THE ASPEN INSTITUTE

Financial Statements

For the Year Ended December 31, 2016
(With Summarized Financial Information for the Year Ended December 31, 2015)

and
Report Thereon

Raffa

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
The Aspen Institute

We have audited the accompanying financial statements of The Aspen Institute (the Institute), which comprise the statement of financial position as of December 31, 2016, 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. 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 organization'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 organization'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 Aspen Institute as of December 31, 2016, 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

Report on Summarized Comparative Information

We have previously audited the Institute's 2015 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 6, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Raffa P.C.

Raffa, P.C.

Washington, DC
July 12, 2017

THE ASPEN INSTITUTE

STATEMENT OF FINANCIAL POSITION
December 31, 2016
(With Summarized Financial Information as of December 31, 2015)
(Dollars in Thousands)

	2016	2015
ASSETS		
Cash and cash equivalents	$ 8,438	$ 6,982
Accounts receivable, net	4,185	1,886
Grants and contributions receivable, net	60,571	70,702
Prepaid expenses	1,795	1,125
Inventory	123	132
Investments	168,236	143,268
Investments held for deferred compensation	3,677	3,402
Property and equipment, net	49,067	50,652
Security deposits	100	93
TOTAL ASSETS	$ 296,192	$ 278,242
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	$ 8,753	$ 6,782
Grants payable	4,555	2,323
Customer deposits and deferred fees	5,764	6,016
Capital lease obligations	103	159
Deferred rent and lease incentive	428	583
Deferred compensation	3,677	3,402
TOTAL LIABILITIES	23,280	19,265
Net Assets		
Unrestricted		
Board-designated	84,062	80,680
Undesignated	920	-
Total Unrestricted	84,982	80,680
Temporarily restricted	132,845	123,872
Permanently restricted	55,085	54,425
TOTAL NET ASSETS	272,912	258,977
TOTAL LIABILITIES AND NET ASSETS	$ 296,192	$ 278,242

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

THE ASPEN INSTITUTE

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2016
(With Summarized Financial Information for the Year Ended December 31, 2015)
(Dollars in Thousands)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2016 Total	2015 Total
OPERATING REVENUE AND SUPPORT					
Project and federal grants	$ 2,467	$ 41,213	$ -	$ 43,680	$ 62,042
Contributions	10,091	31,221	660	41,972	50,076
Seminar and event fees	11,160	-	-	11,160	9,818
Conference centers fees	10,963	-	-	10,963	10,182
Contract revenue	9,101	-	-	9,101	7,140
Investment income appropriated for operations	3,828	2,177	-	6,005	3,540
Sponsorship revenue	3,577	-	-	3,577	3,542
Other	510	-	-	510	424
Rental income	153	-	-	153	114
Net assets released from restrictions:					
Satisfaction of time restrictions	27,852	(27,852)	-	-	-
Satisfaction of program restrictions	38,727	(38,727)	-	-	-
TOTAL OPERATING REVENUE AND SUPPORT	118,429	8,032	660	127,121	146,878
EXPENSES AND LOSSES					
Program Services:					
Policy programs	49,508	-	-	49,508	43,593
Campus activities	16,970	-	-	16,970	15,963
Public programs	12,692	-	-	12,692	11,249
Aspen Global Leadership Network and Innovation funds	6,726	-	-	6,726	5,916
Seminars	912	-	-	912	974
Youth and engagement	1,634	-	-	1,634	370
Other restricted programs	1,365	-	-	1,365	1,405
Total Program Services	89,807	-	-	89,807	79,470
Supporting Services:					
General and administrative	20,750	-	-	20,750	19,290
Fundraising and development	3,681	-	-	3,681	3,308
Total Supporting Services	24,431	-	-	24,431	22,598
TOTAL EXPENSES	114,238	-	-	114,238	102,068
CHANGE IN NET ASSETS FROM OPERATIONS	4,191	8,032	660	12,883	44,810
NONOPERATING REVENUE					
Investment income (loss) in excess of appropriation	111	941	-	1,052	(1,244)
CHANGE IN NET ASSETS	4,302	8,973	660	13,935	43,566
NET ASSETS, BEGINNING OF YEAR	80,680	123,872	54,425	258,977	215,411
NET ASSETS, END OF YEAR	$ 84,982	$ 132,845	$ 55,085	$ 272,912	$ 258,977

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

THE ASPEN INSTITUTE

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2016
(With Summarized Financial Information for the Year Ended December 31, 2015)
(Dollars in Thousands)

	Program Services								Supporting Services				
	Policy Programs	Campus Activities	Public Programs	Aspen Global Leadership Network	Seminars	Youth and Engagement	Other Restricted Programs	Total Program Services	General and Administrative	Fundraising and Development	Total Supporting Services	2016 Total	2015 Total
Salaries	17,196	$ 1,188	$ 3,332	$ 2,659	$ 487	$ 362	$ 331	$ 25,555	9,624	1,899	$ 11,523	$ 37,078	$ 32,451
Contracted services	6,329	15,305	1,694	707	122	315	272	24,744	2,469	330	2,799	27,543	24,201
Travel	7,583	68	5,822	1,930	104	599	262	16,368	1,009	418	1,427	17,795	14,831
Fringe benefits	3,677	253	713	569	105	78	71	5,466	2,057	405	2,462	7,928	9,197
Awards and scholarships	3,435	-	75	310	-	58	-	3,878	-	-	-	3,878	5,384
Grants	6,688	-	-	-	-	-	-	6,688	-	-	-	6,688	3,101
Supplies	583	-	419	148	35	78	320	1,583	851	243	1,094	2,677	2,612
Depreciation and amortization	-	-	-	-	-		-	-	2,764	-	2,764	2,764	2,761
Occupancy and utilities	1,620	124	234	211	11	6	18	2,224	768	123	891	3,115	2,902
Partner reimbursements	1,314	-	-	4	-	-	14	1,332	-	-	-	1,332	1,076
Publications	600	5	299	142	40	64	70	1,220	173	111	284	1,504	1,547
Communications	351	27	104	46	8	74	7	617	673	30	703	1,320	1,466
Bad debts	132	-	-	-	-	-	-	132	29	122	151	283	241
Insurance	-	-	-	-	-	-	-	-	326	-	326	326	294
Other	-	-	-	-	-	-	-	-	7	-	7	7	4
TOTAL EXPENSES	$ 49,508	$ 16,970	$ 12,692	$ 6,726	$ 912	$ 1,634	$ 1,365	$ 89,807	$ 20,750	$ 3,681	$ 24,431	$ 114,238	$ 102,068

THE ASPEN INSTITUTE

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2016
(With Summarized Financial Information for the Year Ended December 31, 2015)
Increase (Decrease) in Cash and Cash Equivalents
(Dollars in Thousands)

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 13,935	$ 43,566
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	2,764	2,761
Unrealized gains on investments	(7,817)	(2,091)
Realized losses on investments	51	28
Contributions restricted for long-term purposes	(3,023)	(4,115)
Change in the present value discount for grants and contributions	15	1,000
Change in allowance for doubtful accounts	(122)	(211)
Changes in assets and liabilities:		
Accounts receivable	(2,299)	1,177
Grants and contributions receivable	10,238	(28,117)
Prepaid expenses	(670)	131
Inventory	9	(32)
Security deposits	(7)	16
Accounts payable and accrued expenses	1,971	336
Grants payable	2,232	1,598
Customer deposits and deferred fees	(252)	445
Deferred rent and lease incentive	(155)	(108)
NET CASH PROVIDED BY OPERATING ACTIVITIES	16,870	16,384
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(1,179)	(1,667)
Purchases of investments	(104,610)	(203,767)
Proceeds from sales of investments	87,408	179,297
NET CASH USED IN INVESTING ACTIVITIES	(18,381)	(26,137)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on capital lease obligations	(56)	(54)
Contributions restricted for long-term purposes	3,023	4,115
NET CASH PROVIDED BY FINANCING ACTIVITIES	2,967	4,061
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,456	(5,692)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	6,982	12,674
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 8,438	$ 6,982
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	$ 7	$ 4
NONCASH FINANCING ACTIVITIES		
Equipment acquired under a capital lease	$ -	$ 80
Obligation of equipment acquired under a capital lease	-	(80)
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, the Czech Republic, Mexico, India, Romania, Ukraine 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 securities, corporate and foreign bonds and limited partnerships. 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, 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 may include

Continued

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

Investments (continued)

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 (NAV) 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.

The Institute has placed a majority of its investments held with its third-party investment advisor in a limited partnership investment which invests in fund of funds. See Note 3 for more details.

Fair Value of Financial Instruments

In accordance with the accounting standards for fair value measurement 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, 2016, only the Institute's investments and investments held for deferred compensation, as described in Note 3 of these financial statements, were measured at fair value on a recurring basis.

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

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.

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, 2016, the Institute had not recognized an impairment loss.

Continued

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

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.

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 center, 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.

Continued

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

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.

2. Grants and Contributions Receivable

Grants and contributions receivable include unconditional promises to give from foundations, corporations and individual donors, which were due as follows as of December 31, 2016 (in thousands):

Less than one year	$ 16,334
One to five years	47,821
Total Grants and Contributions Receivable	64,155
Less: Discount to Net Present Value (0.5-3.3%)	(1,467)
Less: Allowance for Doubtful Accounts	(2,117)
Grants and Contributions Receivable, Net	$ 60,571

During 2015, the Institute received a contribution from one of its board members in the amount of $10 million to establish a term endowment for a leadership fund. The same board member has conditionally promised an additional $2 million match if the Institute is able to raise $7 million of contributions toward the leadership fund from other donors. As of December 31, 2016, the Institute had not raised any additional funds, and therefore it has not recognized any revenue from the conditional pledge. In addition, as of December 31, 2016, the Institute had approximately $23 million in conditional grants receivable from various donors, in varying amounts, which were not reflected on the accompanying statement of financial position. These conditional project grants require the Institute's completion of contractual tasks, milestones and other matching requirements which are subject to periodic donor review and approval before the project may continue and, therefore, the Institute has not recognized any revenue from the conditional portions of these grants.

3. Investments

The Institute's investments, at fair value, consisted of the following as of December 31, 2016 (in thousands):

Limited partnerships	$ 157,789
U.S. government securities	1,689
Corporate obligations	7,130
Foreign bonds	1,453
Money market funds	175
Total Investments	$ 168,236

As of December 31, 2016, approximately 94% of the Institute's investments were invested in limited partnerships, which are generally not readily marketable. 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, 2016 (in thousands) were as follows:

Unrealized gains	$ 7,817
Interest and dividends	222
Realized losses	(51)
Management fees	(931)
Net Investment Gain	7,057
Less: Earnings Appropriated for Expenditure	(6,005)
Investment Income in Excess of Appropriation	$ 1,052

3. Investments (continued)

The following table summarizes the Institute's assets measured at fair value on a recurring basis as of December 31, 2016 (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:				
Money market funds	$ 175	$ 175	$ -	$ -
Fixed income:				
Corporate obligations	7,130	-	7,130	-
U.S. Treasury obligations	431	-	431	-
U.S. government securities	1,258	-	1,258	-
Foreign bonds	1,453	-	1,453	-
Subtotal	10,447	$ 175	$ 10,272	$ -
Limited partnerships	157,789			
Total Investments	168,236			
Investments held for deferred compensation:				
Mutual funds	2,748	$ -	$ 2,748	$ -
Variable annuities	298	-	298	-
Investment contract with insurance company	631	-	-	631
Total investments held for deferred compensation	3,677	$ -	$ 3,046	$ 631
Total Assets	$ 171,913			

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

Limited partnerships – These consist of investments in partnerships 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 are subject to certain restrictions and generally have no established trading market. Fair value is determined based on the partnership or fund's NAV as provided by the partnership's fund management or the general partner of the respective fund.

Continued

3. Investments (continued)

Money market funds and fixed income securities – 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 securities, and corporate and foreign bonds. Investments held for deferred compensation include mutual funds, variable annuities and an investment contract with an insurance company. 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. The investment contract with an insurance company 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, 2016 (in thousands):

	Investment Contract
Balance at December 31, 2015	$ 635
Purchases	53
Sales	-
Net realized and unrealized losses	(57)
Balance at December 31, 2016	$ 631
The amount of losses for the year ended December 31, 2016, included in the change in net assets attributable to the change in unrealized gains or losses relating to assets still held at December 31, 2016 (in thousands):	$ (57)

3. Investments (continued)

The Institute invests in certain entities that calculate NAV per share in accordance with guidance relative to investment companies, and these investments are reported at fair value based on the NAV per share, as reported by the investee. As of December 31, 2016, 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]	$ 157,789	4	$ 57	Redemption of one of the funds is available at the end of each calendar year with notification required prior to September 1. The other three funds, which are less than 1% of holdings, are not eligible for redemption.
Total	$ 157,789		$ 57	

(a) Limited partnerships – This category includes investments in limited partnerships whose fund 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, endowment-style horizon, seeking varied and non-traditional investment opportunities, in an effort to provide a diversified, single-portfolio investment strategy for investors. This fund invests primarily through its affiliated sub-partnerships, although it may also invest directly in securities and other assets such as forward contracts, future contracts, and swaps and options. Based upon this approach, management of the Institute finds the resulting diversification within this fund to eliminate any concentration of risk from its investment portfolio.

Continued

4. Property and Equipment and Accumulated Depreciation and Amortization

The Institute held the following property and equipment as of December 31, 2016 (in thousands):

Buildings and improvements	$ 67,292
Land	10,628
Furniture and fixtures	4,727
Equipment	4,530
Ground improvements	2,152
Computers and software	1,687
Leasehold improvements	977
Property held under capital lease	922
Artwork	1,002
Construction in progress	920
Total Property and Equipment	94,837
Less: Accumulated Depreciation and Amortization	(45,770)
Property and Equipment, Net	$ 49,067

Depreciation and amortization expense was $2.764 million for the year ended December 31, 2016.

5. Grants Payable

As of December 31, 2016, grants payable of $4.555 million represented unconditional promises to give which were due in less than one year.

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 plus 2.25%. As of December 31, 2016, the interest rate was 3.02%. 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, 2016.

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 $9.054 million as of December 31, 2016. The Institute has not experienced, nor does it anticipate, any loss of funds.

Continued

6. Commitments and Risks (continued)

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. On November 22, 2016, the Institute entered into a noncancelable operating lease for office space for a new headquarters location in Washington, DC. The lease term is for the period December 1, 2017, through December 31, 2033. Under GAAP, 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.

As of December 31, 2016, future minimum lease payments were as follows (in thousands):

For the Year Ending December 31,	
2017	$ 3,174
2018	7,474
2019	6,376
2020	5,702
2021	5,838
Thereafter	69,623
Total	$ 98,187

Rent expense incurred under the operating leases was $2.694 million for the year ended December 31, 2016.

7. Leases (continued)

Capital Leases

The Institute leases various transportation and office equipment under capital leases that expire at various times through 2019. Future minimum lease payments required under the Institute's capital leases are as follows (in thousands):

For the Year Ending December 31,	
2017	$ 43
2018	42
2019	22
Total Future Minimum Lease Payments	107
Less: Amount Representing Interest	(4)
Present Value of Net Minimum Lease Payments	$ 103

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 $4 thousand for the year ended December 31, 2016.

8. Net Assets

Board-Designated Net Assets

Board-designated net assets consisted of the following at December 31, 2016 (in thousands):

Plant fund	$ 46,446
Quasi-endowment	25,415
Aspen Global Leadership Network and Innovation funds	5,214
Policy programs funds	5,144
Operating fund – reserves and special projects	1,843
Total Board-Designated Net Assets	$ 84,062

Continued

8. Net Assets (continued)

Temporarily Restricted Net Assets

Temporarily restricted net assets consisted of the following at December 31, 2016 (in thousands):

Purpose:	
Policy programs	$ 38,878
Endowment earnings	10,084
Term endowments – Leadership Fund and other	9,295
Public programs	438
Aspen Global Leadership Network	8,884
Other restricted programs	18,797
Plant Fund	10,688
Development	99
Youth and Engagement	1,974
Total Purpose Restricted	99,137
Time:	
Time restricted	33,708
Total Temporarily Restricted Net Assets	$ 132,845

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

Continued

8. Net Assets (continued)

Permanently Restricted Net Assets and Endowment (continued)

Interpretation of Relevant Law (continued)

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:

- 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 5% nominal investment returns and a 3% inflation rate. The spending rate for the year ended December 31, 2016, was 3.2%.

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, 2016, there were no such deficiencies.

The Institute's endowment net asset composition by fund type was as follows as of December 31, 2016 (in thousands):

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ 19,379	$ 55,085	$ 74,464
Board-designated endowment funds	25,415	-	-	25,415
Total Endowment Net Assets	$ 25,415	$ 19,379	$ 55,085	$ 99,879

The endowment activity was as follows for the year ended December 31, 2016 (in thousands):

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 21,421	$ 19,387	$ 54,425	$ 95,233
Investment return:				
Interest and dividends	-	(21)	-	(21)
Net investment gains (realized and unrealized)	785	3,314	-	4,099
Total Investment Return	785	3,293	-	4,078
Contributions/Additions	4,066	30	660	4,756
Appropriation of endowment assets for expenditure	(857)	(3,331)	-	(4,188)
Endowment net assets, end of year	$ 25,415	$ 19,379	$ 55,085	$ 99,879

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, 2016 (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	$	55,085
Temporarily restricted net assets:		
The portion of perpetual endowment funds subject to a time restriction under UPMIFA:		
Without purpose restrictions	$	-
With purpose restrictions		19,379
Total endowment funds classified as temporarily restricted net assets	$	19,379

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 consisted of the following as of December 31, 2016 (in thousands):

Henry Crown Endowment	$	24,804
AGLN Endowed Programming		5,375
Harman/Eisner Artist in Residence		4,010
Socrates Society Endowment		3,395
Endowed Scholarships and Fellowships		3,204
Lauder International Fund Endowment		2,500
Hurst Student Seminars		2,000
Harman Family Endowment		2,000
Melva Bucksbaum Endowment		1,016
Lauder Seminar Endowment		1,000
McCloskey Speaker Series		1,000
Leadership Fund		972
Berwick Chair		846
Socrates Program Endowment		796
Steel Endowment		667
Calaway Education Fund		519
Roaring Fork-Edlis Neeson		250
Hearst Foundation NPSRF Endowment		200
Robert McKay Endowment		194
Patrick Kelly Scholars Fund Endowment		185
Musser Japanese Garden		152
Total Permanently Restricted Net Assets	$	55,085

9. Employee Benefit Arrangements

Defined Contribution Plan

The Institute sponsors a defined contribution plan. Benefits are administered through the Teachers Insurance and Annuity Association – College Retirement Equities Fund.

The plan was initially established on January 1, 1964. The plan was last amended on January 1, 2009, in order to comply with certain Internal Revenue Service regulations. An employee is eligible to participate in the elective deferral portion of the plan on the date of hire. There is no minimum age an employee must attain to become a participant in the plan for purposes of making voluntary deferrals. An employee may begin participation in the employer contribution portion of the plan upon completion of a 12-month period during which the employee completes at least 1,000 hours of service and has also attained age 21.

For all eligible employees hired prior to February 1, 2002, the Institute contributes 15% of each participant's eligible wages. For all eligible participants hired on or after February 1, 2002, the Institute contributes between 5% and 10% of each participant's eligible wages, depending on each employee's years of service. The Institute also matches up to 5% of employee deferrals if the employee participates in the tax-deferred option of the plan. Voluntary employee contributions are made on a monthly basis, subject to legal limits. The Institute made a contribution of $3.165 million for the year ended December 31, 2016.

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 Internal Revenue Code (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, as well as the related liability, are $3.677 million as of December 31, 2016.

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 $2.535 million for the year ended December 31, 2016. 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 $717 thousand as of December 31, 2016.

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.

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10. Contingencies

Office of Management and Budget Uniform Guidance

The Institute has instructed its independent auditors to audit its applicable federal programs for the year ended December 31, 2016, in compliance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance), 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 or state agencies of the independent auditor's reports for the year ended December 31, 2016, will not have a material effect on the Institute's financial position as of December 31, 2016, or its results of operations for the year then ended.

Indirect Cost Reimbursement

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 cost principles issued by OMB. USAID has yet to audit the costs and indirect cost rates for the year ended December 31, 2016. 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, 2016, or its results of operations for the year then ended.

11. Management Contracts

The Institute had an agreement with the Marriott Corporation to manage and operate the Wye River Conference Center. This agreement was scheduled to expire on December 31, 2018. However, both parties mutually agreed to terminate the contract as of December 31, 2016. A new management contract was entered into with Wyndham Worldwide Corporation (Wyndham) to manage and operate the Wye River Conference Center effective January 1, 2017, for five years expiring on December 31, 2021. This agreement provides for a flat annual management fee of $125 thousand.

The Institute has a management contract with Wyndham to manage the conference facilities in Aspen, Colorado. Wyndham 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. Wyndham's management is monitored annually using performance standards established by the Institute and is compensated based on an incentive management fee schedule. The Institute and Wyndham have entered into a second renewal term on the original management agreement extending the contract until December 31, 2021.

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12. 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 Financial Accounting Standards Board Accounting Standards Codification (ASC) Topic 740, *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 $6.887 million resulting from a federal net operating loss carryforward of approximately $16.885 million and state net operating loss carryforwards of approximately $15.958 million as of December 31, 2016. The Institute's deferred tax asset has been fully reserved by management as of December 31, 2016, due to uncertainty over the ability to recognize any future tax benefit based upon projections for operating and taxable losses. The net operating loss carryforward will expire in 2022 through 2035.

The net deferred tax asset consists of the following as of December 31, 2016 (in thousands):

Deferred tax asset	$ 6,887
Deferred tax valuation allowance	(6,887)
Net Deferred Tax Asset	$ -

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 uncertainty in income taxes for the year ended December 31, 2016, 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, 2016, the statute of limitations for tax years 2013 through 2015 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 uncertainty in income taxes, if any, in income tax expense. As of December 31, 2016, the Institute had no accruals for interest and/or penalties.

Continued

13. 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, 2015, from which the summarized information was derived.

14. Reclassifications

Certain 2015 amounts have been reclassified to conform with the 2016 financial statement presentation.

15. Subsequent Events

The Institute's management has evaluated events and transactions for potential recognition or disclosure through July 12, 2017, the date the financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in these financial statements.