THE ASPEN INSTITUTE

Financial Statements

For the Year Ended December 31, 2018
(With Summarized Financial Information for the Year Ended December 31, 2017)

and
Report Thereon

THE ASPEN INSTITUTE

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For the Year Ended December 31, 2018

INDEPENDENT AUDITORS' 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, 2018, 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.

Auditors' 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the 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.

Continued

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Opinion

In our opinion, the 2018 financial statements referred to above present fairly, in all material respects, the financial position of The Aspen Institute as of December 31, 2018, 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.

Report on Summarized Comparative Information

The Institute's 2017 financial statements were audited by Raffa, P.C., whose practice was combined with Marcum LLP as of October 1, 2018, and whose report dated July 10, 2017, expressed an unmodified opinion on those statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2017, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Marcum LLP

Washington, DC
July 17, 2019

THE ASPEN INSTITUTE

STATEMENT OF FINANCIAL POSITION
December 31, 2018
(With Summarized Financial Information as of December 31, 2017)
(Dollars in Thousands)

	2018	2017
ASSETS		
Cash and cash equivalents	$ 6,525	$ 4,709
Accounts and other receivables	15,569	6,154
Grants and contributions receivable, net	34,217	45,288
Prepaid expenses and other assets	5,502	5,420
Inventory	148	109
Investments	188,524	204,673
Investments held for deferred compensation	4,631	4,586
Property and equipment, net	65,978	62,166
Security deposits	107	102
TOTAL ASSETS	$ 321,201	$ 333,207
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	$ 12,673	$ 16,622
Grants payable	4,908	6,911
Customer deposits and deferred fees	5,708	6,532
Capital lease obligations	182	57
Deferred rent and lease incentive	14,261	9,624
Deferred compensation	4,631	4,586
TOTAL LIABILITIES	42,363	44,332
Net Assets		
Without donor restrictions		
Board-designated funds	58,423	50,147
Plant fund	51,525	47,305
Undesignated	-	3,031
Total Without Donor Restrictions	109,948	100,483
With donor restrictions	168,890	188,392
TOTAL NET ASSETS	278,838	288,875
TOTAL LIABILITIES AND NET ASSETS	$ 321,201	$ 333,207

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

THE ASPEN INSTITUTE

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2018
(With Summarized Financial Information for the Year Ended December 31, 2017)
(Dollars in Thousands)

	Without Donor Restrictions	With Donor Restrictions	2018 Total	2017 Total
OPERATING REVENUE AND SUPPORT				
Project and federal grants	$ 4,791	$ 55,912	$ 60,703	$ 55,354
Contributions	11,180	23,109	34,289	37,128
Seminar and event fees	11,016	-	11,016	10,764
Conference centers fees	9,943	-	9,943	9,789
Contract revenue	10,314	-	10,314	8,830
Investment income, net appropriated for operations	502	2,777	3,279	11,529
Sponsorship revenue	7,940	-	7,940	7,327
Other	482	-	482	449
Rental income	318	-	318	208
Net assets released from restrictions:				
Satisfaction of time restrictions	12,160	(12,160)	-	-
Satisfaction of program restrictions	84,791	(84,791)	-	-
TOTAL OPERATING REVENUE AND SUPPORT	153,437	(15,153)	138,284	141,378
OPERATING EXPENSES AND LOSSES				
Program Services:				
Policy programs	66,978	-	66,978	64,099
Campus activities	16,950	-	16,950	16,877
Public programs	12,494	-	12,494	11,500
Aspen Global Leadership Network and Innovation funds	7,766	-	7,766	8,166
Seminars	808	-	808	723
Youth and engagement	3,861	-	3,861	3,620
Other restricted programs	2,846	-	2,846	1,413
Total Program Services	111,703	-	111,703	106,398
Supporting Services:				
General and administrative	26,416	-	26,416	24,178
Fundraising and development	4,616	-	4,616	4,417
Total Supporting Services	31,032	-	31,032	28,595
TOTAL OPERATING EXPENSES	142,735	-	142,735	134,993
Change in net assets from operations	10,702	(15,153)	(4,451)	6,385
NONOPERATING ITEMS				
Investment income (loss), net in excess of appropriation	(1,314)	(3,099)	(4,413)	7,687
Provision for deferred taxes	77	-	77	3,506
Change in donor intent	-	(1,250)	(1,250)	-
Loss of early lease termination	-	-	-	(1,615)
CHANGE IN NET ASSETS	9,465	(19,502)	(10,037)	15,963
NET ASSETS, BEGINNING OF YEAR	100,483	188,392	288,875	272,912
NET ASSETS, END OF YEAR	$ 109,948	$ 168,890	$ 278,838	$ 288,875

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

THE ASPEN INSTITUTE

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2018
(With Summarized Financial Information for the Year Ended December 31, 2017)
(Dollars in Thousands)

	Program Services								Supporting Services				
	Policy Programs	Campus Activities	Public Programs	Aspen Global Leadership Network and Innovation Funds	Seminars	Youth and Engagement	Other Restricted Programs	Total Program Services	General and Administrative	Fundraising and Development	Total Supporting Services	2018 Total	2017 Total
Salaries	$ 22,855	$ 1,426	$ 3,687	$ 3,114	$ 373	$ 907	$ 851	$ 33,213	$ 10,981	$ 1,948	$ 12,929	$ 46,142	$ 42,065
Contracted services	10,696	14,950	2,081	975	85	846	545	30,178	4,661	536	5,197	35,375	30,541
Travel	9,003	107	3,986	1,739	137	1,130	638	16,740	1,017	684	1,701	18,441	18,139
Fringe benefits	6,566	363	1,099	937	107	272	242	9,586	1,115	596	1,711	11,297	10,806
Awards and scholarships	3,269	-	35	310	-	125	-	3,739	-	-	-	3,739	5,059
Grants	8,260	-	-	-	-	-	-	8,260	-	-	-	8,260	11,677
Supplies	952	-	444	125	43	249	371	2,184	1,436	333	1,769	3,953	4,778
Depreciation and amortization	-	-	-	-	-	-	-	-	3,692	-	3,692	3,692	2,691
Occupancy and utilities	2,455	42	296	237	23	89	49	3,191	2,643	164	2,807	5,998	3,758
Partner reimbursements	1,493	-	-	-	-	-	50	1,543	-	-	-	1,543	1,239
Publications	715	16	322	207	35	143	87	1,525	61	75	136	1,661	1,770
Communications	591	46	544	50	5	94	13	1,343	370	31	401	1,744	1,405
Bad debts	123	-	-	72	-	6	-	201	50	249	299	500	723
Insurance	-	-	-	-	-	-	-	-	389	-	389	389	339
Other	-	-	-	-	-	-	-	-	1	-	1	1	3
TOTAL EXPENSES	$ 66,978	$ 16,950	$ 12,494	$ 7,766	$ 808	$ 3,861	$ 2,846	$ 111,703	$ 26,416	$ 4,616	$ 31,032	$ 142,735	$ 134,993

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

THE ASPEN INSTITUTE

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2018
(With Summarized Financial Information for the Year Ended December 31, 2017)
(Dollars in Thousands)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (10,037)	$ 15,963
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	3,692	2,691
Unrealized losses (gains) on investments	15	(20,063)
Realized losses on investments	106	159
Provision for deferred taxes	(77)	(3,506)
Contributions restricted for long-term purposes	(1,213)	(5,136)
Change in the present value discount for grants and contributions	(225)	(1,530)
Loss on disposal of fixed assets	862	-
Change in allowance for doubtful accounts	248	(163)
Changes in assets and liabilities:		
Accounts and other receivables	(9,415)	(1,969)
Grants and contributions receivable	11,048	16,976
Prepaid expenses and other assets	(5)	(119)
Inventory	(39)	14
Security deposits	(5)	(2)
Accounts payable and accrued expenses	(4,131)	7,083
Grants payable	(2,003)	2,356
Customer deposits and deferred fees	(824)	768
Deferred rent and lease incentive	4,637	9,196
NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES	(7,366)	22,718
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(7,980)	(15,004)
Purchases of investments	(63,293)	(150,928)
Proceeds from sales of investments	79,321	134,395
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	8,048	(31,537)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on capital lease obligations	(79)	(46)
Contributions restricted for long-term purposes	1,213	5,136
NET CASH PROVIDED BY FINANCING ACTIVITIES	1,134	5,090
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,816	(3,729)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	4,709	8,438
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 6,525	$ 4,709
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	$ 4	$ 3
Noncash Financing and Investing Activities:		
Leasehold improvements acquired under a leasehold allowance	$ -	$ 8,996
Obligation of leasehold improvements acquired under a leasehold allowance	-	(8,996)
Equipment acquired under a capital lease	204	-
Obligation of equipment acquired under a capital lease	(204)	-
Fixed assets included in accounts payable and accrued expenses	182	786
Total Noncash Financing and Investing Activities	$ 182	$ 786

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, D.C. 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, equity mutual funds, fixed-income securities, 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 funds of funds. See Note 3 for more details.

Fair Value Measurement

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, 2018, 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.

Continued

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. Unsettled investment transactions are included with other receivables.

Property and Equipment and Related Depreciation and Amortization

Property and equipment purchases greater than $5,000 are capitalized and carried at cost in the statement of financial position. 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, 2018, 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:

- Net assets without donor restrictions represent the portion of expendable funds that are available for support of the Institute's general operations, including the plant fund as well as amounts designated by the Board of Trustees.
- Net assets with donor restrictions represent amounts that are specifically restricted by donors or grantors for various programs, specific future time periods, or 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 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 contributions with donor restrictions. When a stipulated time restriction ends or purpose restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

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)

Use of 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. Nonoperating activities include investment earnings (losses) of the investment portfolio in excess of endowment, changes in donor intent and other earnings appropriated for expenditure, the provision for deferred taxes and the loss on lease termination.

New Accounting Pronouncement

On August 18, 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities.* The update addresses the complexity and understandability of net asset classification, deficiencies in information provided about liquidity and availability of resources, and the lack of consistency in the type of information provided about the expenses and investment return for nonprofit organizations. The Institute has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

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, 2018 (in thousands):

Less than one year	$ 8,133
One to five years	31,385
Total Grants and Contributions Receivable	39,518
Less: Discount to Net Present Value (1.0-3.7%)	(2,772)
Less: Allowance for Doubtful Accounts	(2,529)
Grants and Contributions Receivable, Net	$ 34,217

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

2. Grants and Contributions Receivable (continued)

million of contributions toward the leadership fund from other donors. As of December 31, 2018, the Institute had not raised any additional funds, and therefore it had not recognized any revenue from the conditional pledge. In addition, as of December 31, 2018, the Institute had approximately $30.5 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, 2018 (in thousands):

Limited partnerships	$ 164,708
Equity mutual funds	10,779
Fixed-income securities	11,634
Money market funds	1,403
Total Investments	188,524
Investments held for deferred compensation	$4,631
Total Investments and investments held for deferred compensation	$ 193,155

As of December 31, 2018, approximately 87% 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.

Unsettled investment sales totaled $10 million as of December 31, 2018, and are included in accounts and other receivables in the accompanying statement of financial position.

The following table summarizes the Institute's assets measured at fair value on a recurring basis as of December 31, 2018 (in thousands):

	Fair Value	(Level 1)	(Level 2)	(Level 3)
Assets:				
Investments:				
Money market funds	$ 1,403	$ 1,403	$ -	$ -
Equity mutual funds:				
Large blend	7,744	7,744	-	-
Foreign large blend	3,035	3,035	-	-

3. Investments (continued)

(continued)	Fair Value	(Level 1)	(Level 2)	(Level 3)
Assets (continued):				
Investments (continued):				
Fixed income:				
U.S. Treasury obligations	$ 1,412	$ -	$ 1,412	$ -
U.S. government securities	6,801	-	6,801	-
Corporate and foreign bonds	3,421	-	3,421	-
Subtotal	23,816	$ 12,182	$ 11,634	$ -
Investments Measured Using NAV as a practical expedient				
Limited partnerships	164,708			
Total Investments	188,524			
Investments held for deferred compensation:				
Mutual funds	3,686	$ -	$ 3,686	$ -
Variable annuities	186	-	186	-
Investment contract with insurance company	759	-	-	759
Total investments held for deferred compensation	4,631	$ -	$ 3,872	$ 759
Total Assets	$ 193,155			

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.

Money market funds, equity mutual 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

3. Investments (continued)

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.

For the year ended December 31, 2018, there was $55 thousand in new purchases for the investment contract in Level 3 above and no sales.

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. A summary of the significant categories of such investments and their attributes as of December 31, 2018, is as follows (in thousands):

	Fair Value	Number of Funds	Unfunded Commitments	Redemption Terms and Restrictions
Limited Partnerships	$ 164,708	3	$ 45	Redemption of one of the funds is available twice each calendar year with notification required prior to March 1 or September 1. The other two funds, which are less than 1% of holdings, are not eligible for redemption.
Total	$ 164,708		$ 45	

The limited partnerships category includes investments 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 nontraditional investment opportunities, in an effort to provide a diversified, single-portfolio investment strategy for investors. This fund invests primarily through its affiliated subpartnerships, 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, 2018 (in thousands):

Buildings and improvements	$ 78,757
Land	10,628
Leasehold improvements	9,928
Equipment	6,005
Furniture and fixtures	5,440
Ground improvements	2,296
Computers and software	1,361
Artwork	1,073
Construction in progress	64
Total Property and Equipment	115,552
Less: Accumulated Depreciation and Amortization	(49,574)
Property and Equipment, Net	$ 65,978

Depreciation and amortization expense was $3.692 million for the year ended December 31, 2018.

5. Grants Payable

As of December 31, 2018, grants payable of $4.908 million represented unconditional promises to give which were due in less than one year.

6. Commitments, Risks and Contingencies

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, secured by the Institute's investments. 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, 2018, the interest rate was 4.75%. This line of credit agreement is reevaluated and renewed annually by the financial institution. In addition, the Institute is required to comply with certain financial and affirmative covenants on an annual basis. The Institution borrowed $1 million on this line of credit in 2018 to meet its short-term cash needs. The line of credit was paid back including $4 thousand in interest. There was no balance due on the line of credit agreement as of December 31, 2018. As of December 31, 2018, the Institute was in compliance with all of its financial and affirmative covenants.

Concentration of Credit Risk

The Institute maintains its cash and cash equivalents in various bank deposit accounts in which, at times, they exceed federally insured limits and, therefore, bear some risk. The amount in excess of the limit guaranteed by federal agencies was approximately $6.861 million as of December 31, 2018. The Institute has not experienced, nor does it anticipate, any loss of funds.

Continued

6. Commitments, Risks and Contingencies (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.

Compliance Audit

The Institute has received federal grants that are subject to review, audit and adjustment by various federal agencies for qualified expenses charged to the grants. Such audits could lead to requests for reimbursement to the federal agencies for any expenditures or claims disallowed under the terms of the agreements. The amount of expenditures which may be disallowed by the federal agencies cannot be determined at this time although management expects such amounts, if any, to be insignificant.

Operating Leases

The Institute occupies office space under various noncancelable operating lease agreements in Washington, D.C., and New York City. The leases contain escalation clauses for taxes and operating expenses. The lease for the New York City office expires on December 31, 2021, and one of the leases for the Washington, D.C., offices expires on April 30, 2019. On November 22, 2016, the Institute entered into a noncancelable operating lease for office space for a new headquarters location in Washington, D.C. The other old Washington, D.C. lease was terminated early, which resulted in a loss of $1.615 million in 2017. The term of the new Washington, D.C. lease 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 and lease incentive in the accompanying statement of financial position.

As of December 31, 2018, future minimum lease payments were as follows (in thousands):

For the Year Ending December 31,	
2019	$ 6,376
2020	5,702
2021	5,838
2022	5,612
2023	5,752
Thereafter	64,011
Total	$ 93,291

Rent expense incurred under the operating leases was $5.900 million for the year ended December 31, 2018.

7. Net Assets

Board-Designated Net Assets

Board-designated net assets consisted of the following at December 31, 2018 (in thousands):

Quasi-endowment	$ 33,126
Policy programs funds	11,248
Aspen Global Leadership Network	4,097
Reserves and other programming	9,952
Total Board-Designated Net Assets	$ 58,423

Net Assets With Donor Restrictions

Net assets with donor restrictions consisted of the following at December 31, 2018 (in thousands):

Purpose-restricted:	
Policy programs	$ 46,770
Aspen Global Leadership Network	11,429
Term endowment – leadership fund	8,000
Other restricted programming	1,562
Time-restricted:	
Time-restricted pledges	27,157
Available for appropriation from endowment funds	15,246
Permanent endowments – historical gift value	58,726
Total Net Assets With Donor Restrictions	$ 168,890

Endowment Net Assets

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 quasi-endowments, term endowments, and true endowments and related appreciation.

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 net assets with donor restrictions the historical value of gifts donated to the permanent endowment and the related appreciation. Applicable

7. Net Assets (continued)

Endowment Net Assets (continued)

Interpretation of Relevant Law (continued)

accumulated 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:

- 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

7. Net Assets (continued)

Endowment Net Assets (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, 2018, was 3.8%.

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 net assets without donor restrictions. As of December 31, 2018, there were no such deficiencies.

The Institute's endowment net asset composition by fund type was as follows as of December 31, 2018 (in thousands):

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds:			
Historical gift value	$ -	$ 58,726	$ 58,726
Appreciation	-	15,246	15,246
Term endowments	-	8,000	8,000
Subtotal	-	81,972	81,972
Board-designated endowment funds	33,126	-	33,126
Total Endowment Net Assets	$ 33,126	$ 81,972	$ 115,098

The endowment activity was as follows for the year ended December 31, 2018 (in thousands):

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 32,902	$ 86,175	$ 119,077
Net investment loss	(1,596)	(3,099)	(4,695)
Contributions/Additions	2,322	1,673	3,995
Appropriation of endowment assets for expenditure	(502)	(2,777)	(3,279)
Endowment Net Assets, End of Year	$ 33,126	$ 81,972	$ 115,098

8. 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 $3.930 million for the year ended December 31, 2018.

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, were $4.631 million as of December 31, 2018.

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 $4.822 million for the year ended December 31, 2018. 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 $1.234 million as of December 31, 2018.

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

9. 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, 2017. 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. During 2018, the Institute disclosed the intention to cease operations at the Wye River Conference Center on December 31, 2019. The Institute has agreed to buy out the remaining management contract term for $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.

10. Availability and Liquidity

As of December 31, 2018, the Institute's financial assets available to meet general expenditures within one year were as follows (in thousands):

Cash and cash equivalents	$ 6,525
Accounts receivable	15,569
Grants and contracts receivable	34,217
Investments and deferred compensation investments	193,155
Total Financial Assets	249,466
Less amounts not available to be used within one year:	
Net assets with donor restrictions	(168,890)
Plus net assets released from restrictions within a year	56,578
Net assets with donor restrictions greater than a year	(112,312)
Board designated funds	(58,346)
Deferred compensation liability	(4,631)
Plus:	
Estimated endowment appropriation for next year	3,300
Financial Assets Available to Meet General Expenditures Within One Year	$ 77,477

The Institute is substantially supported by restricted contributions. Because the donor's restriction requires these resources to be used in a specific manner or future period, the Aspen Institute must maintain sufficient resources to fulfill those responsibilities to donors and may not be used for general expenditures. The Aspen Institute has policies in place to structure its

10. Availability and Liquidity (continued)

financial assets to be available as it's general expenditures, liabilities and other obligations come due. The organization invests cash in excess of daily requirements in both short term and long term investments. The short-term investments are available within 48 hours and the long-term investments are available twice a year. The Institute also has a quasi-endowment in the amount of $31.7 million as of December 31, 2018. Per policy the organization utilizes 4.5% of a 12-quarter rolling average of the balance of this fund in annual operations. With approval of the Finance Committee of the Board of Trustees, this fund is also available if additional funding is required by the organization. If there is excess surplus in a given year, Management will designate a portion of this surplus to this fund. In the event of unanticipated liquidity needs, the Aspen Institute could also draw on its $5 million revolving line of credit discussed in Note 6.

11. 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, investment and rental income and qualified transportation benefits.

Under the asset and liability method of FASB 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 had a deferred tax asset of approximately $4.583 million resulting from a federal net operating loss carryforward of approximately $17.196 million and state net operating loss carryforwards of approximately $16.010 million as of December 31, 2018. The Institute's deferred tax asset had been partially reserved by management as of December 31, 2018, due to uncertainty over the ability to recognize any future tax benefit from its state net operating loss carryforward based upon projections for operating and taxable losses. There is no expiration date for the federal net operating loss carryforward.

The net deferred tax asset consisted of the following as of December 31, 2018 (in thousands):

Deferred tax asset	$	4,583
Deferred tax valuation allowance		(999)
Net Deferred Tax Asset	$	3,584

Continued

11. Income Taxes (continued)

The net deferred tax asset is included in prepaid expenses and other assets in the accompanying statement of financial position

The Institute follows the authoritative guidance relating to accounting for uncertainty in income taxes included in FASB ASC Topic 740, *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 de-recognition of tax positions taken or expected to be taken in a tax return. Management of the Institute believes that it has no material uncertainty in income taxes and, accordingly, it will not recognize any liability for unrecognized taxes in its financial statements. As of December 31, 2018, the statute of limitations for tax years 2015 through 2017 remained open for the U.S. jurisdictions in which the Institute files tax returns; however, there are currently no examinations in progress. It is the Institute's policy to recognize interest and/or penalties related to uncertainty in income taxes, if any, in income tax or interest expense. As of December 31, 2018, the Institute had no accruals for interest and/or penalties.

12. 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, 2017, from which the summarized information was derived.

13. Subsequent Events

The Institute's management has evaluated events and transactions for potential recognition or disclosure through July 17, 2019, the date the financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in these financial statements.