	26,947	28,962
Seminar and event fees	10,791	-	-	10,791	7,847
Conference centers fees	8,454	-	-	8,454	8,835
Contract revenue	7,375	-	-	7,375	6,199
Investment income appropriated for operations	2,015	1,699	-	3,714	3,833
Sponsorship revenue	2,155	-	-	2,155	2,024
Other	208	-	-	208	419
Rental income	102	-	-	102	136
Net assets released from restrictions:					
Satisfaction of time restrictions	22,951	(22,951)	-	-	-
Satisfaction of program restrictions	27,643	(27,643)	-	-	-
TOTAL OPERATING REVENUE AND SUPPORT	91,833	6,678	3,149	101,660	97,848
EXPENSES AND LOSSES					
Program Services:					
Policy programs	39,275	-	-	39,275	36,745
Campus activities	14,594	-	-	14,594	14,072
Public programs	10,993	-	-	10,993	7,321
Aspen Global Leadership Network	4,871	-	-	4,871	4,291
Seminars	1,087	-	-	1,087	1,905
Other restricted programs	1,384	-	-	1,384	844
Total Program Services	72,204	-	-	72,204	65,178
Supporting Services:					
General and administrative	16,983	-	-	16,983	14,915
Fundraising and development	2,994	-	-	2,994	3,074
Total Supporting Services	19,977	-	-	19,977	17,989
TOTAL EXPENSES	92,181	-	-	92,181	83,167
Loss on uncollectible pledge	-	1,000	-	1,000	-
TOTAL EXPENSES AND LOSSES	92,181	1,000	-	93,181	83,167
CHANGE IN NET ASSETS FROM OPERATIONS	(348)	5,678	3,149	8,479	14,681
NONOPERATING REVENUE					
Investment income in excess of earnings appropriated for operations	210	220	-	430	5,817
CHANGE IN NET ASSETS	(138)	5,898	3,149	8,909	20,498
NET ASSETS, BEGINNING OF YEAR	83,942	75,757	46,803	206,502	186,004
NET ASSETS, END OF YEAR	$ 83,804	$ 81,655	$ 49,952	$ 215,411	$ 206,502

The accompanying notes are an integral part of these financial statements.

THE ASPEN INSTITUTE

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2014
(With Summarized Financial Information for the Year Ended December 31, 2013)
(Dollars in Thousands)

	Program Services							Supporting Services				
	Policy Programs	Campus Activities	Public Programs	Aspen Global Leadership Network	Seminars	Other Restricted Programs	Total Program Services	General and Administrative	Fundraising and Development	Total Supporting Services	2014 Total	2013 Total
Salaries	$ 13,879	$ 963	$ 2,353	$ 1,552	$ 486	$ 408	$ 19,641	$ 7,298	$ 1,433	$ 8,731	$ 28,372	$ 25,692
Contracted services	4,511	13,114	1,424	555	161	232	19,997	2,351	37	2,388	22,385	21,348
Travel	6,751	87	3,149	1,722	173	216	12,098	580	443	1,023	13,121	11,599
Fringe benefits	4,027	248	674	472	148	125	5,694	1,368	434	1,802	7,496	6,553
Awards and scholarships	2,953	-	34	50	-		3,037	-	-	-	3,037	4,907
Grants	2,975	-	42	-	-	-	3,017	-	-	-	3,017	1,556
Supplies	534	-	471	127	53	110	1,295	1,428	218	1,646	2,941	2,334
Depreciation and amortization	-	-	-	-	-	-	-	2,742	-	2,742	2,742	2,938
Occupancy and utilities	1,511	132	178	88	4	21	1,934	478	86	564	2,498	2,264
Partner reimbursements	867	-	1,224	-	-	85	2,176	-	-	-	2,176	1,095
Publications	740	14	700	167	42	77	1,740	146	73	219	1,959	1,512
Communications	527	36	144	138	10	10	865	310	31	341	1,206	904
Bad debts	-	-	600	-	9	-	609	3	239	242	851	207
Insurance	-	-	-	-	-	5	5	279	-	279	284	252
Other	-	-	-	-	1	95	96	-	-	-	96	6
TOTAL EXPENSES	$ 39,275	$ 14,594	$ 10,993	$ 4,871	$ 1,087	$ 1,384	$ 72,204	$ 16,983	$ 2,994	$ 19,977	$ 92,181	$ 83,167

The accompanying notes are an integral part of these financial statements.

THE ASPEN INSTITUTE

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2014
(With Summarized Financial Information for the Year Ended December 31, 2013)
Increase (Decrease) in Cash and Cash Equivalents
(Dollars in Thousands)

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 8,909	$ 20,498
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	2,742	2,938
Unrealized gains on investments	(4,809)	(9,381)
Realized losses (gains) on investments	838	(89)
Contributions restricted for long-term purposes	(4,149)	(4,457)
Change in the present value discount for grants and contributions	123	(82)
Change in allowance for doubtful accounts	(786)	(53)
Changes in assets and liabilities:		
Accounts receivable	(1,140)	(85)
Grants and contributions receivable	1,143	(3,511)
Prepaid expenses	(547)	(242)
Inventory	16	(6)
Security deposits	(8)	7
Accounts payable and accrued expenses	729	(187)
Grants payable	(347)	671
Customer deposits and deferred fees	849	1,001
Deferred rent and lease incentive	691	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	4,254	7,022
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(1,484)	(851)
Purchases of investments	(68,711)	(21,783)
Proceeds from sales of investments	67,801	12,642
NET CASH USED IN INVESTING ACTIVITIES	(2,394)	(9,992)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on capital lease obligations	(45)	(20)
Contributions restricted for long-term purposes	4,149	4,457
NET CASH PROVIDED BY FINANCING ACTIVITIES	4,104	4,437
NET INCREASE IN CASH AND CASH EQUIVALENTS	5,964	1,467
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	6,710	5,243
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 12,674	$ 6,710

The accompanying notes are an integral part of these financial statements.

THE ASPEN INSTITUTE

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2014
(With Summarized Financial Information for the Year Ended December 31, 2013)
Increase (Decrease) in Cash and Cash Equivalents
(Dollars in Thousands)

(Continued)

	2014	2013
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	$ 3	$ 6
NONCASH INVESTING ACTIVITIES		
Leasehold improvements acquired in operating lease	$ 333	$ -
Deferred lease incentive included in operating lease	(333)	-
Net Investing Activities Cash Outlay	$ -	$ -
NONCASH FINANCING ACTIVITIES		
Equipment acquired under a capital lease	$ 22	$ 44
Obligation of equipment acquired under a capital lease	(22)	(44)
Equipment disposed through termination of a capital lease	-	34
Cancellation of debt under termination of a capital lease	-	(34)
Net Capital Lease Activities	$ -	$ -

The accompanying notes are an integral part of these financial statements.

1. Organization and Summary of Significant Accounting Policies

Organization

The Aspen Institute (the Institute) is a Colorado nonprofit corporation that is funded mainly through conference, seminar and event fees, contracts, and grants and contributions from foundations, individuals, and corporations. The primary purpose of the Institute is twofold: to foster values-based leadership, encouraging individuals to reflect on the ideals and ideas that define a good society, and to provide a neutral and balanced venue for discussing and acting on critical issues. It convenes leaders and emerging leaders from around the world to focus on critical, value-laden issues that confront societies, organizations and individuals. Utilizing the rigorous discipline of informed dialogue and inquiry, the Institute's programs enhance the participants' ability to think clearly about such issues while still remaining mindful of the primacy of the moral perspective and the importance of differing viewpoints.

The Institute's principal office is located in Washington, DC. Its conference facilities are in Aspen, Colorado, and on the Wye River in Maryland. The Institute also has offices in New York City. The Institute operates outside the United States through a network of partners based in France, Germany, Italy, Spain, Prague, Mexico, India, Romania and Japan. Each of the foreign entities operates as a separate and distinct organization, with no support or financial relationship to the Institute.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting.

Cash Equivalents

The Institute considers highly liquid investment instruments purchased with a maturity of three months or less to be cash equivalents. Cash and cash equivalents held for investing purposes are considered investments.

Investments

The Institute invests in a professionally managed portfolio that contains money market funds, U.S. government agencies, corporate and foreign bonds, limited partnerships and hedge funds. Investments are reported in the accompanying statement of financial position at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability through an orderly transaction between market participants at the measurement date. Purchases and sales are reflected on a trade date basis. Interest, dividends and realized gains or losses are recorded when earned. Changes in the fair value of the portfolio are recorded as unrealized gains or losses. Donated investments are recorded as contributions based on their fair market value at the date of donation.

The estimated fair value of investments in limited partnerships and hedge funds, which are not readily marketable, is based on the ownership percentage of the underlying fund or partnerships' capital as of the measurement date. The funds and partnerships value underlying securities and other financial instruments on a fair value basis of accounting. The estimated fair values of certain investments of the underlying investment funds and partnerships, which

1. Organization and Summary of Significant Accounting Policies (continued)

Investments (continued)

may include private placements and other securities for which prices are not readily available, are determined by the general partners or managers of the respective investment partnerships and funds, and may not reflect amounts that could be realized upon immediate sale nor amounts that may be ultimately realized. The Institute follows the accounting guidance that permits, as a practical expedient, the fair value of investments within its scope to be estimated using net asset value or its equivalent. Because of the inherent uncertainty of the valuation of these funds and of certain of the underlying investments held by these funds, their values may differ significantly from values that would have been used had a ready market for the investments existed.

Fair Value of Financial Instruments

In accordance with the accounting standards for fair value measurements for those assets and liabilities that are measured at fair value on a recurring basis, the Institute has categorized its applicable assets and liabilities measured at fair value into a required fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Applicable financial assets and liabilities are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that the Institute has the ability to access.

Level 2 – Financial assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 – Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

As of and for the year ended December 31, 2014, only the Institute's investments, as described in Note 3 of these financial statements, were measured at fair value on a recurring basis.

Accounts, Grants and Contributions Receivable

Accounts, grants and contributions receivable are recorded at their present net realizable value. Accounts past due are individually analyzed for collectibility. When all collection efforts have been exhausted, the account is written off against an allowance account. Management annually adjusts the allowance account based upon its estimate of those accounts, grants and contributions receivable it believes to be uncollectible.

1. Organization and Summary of Significant Accounting Policies (continued)

Property and Equipment and Related Depreciation and Amortization

Land, buildings and other property and equipment purchases greater than $5,000 are capitalized and carried at cost. Donated land, buildings and other property and equipment are stated at fair market value at the date of donation. Expenditures for major additions, renewals and improvements are capitalized; expenditures for repairs and maintenance are expensed when incurred. Upon the retirement or disposal of assets, the cost and accumulated depreciation and amortization are eliminated from the accounts and the resulting gain or loss is reflected in the accompanying statement of activities. Depreciation and amortization are provided on a straight-line basis over the estimated useful lives of the assets. Costs related to construction in progress are not depreciated until the assets are completed and placed in service.

The estimated useful lives for property and equipment are as follows:

Category	Estimated Life
Buildings and improvements	3-35 years
Furniture and fixtures	3-13 years
Computers and software	3-5 years
Equipment	5-10 years
Ground improvements	3-40 years
Property held under capital lease	4-5 years
Leasehold improvements	Shorter of remaining term of lease or 3-10 years

Impairment of Long-Lived Assets

The Institute reviews its property for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. If the fair value is less than the carrying amount of the asset, an impairment loss is recognized for the difference. As of December 31, 2014, the Institute has not recognized an impairment loss.

Classification of Net Assets

The net assets and revenues of the Institute are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Institute and changes therein are classified and reported as follows:

- Unrestricted net assets represent the portion of expendable funds that are available for support of the Institute's general operations, including amounts designated by the Board of Trustees.
- Temporarily restricted net assets represent amounts that are specifically restricted by donors or grantors for various programs or for specific future time periods.
- Permanently restricted net assets represent the endowment funds of the Institute, which are required to be held in perpetuity.

Continued

1. Organization and Summary of Significant Accounting Policies (continued)

Support and Revenue Recognition

The Institute reports unconditional gifts and grants of cash and other assets as unrestricted and available for general operations unless specifically restricted by the donor. If gifts and grants are received with donor stipulations that limit the use of the donated funds or assets to a particular purpose or to specific time periods, the Institute reports them as temporarily restricted. When a stipulated time restriction ends or purpose restriction is met, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Unconditional gifts and grants that are expected to be collected within one year are recorded at net realizable value. Unconditional gifts and grants that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on these amounts are computed using a rate commensurate with the risks identified. Amortization of the discounts is included in contribution revenue.

Under the accrual basis of accounting, revenue is recorded in the period in which it is earned. Accordingly, advance collections from customers for use of the Institute's facilities are recorded as customer deposits and recognized as revenue when services are provided. Conference centers, seminar and event fees are recorded in the period in which the applicable event takes place or service is provided.

Functional Allocation of Expenses

The costs of providing various general and administrative expenses (such as accounting, human resources and systems support) are allocated among programs and supporting activities based on budgeted levels of related departmental costs. Other expenses that benefit both supporting and program activities, such as occupancy and depreciation, are allocated based on estimated usage or other relevant factors.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Measure of Operations

Operating revenue and expenses generally reflect those revenues and expenses that management can influence, including annual authorized operating support from the endowment and investment pool based on the spending formula established by the Institute's Board of Trustees. Non-operating activities include investment earnings (losses) of the investment portfolio in excess of endowment and other earnings appropriated for expenditure.

Continued

2. Grants and Contributions Receivable

Grants and contributions receivable include unconditional promises to give from foundations, corporations and individual donors, which are due as follows as of December 31, 2014 (in thousands):

Less than one year	$ 7,358
One to five years	40,273
Beyond five years	8
Total Grants and Contributions Receivable	47,639
Less: Discount to Net Present Value (2% to 5%)	(2,481)
Less: Allowance for Doubtful Accounts	(1,784)
Grants and Contributions Receivable, Net	$ 43,374

3. Investments

The Institute's investments, at fair value, consist of the following as of December 31, 2014 (in thousands):

Limited partnerships	$ 33,232
Hedge funds	18,499
Corporate and foreign bonds	3,164
U.S. government agencies	3,940
Money market funds	3,262
Subtotal	62,097
Receivable for pending redemptions	54,638
Total Investments	$ 116,735

As of December 31, 2014, approximately 44% of the Institute's investments were invested in limited partnerships and hedge funds, which are generally not readily marketable. This excludes the receivable for pending redemptions of limited partnership investments, which was reinvested in another limited partnership subsequent to December 31, 2014. Accordingly, the fair value of these investments may differ materially from the value that would have been used had an established market for such investments existed. Future events will also affect the estimates of fair value, and the effect of such events could be material.

Investment returns for the year ended December 31, 2014 (in thousands) were as follows:

Unrealized gains	$ 4,809
Realized losses	(838)
Interest and dividends	204
Management fees	(31)
Net Investment Gain	4,144
Less: Earnings Appropriated for Expenditure	(3,714)
Investment Income in Excess of Earnings Appropriated for Operations	$ 430

3. Investments (continued)

The following table summarizes the Institute's investments measured at fair value on a recurring basis as of December 31, 2014 (in thousands):

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments:				
Limited partnerships [a]	$ 33,232	$ -	$ -	$ 33,232
Hedge funds [a]	18,499	-	-	18,499
Money market funds	3,262	3,262	-	-
Fixed income:				
Corporate bonds	2,793	-	2,793	-
U.S. Treasury obligations	1,493	-	1,493	-
U.S. government agencies	2,447	-	2,447	-
Foreign bonds	371	-	371	-
Subtotal of investments	62,097	3,262	7,104	51,731
Receivable for pending redemptions	54,638			
Total investments	116,735			
Investments held for deferred compensation:				
Mutual funds	2,441	-	2,441	-
Variable annuities	300	-	300	-
Investment contract with insurance company	527	-	-	527
Total investments held for deferred compensation	3,268	-	2,741	527

(a) Based on its analysis of the nature and risk of these classes of investments, management of the Institute has determined that presenting each as a single class is appropriate.

The Institute used the following methods and significant assumptions to estimate fair value for assets recorded at fair value:

Continued

3. Investments (continued)

Limited partnerships and hedge funds – These consist of investments in partnerships and hedge funds that trade and invest in domestic and international equity funds, hedge funds and real asset funds, as well as marketable equity securities, debt instruments, convertible securities, options, warrants, futures, swaps, other derivatives and nonpublic securities. The partnerships and hedge funds are subject to certain restrictions and generally have no established trading market. Fair value is determined based on the partnership or fund's net asset value (NAV) as provided by the partnership's fund management or the general partner of the respective fund.

Money market funds, U. S. government agencies and bonds – Where quoted prices are available in an active market, the investments are classified within Level 1 of the valuation hierarchy. Level 1 investments include money market funds. If quoted market prices in an active market are not available, then fair values are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows. These instruments in the investment portfolio, which would generally be classified within Level 2 of the valuation hierarchy, include U.S. Treasury obligations, U.S. government agencies, and corporate and foreign bonds. Investments held for deferred compensation include mutual funds and variable annuities. The mutual funds are valued at the NAV of units held and are classified within Level 2 of the valuation hierarchy as the mutual funds are not traded on a public exchange, and an investment contract with an insurance company, which is classified within Level 3. The variable annuities are primarily valued using market quotations or prices obtained from independent pricing sources that may employ various pricing methods to value the investments, including matrix pricing.

The following represents the Institute's activity for the Level 3 investments for the year ended December 31, 2014 (in thousands).

	Limited Partnerships	Hedge Funds	Investment Contract	Total
Balance at December 31, 2013	$ 62,425	$ 22,274	$ 416	$ 85,115
Purchases	31,267	-	40	31,307
Sales	(63,368)	(4,434)	(1)	(67,803)
Net realized and unrealized gains	2,908	659	72	3,639
Balance at December 31, 2014	$ 33,232	$ 18,499	$ 527	$ 52,258
The amount of gains and losses for the year ended December 31, 2014, included in the change in net assets attributable to the change in unrealized gains or losses relating to assets still held at December 31, 2014 (in thousands)	$ 481	$ 1,658	$ 72	$ 2,211

3. Investments (continued)

The Institute invests in certain entities that calculate net asset value per share in accordance with guidance relative to investment companies, and these investments are reported at fair value based on the net asset value per share, as reported by the investee. As of December 31, 2014, a summary of the significant categories of such investments and their attributes is as follows (in thousands):

	Fair Value	Number of Funds	Unfunded Commitments	Redemption Terms and Restrictions
Limited Partnerships(a)	$ 33,232	4	$ 71	Redemption of one of the funds is available annually, with other withdrawals permitted at the discretion of the general partner. The other three funds are not eligible for redemption.
Hedge Fund (b)	18,499	1	-	Redemptions are available quarterly with 65 days notice.
Total	$ 51,731		$ 71	

(a) Limited partnerships – This category includes investments in limited partnerships whose strategies include, but are not limited to, direct and indirect company co-investments, buyouts, public to private transactions, and strategic and growth capital investments. The limited partnership that is eligible for redemption invests with a long-term horizon, seeking varied and non-traditional investment opportunities, including securities, forward contracts, future contracts, swap contracts, option contracts and other assets. Two limited partnerships that are not currently eligible for redemption invest in limited partnerships that primarily make venture capital investments in emerging growth companies, domestic and international private equity investments with the objective of obtaining long-term capital growth and in equity securities, warrants, or other options that are generally not actively traded at the time of investment. The fourth limited partnership is the illiquid balance remaining after redemption of the partnership investment.

The one limited partnership which is available for redemption makes up $31.699 million of the total value. It is available for redemption at the end of each calendar year with notification prior to September 1 that precedes the applicable redemption date, with a minimum withdrawal of the lesser of $2.5 million or the remaining capital balance, and other periodic withdrawals are permitted at the discretion of the general partner. Another limited partnership, which makes up $418 thousand of the total value, is illiquid. The remaining two limited partnerships, which make up $1.115 million of the total value, are not eligible for redemption.

3. Investments (continued)

Prior to December 31, 2014, the Institute requested full redemption of its invested capital in two limited partnerships that were valued at $48.652 million and $6.404 million as of December 31, 2014, other than the illiquid portion of $418 thousand. The receivable for the pending redemptions of $54.638 million was collected subsequent to December 31, 2014, and then invested in one of the Institute's other limited partnership investments.

(b) Hedge fund – This category includes a hedge fund, fund-of-funds in nature, which invests in managed futures, including future contracts, forward contracts and options. Multiple strategies are utilized for the hedge fund and the fund is eligible for redemption quarterly. The largest strategy weighting is in long-term capital appreciation over a several year period with lower volatility than and low correlation to broad equity and fixed income indices.

4. Property and Equipment and Accumulated Depreciation and Amortization

The Institute held the following property and equipment as of December 31, 2014 (in thousands):

Buildings and improvements	$ 66,979
Land	10,628
Furniture and fixtures	5,508
Equipment	4,339
Ground improvements	2,013
Computers and software	1,598
Leasehold improvements	916
Property held under capital lease	786
Artwork	776
Construction in progress	53
Total Property and Equipment	93,596
Less: Accumulated Depreciation and Amortization	(41,970)
Net Property and Equipment	$ 51,626

Depreciation and amortization expense was $2.742 million for the year ended December 31, 2014.

5. Grants Payable

As of December 31, 2014, grants payable of $725 thousand represent unconditional promises to give, which are due in less than one year.

Continued

6. Commitments and Risks

Line of Credit

The Institute entered into a revolving line of credit agreement with a financial institution on December 31, 2009. Under the agreement, the Institute can borrow up to $5 million. Interest charged on any borrowings is calculated using a variable interest rate based on the one-month London Interbank Offered Rate (LIBOR) plus 2.25%. As of December 31, 2014, the interest rate was 2.42%. This line of credit agreement is reevaluated and renewed annually by the financial institution. There were no borrowings during the year, nor was there a balance due on the line of credit agreement as of December 31, 2014.

Concentration of Credit Risk

The Institute maintains its cash and cash equivalents in various bank deposit accounts that, at times, exceed federally insured limits and, therefore, bear some risk. The amount in excess of the limit guaranteed by federal agencies was $13.464 million as of December 31, 2014. The Institute has not experienced, nor does it anticipate, any loss of funds.

Commitments

Under the terms of the President's agreement, the President may be eligible for severance pay if the Institute terminates his employment without cause.

7. Leases

Operating Leases

The Institute occupies office space under various noncancelable operating lease agreements in Washington, DC, and New York City. The leases contain escalation clauses for taxes and operating expenses. The office lease for the New York City office expires on December 31, 2021, and the leases for the Washington, DC, offices expire on April 30, 2019. The Washington, DC, office leases may be terminated before the expiration date if the landlord gives the Institute written notice of termination. During 2014, the Washington, DC, office leases were amended for additional space. Under the terms of the amended leases, the landlord provided the Institute with free rent and tenant improvement allowances as an incentive to enter into the amended lease agreement. Under accounting principles generally accepted in the United States of America, all lease incentives and fixed rent increases are recognized on a straight-line basis over the term of the lease. The difference between this expense and the required lease payments is reflected as deferred rent in the accompanying statement of financial position.

Continued

7. Leases (continued)

Operating Leases (continued)

As of December 31, 2014, future minimum lease payments are as follows (in thousands):

For the Year Ending December 31,	
2015	$ 2,585
2016	2,663
2017	2,731
2018	2,789
2019	1,209
Thereafter	813
Total	$ 12,790

Rent expense incurred under the operating leases was $2.385 million for the year ended December 31, 2014.

Capital Leases

The Institute leases various transportation and office equipment under capital leases that expire at various times through 2016. Future minimum lease payments required under the Institute's capital leases are as follows (in thousands):

For the Year Ending December 31,	
2015	$ 78
2016	19
Total Future Minimum Lease Payments	97
Less: Amount Representing Interest	(4)
Present Value of Net Minimum Lease Payments	$ 93

Interest rates on capital leases were imputed based on the lower of the Institute's incremental borrowing rate at the inception of each lease or the implicit rate of return. Interest expense under the capital leases was $3 thousand for the year ended December 31, 2014.

8. Net Assets

Board-Designated Net Assets

Board-designated net assets consist of the following at December 31, 2014 (in thousands):

Plant fund	$ 49,698
Quasi-endowment	20,887
Aspen Global Leadership Network	4,359
Operating fund – reserves and special projects	2,072
Policy programs funds	2,863
Other programs	2,754
Total	$ 82,633

Continued

8. Net Assets (continued)

Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following at December 31, 2014 (in thousands):

Purpose:	
Policy programs	$ 20,758
Aspen Global Leadership Network	3,841
Endowment earnings	9,364
Other restricted programs	2,268
Public programs	512
Total Purpose Restricted	36,743
Time:	
Time restricted	44,912
Total	$ 81,655

Permanently Restricted Net Assets and Endowment

The Institute's endowment consists of individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The Institute's endowment fund includes unrestricted quasi-endowments, temporarily restricted unexpended endowment earnings and permanently restricted net assets.

Interpretation of Relevant Law

The Board of Trustees of the Institute has interpreted the enacted version of the District of Columbia Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Institute classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund, that is not classified in permanently restricted net assets, is classified as temporarily restricted net assets, until those amounts are appropriated for expenditure by the Institute in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Institute considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

Continued

8. Net Assets (continued)

Permanently Restricted Net Assets and Endowment (continued)

Interpretation of Relevant Law (continued)

- The duration and preservation of the fund.
- The purposes of the Institute and the donor-restricted endowment fund.
- General economic conditions.
- The possible effects of inflation and deflation.
- The expected total return from income and the appreciation of investments.
- Other resources of the Institute.
- The investment policies of the Institute.

Return Objectives and Risk Parameters

The mission of the Institute's long-term investment pool is to provide a common investment vehicle that will generate a stable and continuously growing income stream for the Institute's endowment, quasi-endowment and operating reserve funds, for which the Institute is both the trustee and the beneficiary. The overall goal of the investment pool is to preserve the purchasing power of the future stream of endowment payout for those funds and activities supported by the endowments and, to the extent this is achieved, to cause the principal to grow in value over time. Other goals include:

- To maximize return within reasonable and prudent levels of risk.
- To maximize the value of the endowment while maintaining liquidity needed to support spending in prolonged down markets.

Strategies Employed for Achieving Objectives

Extensive diversification is sought at all times. Experience has shown that financial markets and inflation rates are cyclical and, therefore, control of volatility will be achieved through diversification of asset classes and selection of managers of diverse investment styles. The Board of Trustees examines the correlation of historic returns among each asset class and manager. Investment managers are appointed following a systematic search for those with demonstrated quality in the style desired. Managers are given discretion to manage funds entrusted in accordance with the style for which they are employed, provided they comply with the restrictions and limitations that may be determined by the Institute from time to time.

Continued

8. Net Assets (continued)

Permanently Restricted Net Assets and Endowment (continued)

Spending Policy

The Institute will appropriate for expenditure in its annual budget a maximum of 4.5% of the rolling average of the market value of the endowment assets over the preceding 12 quarters, the base to be adjusted for new capital contributions to the endowment. There may be times when the Institute may opt not to take the maximum spending rate, but rather to reinvest some of the annual return. This spending rate is based on the long-term assumption of 7.5% nominal investment returns and a 3% inflation rate. The spending rate for the year ended December 31, 2014, was 2.6%.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual endowment funds may fall below the fair value of the original gift(s). Deficiencies of this nature are reported as part of unrestricted net assets. As of December 31, 2014, there were no such deficiencies.

The Institute's endowment net asset composition by fund type was as follows as of December 31, 2014 (in thousands):

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ 9,364	$ 49,952	$ 59,316
Board-designated endowment funds	20,887	-	-	20,887
Total Endowment Net Assets	$ 20,887	$ 9,364	$ 49,952	$ 80,203

The endowment activity was as follows for the year ended December 31, 2014 (in thousands):

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 19,710	$ 8,839	$ 46,803	$ 75,352
Investment return:				
Net investment gains (realized and unrealized)	529	2,139	-	2,668
Total investment return	529	2,139	-	2,668
Contributions/Additions	959	310	3,149	4,418
Appropriation of endowment assets for expenditure	(311)	(1,924)	-	(2,235)
Endowment net assets, end of year	$ 20,887	$ 9,364	$ 49,952	$ 80,203

8. Net Assets (continued)

Permanently Restricted Net Assets and Endowment (continued)

The Institute's donor-restricted endowment net assets were as follows as of December 31, 2014 (in thousands):

Permanently restricted net assets:	
The portion of perpetual endowment funds that are required to be retained permanently, either by explicit donor stipulation or by UPMIFA	$ 49,952
Temporarily restricted net assets:	
The portion of perpetual endowment funds subject to a time restriction under UPMIFA:	
Without purpose restrictions	$ -
With purpose restrictions	9,364
Total endowment funds classified as temporarily restricted net assets	$ 9,364

Permanently restricted net assets are subject to donor-imposed restrictions requiring that the principal be invested in perpetuity. Income on these funds is temporarily restricted for purposes imposed by the donors. Permanently restricted net assets consist of the following as of December 31, 2014 (in thousands):

Henry Crown Endowment	$ 24,583
AGLN Endowed Programming	5,375
Harman/Eisner Artist in Residence	4,010
Socrates Society Endowment	3,395
Endowed Scholarships and Fellowships	2,904
Hurst Student Seminars	2,000
Lauder Seminar Endowment	1,000
Harman Family Endowment	1,000
McCloskey Speaker Series	1,000
Melva Bucksbaum Endowment	1,016
Socrates Program Endowment	796
Berwick Chair	796
Steel Endowment	667
Calaway Education Fund	519
Leadership Fund	345
Hearst Foundation NPSRF Endowment	200
Robert McKay Endowment	194
Musser Japanese Garden	152
Total	$ 49,952

Continued

9. Employee Benefit Arrangements

Defined Contribution Plans

The Institute sponsors two defined contribution plans. Benefits are administered through the Teachers Insurance and Annuity Association - College Retirement Equities Fund.

The first plan was adopted as a 403(b) defined contribution plan effective January 1964. The plan covers employees hired before February 1, 2002. The employees are eligible to participate in the plan if they have been credited with 1,000 or more hours of service during any consecutive twelve-month period and have attained the age of 21. Under the plan, the Institute contributes 15% of annual base salary, but is limited to the maximum contribution allowable by the Internal Revenue Code (IRC).

The second 403(b) plan is for employees hired on or after February 1, 2002. The Institute contributes to the plan according to a graduated percentage based on the years of service of each employee, which is 5% after one year of service, 7% after three years of service and10% after five or more years of service. In addition, the Institute also maintains a voluntary matching plan, effective January 1, 2003, which matches employee contributions to the plan up to a maximum of 5% for any given plan year. Voluntary employee contributions are made on a monthly basis, subject to legal limits. The Institute made a contribution under both plans of $2.588 million for the year ended December 31, 2014.

Deferred Compensation

The Institute established a 457(b) deferred compensation plan on behalf of certain executives of the Institute, effective September 1, 2002. The deferred compensation plan was organized under Section 457(b) of the IRC and is unfunded. Any distributions under the plan are to be made out of the general assets of the Institute. The Institute has set aside funds to meet this obligation. Total investments held under the deferred compensation plan are $3.268 million as of December 31, 2014.

Self-Insured Medical Plan

The Institute maintains a self-insured medical plan for the benefit of its employees. A stop-loss policy is in effect, which limits the Institute’s loss per individual employee to $75 thousand and an aggregate stop-loss of $2.996 million. The plan is administered through a contractual relationship with an unrelated company. The Institute is solely responsible for all claims incurred up to the amount of the stop-loss provisions. The Institute’s expense under the plan amounted to $3.589 million for the year ended December 31, 2014. The Institute included a provision for estimated claims in accounts payable and accrued expenses in the accompanying statement of financial position in the amount of $939 thousand as of December 31, 2014.

Retiree Medical Benefits

The Institute also provides retiree health coverage for current and future retirees. All employees may become eligible for these benefits if they reach normal retirement age while working for the Institute and meet certain service requirements. The retiree is responsible for the entire cost of the insurance premium.

Continued

10. Contingencies

Office of Management and Budget Circular A-133

The Institute has instructed its independent auditors to audit its applicable federal programs for the year ended December 31, 2014, in compliance with Circular A-133, issued by the U.S. Office of Management and Budget (OMB). Until such audit is reviewed and accepted by the contracting or granting agencies, there exists a contingent liability to refund any amounts received in excess of allowable costs. Management believes that any matters arising from the reviews by the federal agencies of the independent auditor's reports for calendar year 2014 will not have a material effect on the Institute's financial position as of December 31, 2014, or its results of operations for the year then ended.

Provisional Indirect Cost Rates

Billings under cost-reimbursable government contracts and grants are calculated using provisional rates that permit recovery of indirect costs. These rates are subject to audit by the U.S. Agency for International Development (USAID), the Institute's cognizant agency. The audit results in the negotiation and determination of the final indirect cost rates, which may create availability for indirect cost recovery for amounts billed in excess of the actual rates, or may allow for additional billings for unbilled indirect costs.

USAID audits costs related to U.S. government contracts and grants, in accordance with Circular A-122 issued by the OMB. USAID has yet to audit the costs and indirect cost rates for the year ended December 31, 2014. Management believes that cost disallowances, if any, arising from USAID's audit will not have a material effect on the Institute's financial position as of December 31, 2014, or its results of operations for the year then ended.

11. Management Contracts

The Institute has an agreement with the Marriott Corporation to manage and operate the Wye River Conference Center. This agreement provides for a 3% management fee assessed on gross revenue plus an incentive management fee of 20% to 40%, based on cash flow in excess of owner's priority and certain dollar thresholds. The initial term of the agreement expired on December 31, 2012, but was renewed for an additional three years, expiring on December 31, 2015.

The Institute has a management contract with Dolce to manage the conference facilities in Aspen, Colorado. Dolce annually establishes procedures and rates for use of the facilities for the Institute's groups and other local nonprofit groups with the prior approval of the Institute. Dolce's management is monitored annually using performance standards established by the Institute and is compensated based on an incentive management fee schedule. The initial term of the agreement expired on December 31, 2006, but was renewed for an additional ten years, expiring on December 31, 2016.

Continued

12. Financial Instruments

The methods and significant assumptions used to estimate the fair value of financial instruments are as follows:

Cash equivalents, trade receivables, deposits, accounts payable, accrued expenses, grants payable and customer deposits – These assets and liabilities have carrying amounts that approximate fair value because of the short maturity of these instruments.

Grants and contributions receivable – These receivables are carried at the original amount promised less an estimate made for doubtful promises based on a review of all outstanding promises on a monthly basis. Promises to give that are expected to be received in excess of one year are measured using the present value of expected future cash flows using a discount rate from 2% to 5%. Carrying amounts are deemed to approximate fair value due to the above factors.

Investments – The Institute's investments are reflected at fair value based on the methods and assumptions described in Note 3.

13. Income Taxes

The Institute is exempt from federal income taxes under Section 501(c)(3) of the IRC. However, income from certain activities not directly related to the Institute's tax-exempt purpose is subject to taxation as unrelated business income. The Institute generates unrelated business income from advertising and rental income.

Under the asset and liability method of Federal Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic *Income Taxes*, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized as revenue or expense in the period that includes the enactment date.

The Institute has a deferred tax asset of $5.986 million resulting from a federal net operating loss carryforward of approximately $14.689 million and state net operating loss carryforwards of approximately $13.379 million as of December 31, 2014. The Institute's deferred tax asset has been fully reserved by management as of December 31, 2014, due to uncertainty over the ability to recognize any future tax benefit based upon projections for operating and taxable losses. The net operating loss was approximately $804 thousand for the year ended December 31, 2014. The net operating loss carryforward will expire in 2023 through 2035.

The net deferred tax asset consists of the following as of December 31, 2014 (in thousands):

Deferred tax asset	$ 5,986
Deferred tax valuation allowance	(5,986)
Net Deferred Tax Asset	$ -

Continued

13. Income Taxes (continued)

Effective January 1, 2009, the Institute adopted the authoritative guidance relating to accounting for uncertainty in income taxes included in ASC Topic *Income Taxes*. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition and derecognition of tax positions taken or expected to be taken in a tax return. The Institute performed an evaluation of uncertain tax positions for the year ended December 31, 2014, and determined that there were no matters that would require recognition in the financial statements or that may have any effect on its tax-exempt status. As of December 31, 2014, the statute of limitations for tax years 2011 through 2013 remains open with the U.S. federal jurisdiction or the various states and local jurisdictions in which the Institute files tax returns. It is the Institute's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax expense. As of December 31, 2014, the Institute had no accruals for interest and/or penalties.

14. Prior Year Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Institute's financial statements for the year ended December 31, 2013, from which the summarized information was derived.

15. Reclassifications

Certain 2013 amounts have been reclassified to conform with the 2014 financial statement presentation.

16. Subsequent Events

On July 16, 2015, the Institute entered into sale agreements for two of its conference properties at the Wye River in Maryland. As of September 28, 2015, both agreements were in the due diligence phase.

In preparing these financial statements, the Institute has evaluated events and transactions for potential recognition or disclosure through September 28, 2015, the date the financial statements were available to be issued. Except as disclosed in Note 3 related to investments and the above property sale, there were no other events that require recognition or disclosure in these financial statements.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Trustees of
The Aspen Institute

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The Aspen Institute (the Institute), which comprise the statement of financial position as of December 31, 2014, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 28, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Institute's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Institute's internal control. Accordingly, we do not express an opinion on the effectiveness of the Institute's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Institute's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Continued

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Raffa, P.C.

Raffa, P.C.

Washington, DC
September 28, 2015

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the Board of Trustees of the
The Aspen Institute

Report on Compliance for Each Major Federal Program

We have audited The Aspen Institute's (the Institute) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Institute's major federal programs for the year ended December 31, 2014. The Institute's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Institute's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Institute's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Institute's compliance.

Opinion on Each Major Federal Program

In our opinion, the Institute complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014.

Continued

Report on Internal Control over Compliance

Management of the Institute is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Institute's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Institute's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Raffa, P.C.

Raffa, P.C.

Washington, DC
September 28, 2015

THE ASPEN INSTITUTE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2014

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Agency or Pass-Through Grant Number	Federal Expenditures
U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT			
Inform Decision-Makers to Act Program	98.001	AID-OAA-A-10-00062	$ 498,638
Total U.S. Agency for International Development			498,638
U.S. DEPARTMENT OF LABOR			
Pass-through from the Northern Virginia Community College:			
Trade Adjustment Assistance Community College and Career Training	17.282	SGA/DFA PY 11-08	349,064
Total U.S. Department of Labor			349,064
U.S. DEPARTMENT OF STATE			
Mahreb Higher Education Delegation	19.322	S-LMAQM-13-CA-1107	105,552
Pass-through from the Tides Center:			
Accelerating Market-Driven Partnerships	19.301	S-LMAQM-12-GR-007	182,492
Total U.S. Department of State			288,044
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 1,135,746

See accompanying notes to this schedule.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2014

1. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying schedule of expenditures of federal awards is presented on the accrual basis of accounting. Consequently, amounts are recorded as expenditures when the obligations are incurred.

2. Reconciliation of Federal Revenue and Expenses

The project grants presented as unrestricted revenue of $1,135,746 in the accompanying statement of activities represent the total expenditures of federal awards.

THE ASPEN INSTITUTE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2014

A. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: __X__ Unmodified ____ Qualified ____ Adverse ____ Disclaimer

Internal control over financial reporting:

- Material weakness(es) identified? ____ Yes __X__ No
- Significant deficiency(ies) identified? ____ Yes __X__ None Reported

Noncompliance material to financial statements noted? ____ Yes __X__ No

Federal Awards

Type of auditor's report issued on compliance for major programs: __X__ Unmodified ____ Qualified ____ Adverse ____ Disclaimer

Internal control over major program(s):

- Material weakness(es) identified? ____ Yes __X__ No
- Significant deficiency(ies) identified? ____ Yes __X__ None Reported

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? ____ Yes __X__ No

Identification of Major Programs:

CFDA # / Grant #	Program Title
98.001	Inform Decision-Makers to Act Program
19.301	Accelerating Market-Driven Partnerships

Dollar threshold used to distinguish between Type A and Type B programs: $ 300,000

Auditee qualified as a low-risk auditee? __X__ Yes ____ No

Continued

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2014

B. FINDINGS - FINANCIAL STATEMENT AUDIT

None required to be reported.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None required to be reported.