



THE ASPEN) INSTITUTE

Financial Statements

For the Year Ended December 31, 2019

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



**and
Report Thereon**



THE ASPEN INSTITUTE
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For the Year Ended December 31, 2019

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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, 2019, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Continued

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Opinion

In our opinion, the 2019 financial statements referred to above present fairly, in all material respects, the financial position of The Aspen Institute as of December 31, 2019, 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.

Other Matters*Report on Summarized Comparative Information*

We have previously audited the Institute's 2018 financial statements, and in our report dated July 17, 2019, we expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Marcum LLP

Washington, DC
July 14, 2020

THE ASPEN INSTITUTE
STATEMENT OF FINANCIAL POSITION
December 31, 2019
(With Summarized Financial Information as of December 31, 2018)
(Dollars in Thousands)

	2019	2018
ASSETS		
Cash and cash equivalents	\$ 14,263	\$ 6,525
Accounts and other receivables	7,239	15,569
Grants and contributions receivable, net	31,343	34,217
Prepaid expenses and other assets	3,970	5,502
Inventory	146	148
Investments	222,592	188,524
Investments held for deferred compensation	5,795	4,631
Assets held for sale	8,595	-
Property and equipment, net	55,653	65,978
Security deposits	24	107
	<u>\$ 349,620</u>	<u>\$ 321,201</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 14,781	\$ 12,673
Grants payable	4,267	4,908
Customer deposits and deferred fees	2,134	5,708
Capital lease obligations	144	182
Deferred rent and lease incentive	14,186	14,261
Deferred compensation	5,795	4,631
	<u>41,307</u>	<u>42,363</u>
Net Assets		
Without donor restrictions		
Board-designated funds	70,459	58,423
Plant fund	48,547	51,525
	<u>119,006</u>	<u>109,948</u>
With donor restrictions	<u>189,307</u>	<u>168,890</u>
	<u>308,313</u>	<u>278,838</u>
	<u>\$ 349,620</u>	<u>\$ 321,201</u>

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

THE ASPEN INSTITUTE
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2019
(With Summarized Financial Information for the Year Ended December 31, 2018)
(Dollars in Thousands)

	Without Donor Restrictions	With Donor Restrictions	2019 Total	2018 Total
OPERATING REVENUE AND SUPPORT				
Project and federal grants	\$ 3,390	\$ 73,791	\$ 77,181	\$ 60,703
Contributions	10,359	21,569	31,928	34,289
Seminar and event fees	11,429	-	11,429	11,016
Conference centers fees	10,941	-	10,941	9,943
Service fees	11,462	-	11,462	10,314
Investment income, net appropriated for operations	1,338	4,186	5,524	3,279
Sponsorship revenue	8,504	-	8,504	7,940
Other	805	-	805	482
Rental income	390	-	390	318
Net assets released from restrictions:				
Satisfaction of time restrictions	12,147	(12,147)	-	-
Satisfaction of program restrictions	76,955	(76,955)	-	-
	147,720	10,444	158,164	138,284
TOTAL OPERATING REVENUE AND SUPPORT				
OPERATING EXPENSES				
Program Services:				
Policy programs	67,588	-	67,588	66,978
Campus activities	18,067	-	18,067	16,950
Public programs	13,296	-	13,296	12,494
Aspen Global Leadership Network and Innovation funds	8,483	-	8,483	7,766
Seminars	995	-	995	808
Youth and engagement	2,717	-	2,717	3,861
Other restricted programs	4,778	-	4,778	2,846
	115,924	-	115,924	111,703
Supporting Services:				
General and administrative	25,913	-	25,913	26,416
Fundraising and development	4,510	-	4,510	4,616
	30,423	-	30,423	31,032
TOTAL OPERATING EXPENSES				
	146,347	-	146,347	142,735
Change in net assets from operations	1,373	10,444	11,817	(4,451)
NONOPERATING ITEMS				
Investment income (loss), net in excess of appropriation	9,428	10,763	20,191	(4,413)
Provision (expense) for deferred taxes	(1,743)	-	(1,743)	77
Loss on uncollectible pledge	-	(790)	(790)	(1,250)
	9,058	20,417	29,475	(10,037)
CHANGE IN NET ASSETS				
NET ASSETS, BEGINNING OF YEAR	109,948	168,890	278,838	288,875
NET ASSETS, END OF YEAR	\$ 119,006	\$ 189,307	\$ 308,313	\$ 278,838

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

THE ASPEN INSTITUTE

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2019

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

(Dollars in Thousands)

	Program Services							Supporting Services				2019 Total	2018 Total
	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		
Salaries	\$ 24,427	\$ 1,285	\$ 3,845	\$ 3,495	\$ 432	\$ 848	\$ 1,424	\$ 35,756	\$ 11,402	\$ 2,082	\$ 13,484	\$ 49,240	\$ 46,142
Fringe benefits	7,064	339	1,145	1,056	132	249	405	10,390	1,094	626	1,720	12,110	11,297
Contracted services	9,231	16,143	2,591	956	118	425	1,199	30,663	4,469	440	4,909	35,572	35,375
Travel	9,045	107	4,001	2,069	186	850	589	16,847	1,037	623	1,660	18,507	18,441
Grants	6,326	-	-	-	-	-	5	6,331	-	-	-	6,331	8,260
Occupancy and utilities	2,708	72	327	253	31	11	85	3,487	1,974	190	2,164	5,651	5,998
Awards and scholarships	4,362	-	39	335	-	49	5	4,790	-	-	-	4,790	3,739
Depreciation and amortization	-	-	-	-	-	-	-	-	3,728	-	3,728	3,728	3,692
Supplies	792	68	345	109	46	53	403	1,816	1,452	187	1,639	3,455	3,953
Partner reimbursements	2,304	-	-	-	-	-	557	2,861	-	-	-	2,861	1,544
Publications	773	12	493	185	47	103	96	1,709	38	95	133	1,842	1,661
Communications	461	41	434	3	3	129	10	1,081	366	15	381	1,462	1,744
Bad debts	95	-	24	13	-	-	-	132	13	252	265	397	500
Insurance	-	-	52	9	-	-	-	61	340	-	340	401	389
TOTAL EXPENSES	\$ 67,588	\$ 18,067	\$ 13,296	\$ 8,483	\$ 995	\$ 2,717	\$ 4,778	\$ 115,924	\$ 25,913	\$ 4,510	\$ 30,423	\$ 146,347	\$ 142,735

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

THE ASPEN INSTITUTE
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2019
(With Summarized Financial Information for the Year Ended December 31, 2018)
(Dollars in Thousands)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 29,475	\$ (10,037)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization - property and equipment	3,599	3,692
Depreciation and amortization - assets held for sale	129	-
Unrealized losses (gains) on investments	(25,667)	15
Realized losses on investments	(196)	106
Expense (provision) for deferred taxes	1,743	(77)
Contributions restricted for long-term purposes	(36)	(1,213)
Change in the present value discount for grants and contributions	(666)	(225)
Loss on disposal of fixed assets	-	862
Loss on uncollectible pledge	790	1,250
Bad debts recovery	(564)	(1,002)
Changes in assets and liabilities:		
Accounts and other receivables	8,330	(9,415)
Grants and contributions receivable	3,314	11,048
Prepaid expenses and other assets	(211)	(5)
Inventory	2	(39)
Security deposits	83	(5)
Accounts payable and accrued expenses	1,975	(4,131)
Grants payable	(641)	(2,003)
Customer deposits and deferred fees	(3,574)	(824)
Deferred rent and lease incentive	(75)	4,637
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	17,810	(7,366)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(1,842)	(7,980)
Purchases of investments	(73,655)	(63,293)
Proceeds from sales of investments	65,450	79,321
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(10,047)	8,048
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on capital lease obligations	(61)	(79)
Contributions restricted for long-term purposes	36	1,213
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	(25)	1,134
NET INCREASE IN CASH AND CASH EQUIVALENTS	7,738	1,816
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	6,525	4,709
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 14,263	\$ 6,525
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	\$ -	\$ 4
Noncash Financing and Investing Activities:		
Equipment acquired under a capital lease	\$ 23	\$ 204
Obligation of equipment acquired under a capital lease	(23)	(204)
Fixed assets included in accounts payable and accrued expenses	133	182
Total Noncash Financing and Investing Activities	\$ 133	\$ 182

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

THE ASPEN INSTITUTE

NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2019

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 were on the Wye River in Maryland through December 30, 2019, the date the Institute closed the facility as disclosed in Note 9. 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, Japan and New Zealand. 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

THE ASPEN INSTITUTE

NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2019

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

Investments (continued)

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 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, 2019, 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.

THE ASPEN INSTITUTE

NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2019

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 collectability. 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.

Assets Held for Sale

During the year ended December 31, 2019, the Institute's Board of Directors approved a plan to cease the operations of the Wye River Conference Center and actively market the Wye River Center properties located in Maryland. In accordance with accounting principles generally accepted in the United States of America (GAAP), these properties were classified as assets held for sale in the statement of financial position according to the criteria: (1) the properties immediately available for sale; (2) it was actively marketed for sale at a reasonable price in relation to its current fair value (3) the management agreement with the Marriott Corporation to manage and operate the Wye River Conference Center was terminated as disclosed at Note 9; and (4) the Agreement for the Purchase and Sale of Property was made on November 15, 2019 to sell one of the properties for \$1.1 million and the sale was settled on February 28, 2020 (5) the Agreement for the Purchase and Sale of Property was made on August 3, 2019, and amended on March 30, 2020 to sell one of the properties for \$500 thousand; (6) the sale of the rest of properties are probable, and transfer of the asset is expected to qualify for recognition as a completed sale within one year of statement of financial position date. Additionally, long-lived assets held for sale are reported at the lower of the asset's carrying value or fair value less cost to sell. No impairment was recognized, as the estimated fair value of the land less cost to sell exceeds the carrying value, and as such, the asset was reported at its carrying value.

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 ASPEN INSTITUTE

NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2019

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

Property and Equipment and Related Depreciation and Amortization (continued)

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

<u>Category</u>	<u>Estimated Life</u>
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, 2019, the Institute had not recognized an impairment loss.

Classification of Net Assets

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

- 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.

Continued

THE ASPEN INSTITUTE

NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2019

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

Support and Revenue Recognition (continued)

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.

The Institute has cost-reimbursable grants with U.S. government agencies. Revenue from these grants are conditional upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Revenues from these U.S. government grants is recognized when the Institute has incurred expenditures in compliance with the grant provisions plus allowable indirect expenses based on the Institute approved negotiated indirect cost rate with the federal government. Amounts related to these conditional grants that are recognized and released in the same year are included as grants without donor restrictions in the accompanying statement of activities. Revenue recognized on these grants for which billings have not been presented to or collected from the grantors is included in grants and contributions receivable in the accompanying statement of financial position.

Conference center fees, seminar and event fees, sponsorship, and service fees are recognized at the point in time that the conference or meeting occurs, or when services delivered. Recognition of revenue related to future conferences, seminar and events is reported as customer deposits and deferred fees in the accompanying statement of financial position.

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.

Use of Estimates

The preparation of financial statements in conformity with 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.

THE ASPEN INSTITUTE

NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2019

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

New Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which requires an entity to recognize revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The Institute adopted ASU 2014-09 and related amendments on January 1, 2019, using the modified retrospective method and elected to apply the standard only to contracts that were not completed as of that date. The adoption of the standard did not impact the results of operations or change in net assets.

In June 2019, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. This ASU provides additional guidance to be used to determine whether a contribution is conditional and when a transaction should be account for as a contribution versus an exchange. The Institute adopted ASU 2018-08 as of January 1, 2019, and has applied the amendments of the standard on a modified prospective basis and elected to apply the standard only to agreements that were entered into after the effective date. This standard did not result in a material change to the financial statements or the timing of revenue recognition for the Institute's contributions.

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, 2019 (in thousands):

Less than one year	\$ 5,035
One to five years	<u>31,189</u>
Total Grants and Contributions Receivable	36,224
Less: Discount to Net Present Value (1.18-3.8%)	(2,106)
Less: Allowance for Doubtful Accounts	<u>(2,775)</u>
Grants and Contributions Receivable, Net	<u>\$ 31,343</u>

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, 2019, the Institute had raised total of approximately \$3.3 million contributions from other donors toward the leadership fund, and therefore it had not recognized any revenue from the conditional pledge. In addition, as of December 31, 2019, the Institute had approximately \$35.1 million in conditional grants receivable from various donors, in varying amounts, which were not reflected on the accompanying statement of financial position. These conditional

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THE ASPEN INSTITUTE

NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2019

2. Grants and Contributions Receivable (continued)

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.

Additionally, the Institute has received cost-reimbursable grants from U.S. federal agencies totaling approximately \$24.2 million, of which approximately \$8.3 million had been obligated for expenditure. As of December 31, 2019, the Institute had approximately \$15.9 million under the obligated amounts that had yet to be recognized because qualifying expenditures had not yet been incurred.

3. Investment and Investment Held for Deferred Compensation

The Institute's investments and investment held for deferred compensation, at fair value, consisted of the following as of December 31, 2019 (in thousands):

Limited partnerships	\$ 186,627
Equity mutual funds	13,868
Fixed-income securities	15,287
Money market funds	<u>6,810</u>
Total Investments	222,592
Investments held for deferred compensation	<u>5,795</u>
Total Investments and Investments Held for Deferred Compensation	<u>\$ 228,387</u>

As of December 31, 2019, approximately 84% 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.

THE ASPEN INSTITUTE

NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

3. Investments and Investment Held for Deferred Compensation (continued)

The following table summarizes the Institute's assets measured at fair value on a recurring basis as of December 31, 2019 (in thousands):

	<u>Fair Value</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Assets:				
Investments:				
Money market funds	\$ 6,810	\$ 6,810	\$ -	\$ -
Equity mutual funds:				
Large blend	10,181	10,181	-	-
Foreign large blend	3,687	3,687	-	-
Fixed income:				
U.S. Treasury obligations	10	-	10	-
U.S. government securities	5,555	-	5,555	-
Corporate and foreign bonds	<u>9,722</u>	<u>-</u>	<u>9,722</u>	<u>-</u>
Subtotal	35,965	<u>\$ 20,678</u>	<u>\$ 15,287</u>	<u>\$ -</u>
Investments measured using NAV as a practical expedient:				
Limited partnerships	<u>186,627</u>			
Total Investments	<u>222,592</u>			
Investments held for deferred compensation:				
Mutual funds	4,626	\$ -	\$ 4,626	\$ -
Variable annuities	204	-	204	-
Investment contract with insurance company	<u>965</u>	<u>-</u>	<u>-</u>	<u>965</u>
Total investments held for deferred compensation	<u>5,795</u>	<u>\$ -</u>	<u>\$ 4,830</u>	<u>\$ 965</u>
Total Assets	<u>\$ 228,387</u>			

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

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 and equity mutual 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 fixed income securities. Investments held for deferred compensation include mutual funds, variable annuities and an investment contract with an insurance company. The

Continued

THE ASPEN INSTITUTE

**NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2019**

3. Investments (continued)

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.

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.

For the year ended December 31, 2019, there was \$48 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, 2019, is as follows (in thousands):

	<u>Fair Value</u>	<u>Number of Funds</u>	<u>Unfunded Commitments</u>	<u>Redemption Terms and Restrictions</u>
Limited Partnerships	\$ 186,627	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	<u>\$ 186,627</u>	3	<u>\$ 45</u>	

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

THE ASPEN INSTITUTE

NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2019

3. Investments (continued)

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.

4. Property and Equipment and Accumulated Depreciation and Amortization

The Institute held the following property and equipment as of December 31, 2019 (in thousands):

Buildings and improvements	\$	65,818
Land		3,859
Leasehold improvements		9,928
Equipment		4,315
Furniture and fixtures		4,047
Ground improvements		1,450
Computers and software		1,367
Construction in progress		<u>1,328</u>
Total Property and Equipment		92,112
Less: Accumulated Depreciation and Amortization		<u>(36,459)</u>
Property and Equipment, Net	\$	<u>55,653</u>

Depreciation and amortization expense was \$3.599 million for the year ended December 31, 2019.

5. Grants Payable

As of December 31, 2019, grants payable of \$4.267 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. Subsequent to year-end, the Institute increased the line of credit to \$10 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, 2019, the interest rate was approximately 4.07%. 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. There was no balance due on the line of credit agreement as of December 31, 2019. As of December 31, 2019, the Institute was in compliance with all of its financial and affirmative covenants.

THE ASPEN INSTITUTE

NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2019

6. Commitments, Risks and Contingencies (continued)

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 \$6.617 million as of December 31, 2019. The Institute has not experienced, nor does it anticipate, any loss of funds.

Commitments

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

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 Washington, D.C. lease provided the Institute with a construction allowance of \$8,996 as an incentive to enter into the lease agreement. The lease for the New York City office expires on December 31, 2021, and the lease for the Washington, D.C., office expires on 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. The Institute also sub-leases a portion of the office space to tenants.

As of December 31, 2019, future minimum lease payments were as follows (in thousands):

<u>For the Year Ended December 31,</u>	<u>Minimum Rentals</u>	<u>Subtenant Payments</u>	<u>Net Payments</u>
2020	\$ 5,166	\$ (268)	\$ 4,898
2021	5,295	(270)	5,025
2022	5,432	(82)	5,350
2023	5,611	-	5,611
2024	5,752	-	5,752
Thereafter	<u>58,259</u>	<u>-</u>	<u>58,259</u>
Total	<u>\$ 85,515</u>	<u>\$ (620)</u>	<u>\$ 84,895</u>

Rent expense incurred under the operating leases was \$5.651 million for the year ended December 31, 2019.

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THE ASPEN INSTITUTE

NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2019

7. Net Assets

Board-Designated Net Assets

Board-designated net assets consisted of the following at December 31, 2019 (in thousands):

Quasi-endowment	\$	37,792
Policy programs funds		12,989
Aspen Global Leadership Network		4,235
Reserves and other programming		<u>15,443</u>
Total Board-Designated Net Assets	\$	<u>70,459</u>

Net Assets With Donor Restrictions

Net assets with donor restrictions consisted of the following at December 31, 2019 (in thousands):

Purpose-restricted:		
Policy programs	\$	56,485
Aspen Global Leadership Network		13,043
Term endowment – leadership fund		7,333
Other restricted programming		10,623
Time-restricted:		
Time-restricted pledges		20,586
Available for appropriation from endowment funds		22,490
Permanent endowments – historical gift value		<u>58,747</u>
Total Net Assets With Donor Restrictions	\$	<u>189,307</u>

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 accumulated amounts are appropriated for expenditure by the Institute in a manner consistent with the standard of prudence prescribed by UPMIFA.

THE ASPEN INSTITUTE

NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

7. Net Assets (continued)

Endowment Net Assets (continued)

Interpretation of Relevant Law (continued)

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.

THE ASPEN INSTITUTE

**NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2019**

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, 2019, was 4.5%.

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, 2019, there were no such deficiencies.

The Institute's endowment net asset composition by fund type was as follows as of December 31, 2019 (in thousands):

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds:			
Historical gift value	\$ -	\$ 58,747	\$ 58,747
Appreciation	-	22,490	22,490
Term endowments	-	<u>7,333</u>	<u>7,333</u>
Subtotal	-	88,570	88,570
Board-designated endowment funds	<u>37,792</u>	-	<u>37,792</u>
Total Endowment Net Assets	<u><u>37,792</u></u>	<u><u>\$ 88,570</u></u>	<u><u>\$ 126,362</u></u>

The endowment activity was as follows for the year ended December 31, 2019 (in thousands):

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 33,126	\$ 81,972	\$ 115,098
Net investment income	4,607	10,763	15,370
Contributions/Additions	1,397	21	1,418
Appropriation of endowment assets for expenditure	<u>(1,338)</u>	<u>(4,186)</u>	<u>(5,524)</u>
Endowment Net Assets, End of Year	<u><u>\$ 37,792</u></u>	<u><u>\$ 88,570</u></u>	<u><u>\$ 126,362</u></u>

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THE ASPEN INSTITUTE

NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2019

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 amended and the restated provisions of the plan became effective on January 1, 2019. 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. The Institute makes a matching contribution equal to 100% of eligible employee elective deferrals that do not exceed 5% of the employee's compensation. The Institute also makes a non-elective contribution in an amount equal to a percentage of the employee's compensation based on years of services. The Institute made a contribution of \$4.361 million for the year ended December 31, 2019.

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 \$5.795 million as of December 31, 2019.

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 \$4.905 million for the year ended December 31, 2019. 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 \$1.342 million as of December 31, 2019.

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.

THE ASPEN INSTITUTE

NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2019

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. On December 31, 2019, the Institute terminated the management contract to cease operations at the Wye River Conference Center. The Institute signed the final agreement to buy out the remaining management contract term for \$125 thousand in 2020.

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, 2019, the Institute's financial assets available to meet general expenditures within one year were as follows (in thousands):

Cash and cash equivalents	\$ 14,263
Accounts receivable	7,239
Grants and contracts receivable	31,343
Investments and deferred compensation investments	<u>228,387</u>
Total Financial Assets	281,232
Less amounts not available to be used within one year:	
Net assets with donor restrictions	(189,307)
Plus net assets released from restrictions within a year	<u>94,696</u>
Net assets with donor restrictions greater than a year	(94,611)
Board designated funds	(70,459)
Deferred compensation liability	<u>(5,795)</u>
Plus:	
Estimated endowment appropriation for next year	<u>5,500</u>
Financial Assets Available to Meet General Expenditures Within One Year	<u>\$ 115,867</u>

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

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THE ASPEN INSTITUTE

NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2019

10. Availability and Liquidity (continued)

not be used for general expenditures. The Aspen Institute has policies in place to structure its financial assets to be available as its 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 \$37.8 million as of December 31, 2019. 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 \$4.615 million resulting from a federal net operating loss carryforward of approximately \$17.345 million and state net operating loss carryforwards of approximately \$16.010 million as of December 31, 2019. The Institute's deferred tax asset had been partially reserved by management as of December 31, 2019, due to uncertainty over the ability to recognize any future tax benefit from its federal and state net operating loss carryforward based upon projections for operating and taxable losses. The net operating loss carryforward will expire in 2022 through 2038.

The net deferred tax asset consisted of the following as of December 31, 2019 (in thousands):

Deferred tax asset	\$ 4,615
Deferred tax valuation allowance	<u>(2,773)</u>
Net Deferred Tax Asset	<u>\$ 1,842</u>

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THE ASPEN INSTITUTE

NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2019

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, 2019, the statute of limitations 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, 2019, 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, 2018, 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 14, 2020, the date the financial statements were available to be issued. Except for disclosure below, Note 1, Note 6 and Note 9, there were no subsequent events that require recognition or disclosure in these financial statements.

The COVID-19 outbreak has caused unprecedented disruptions in every facet of life including the voluntary and mandated closings of businesses across the country. There is currently considerable uncertainty about how long businesses and organizations will be affected. While the Institute has conducted a significant portion of its operations with employees working from home, many of the Institute's programs and events have suffered losses and will continue to do so. As an example, the Institute has been forced to cancel the annual Aspen Ideas Festival and plans to return approximately \$2.1 million in ticket sales. The Institute has recorded the refunds as accounts payable and accrued expenses in the accompanying statement of financial position. While management does not yet know the precise extent to which COVID-19 may impact the Institute's finances, management are currently projecting a significant deficit for 2020 due to the pandemic.