



Financial Statements

For the Year Ended December 31, 2021

(With Summarized Financial Information for the Year Ended December 31, 2020)



and Report Thereon



Reports Required in Accordance with the Uniform Guidance

For the Year Ended December 31, 2021



THE ASPEN INSTITUTE
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For the Year Ended December 31, 2021

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
The Aspen Institute

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The Aspen Institute (the Institute), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Aspen Institute as of December 31, 2021, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Aspen Institute and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Aspen Institute's ability to continue as a going concern for within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Aspen Institute's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt The Aspen Institute's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with government regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 15, 2022, on our consideration of The Aspen Institute's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of The Aspen Institute's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Aspen Institute's internal control over financial reporting and compliance.

Other Matter

Report on Summarized Comparative Information

We have previously audited The Aspen Institute's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 16, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Marcum LLP

Washington, DC
July 15, 2022

THE ASPEN INSTITUTE
STATEMENT OF FINANCIAL POSITION
December 31, 2021
(With Summarized Financial Information as of December 31, 2020)
(Dollars in Thousands)

	2021	2020
ASSETS		
Cash and cash equivalents	\$ 17,713	\$ 8,180
Accounts and other receivables	6,960	5,437
Investment related receivables	-	20,000
Grants and contributions receivable, net	49,885	40,677
Prepaid expenses and other assets	3,989	3,503
Inventory	283	139
Investments	301,559	239,897
Investments held for deferred compensation	7,712	6,757
Assets held for sale	8,053	8,069
Property and equipment, net	68,526	61,123
Security deposits	835	444
	<u>465,515</u>	<u>394,226</u>
TOTAL ASSETS	<u><u>\$ 465,515</u></u>	<u><u>\$ 394,226</u></u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 13,610	\$ 11,902
Grants payable	1,916	2,359
Note payable	3,780	-
Customer deposits and deferred fees	5,034	2,737
Refundable advance	7,000	4,000
Capital lease obligations	56	97
Deferred rent and lease incentive	13,973	14,143
Deferred compensation	7,712	6,757
	<u>53,081</u>	<u>41,995</u>
TOTAL LIABILITIES	<u>53,081</u>	<u>41,995</u>
Net Assets		
Without donor restrictions		
Board-designated funds	90,268	81,755
Plant fund	66,906	55,003
	<u>157,174</u>	<u>136,758</u>
Total Without Donor Restrictions	157,174	136,758
With donor restrictions	<u>255,260</u>	<u>215,473</u>
TOTAL NET ASSETS	<u>412,434</u>	<u>352,231</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 465,515</u></u>	<u><u>\$ 394,226</u></u>

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

THE ASPEN INSTITUTE
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2021
(With Summarized Financial Information for the Year Ended December 31, 2020)
(Dollars in Thousands)

	Without Donor Restrictions	With Donor Restrictions	2021 Total	2020 Total
OPERATING REVENUE AND SUPPORT				
Project and federal grants	\$ 4,501	\$ 96,148	\$ 100,649	\$ 84,405
Contributions	4,268	35,943	40,211	46,874
Seminar and event fees	2,516	-	2,516	1,699
Conference center fees	8,991	-	8,991	5,556
Service fees	10,503	-	10,503	6,870
Investment income, net appropriated for operations	5,740	4,219	9,959	10,658
Sponsorship revenue	6,577	-	6,577	3,853
Other	396	-	396	168
Rental income	436	-	436	424
Net assets released from restrictions:				
Satisfaction of time restrictions	9,381	(9,381)	-	-
Satisfaction of program restrictions	95,916	(95,916)	-	-
TOTAL OPERATING REVENUE AND SUPPORT	149,225	31,013	180,238	160,507
OPERATING EXPENSES				
Program Services:				
Policy programs	72,930	-	72,930	64,867
Campus activities	12,074	-	12,074	10,096
Public programs	6,938	-	6,938	6,308
Aspen Global Leadership Network and Innovation funds	6,856	-	6,856	6,503
Seminars	1,122	-	1,122	822
Youth and engagement	3,039	-	3,039	2,268
Other restricted programs	8,911	-	8,911	7,464
Total Program Services	111,870	-	111,870	98,328
Supporting Services:				
General and administrative	27,116	-	27,116	26,431
Fundraising and development	4,251	-	4,251	3,854
Total Supporting Services	31,367	-	31,367	30,285
TOTAL OPERATING EXPENSES	143,237	-	143,237	128,613
Change in net assets from operations	5,988	31,013	37,001	31,894
NONOPERATING ITEMS				
Investment income, net in excess of appropriation	14,428	8,774	23,202	14,024
Loss on uncollectible pledge	-	-	-	(2,000)
CHANGE IN NET ASSETS	20,416	39,787	60,203	43,918
NET ASSETS, BEGINNING OF YEAR	136,758	215,473	352,231	308,313
NET ASSETS, END OF YEAR	\$ 157,174	\$ 255,260	\$ 412,434	\$ 352,231

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

THE ASPEN INSTITUTE
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2021
(With Summarized Financial Information for the Year Ended December 31, 2020)
(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	2021 Total	2020 Total
Salaries	\$ 26,923	\$ 1,162	\$ 3,799	\$ 3,340	\$ 453	\$ 1,115	\$ 3,782	\$ 40,574	\$ 12,761	\$ 2,513	\$ 15,274	\$ 55,848	\$ 52,966
Contracted services	13,076	10,430	916	1,414	223	836	1,843	28,738	4,837	250	5,087	33,825	26,246
Fringe benefits	7,815	344	1,110	994	137	324	1,101	11,825	1,753	751	2,504	14,329	12,532
Grants	11,019	-	-	-	-	-	307	11,326	-	-	-	11,326	10,648
Awards and scholarship	6,799	-	39	291	-	74	135	7,338	-	-	-	7,338	6,293
Occupancy and utilities	2,373	99	207	453	48	-	470	3,650	2,283	219	2,502	6,152	6,058
Travel	2,156	8	507	207	158	222	310	3,568	327	149	476	4,044	3,866
Depreciation and amortization	-	-	-	-	-	-	-	-	3,281	-	3,281	3,281	3,538
Supplies	850	15	156	79	33	249	435	1,817	1,154	153	1,307	3,124	2,746
Partner reimbursements	1,109	-	-	15	-	-	81	1,205	-	-	-	1,205	1,131
Communications	304	14	108	26	3	106	152	713	251	21	272	985	950
Publications	506	2	96	34	67	113	94	912	45	11	56	968	798
Bad debts	-	-	-	3	-	-	201	204	-	184	184	388	477
Insurance	-	-	-	-	-	-	-	-	424	-	424	424	364
TOTAL EXPENSES	\$ 72,930	\$ 12,074	\$ 6,938	\$ 6,856	\$ 1,122	\$ 3,039	\$ 8,911	\$ 111,870	\$ 27,116	\$ 4,251	\$ 31,367	\$ 143,237	\$ 128,613

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

THE ASPEN INSTITUTE
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2021
(With Summarized Financial Information for the Year Ended December 31, 2020)
(Dollars in Thousands)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 60,203	\$ 43,918
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization – property and equipment	3,281	3,538
Unrealized gains on investments	(32,538)	(23,780)
Realized gains on investments	(895)	(146)
Contributions restricted for long-term purposes	(4,835)	(3,878)
Change in the present value discount for grants and contributions	289	55
Gain on sale of property	-	(903)
Loss (gain) on disposal of equipment	(21)	29
Loss on uncollectible pledge	-	2,000
Allowance for doubtful accounts	421	(710)
Changes in assets and liabilities:		
Accounts and other receivables	(1,523)	1,802
Investment related receivables	20,000	(20,000)
Grants and contributions receivable	(9,918)	(10,679)
Prepaid expenses and other assets	(486)	47
Inventory	(144)	7
Security deposits	(391)	-
Accounts payable and accrued expenses	591	(4,129)
Grants payable	(443)	(1,908)
Customer deposits and deferred fees	2,297	603
Refundable advance	3,000	4,000
Deferred rent and lease incentive	(170)	(43)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	38,718	(10,177)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(9,530)	(7,478)
Proceeds received from sale of property	-	1,120
Purchases of investments	(336,191)	(305,648)
Proceeds from sales of investments	307,962	312,269
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(37,759)	263
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceed received from note payable	3,780	8,000
Principal payment on note payable	-	(8,000)
Principal payments on capital lease obligations	(41)	(47)
Contributions restricted for long-term purposes	4,835	3,878
NET CASH PROVIDED BY FINANCING ACTIVITIES	8,574	3,831
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	9,533	(6,083)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	8,180	14,263
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 17,713	\$ 8,180
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	\$ 63	\$ 6
Noncash Financing and Investing Activities:		
Fixed assets included in accounts payable and accrued expenses	\$ -	1,117
Total Noncash Financing and Investing Activities	\$ -	\$ 1,117

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

THE ASPEN INSTITUTE

NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2021

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. 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, New Zealand and United Kingdom. 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.

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. For unsettled purchases and sales as of the reporting period date, the purchase price is recorded as investment related receivables or payables and are included in the accompanying statement of financial position.

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, 2021

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, 2021, 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, 2021

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.

Assets Held for Sale

During the year 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 Wyndham Worldwide Corporation (Wyndham) 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 a short period of time. 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 and are not depreciated. 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, 2021

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, 2021, the Institute had not recognized any 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.

THE ASPEN INSTITUTE
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2021

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, are allocated based on estimated usage or other relevant factors.

Use of Estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (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, 2021

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, 2021 (in thousands):

Less than one year	\$ 3,606
One to five years	<u>51,266</u>
Total Grants and Contributions Receivable	54,872
Less: Discount to Net Present Value (0.98-4.05%)	(2,450)
Less: Allowance for Doubtful Accounts	<u>(2,537)</u>
Grants and Contributions Receivable, Net	<u>\$ 49,885</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, 2021, the Institute had raised total of approximately \$4.6 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, 2021, the Institute had approximately \$28 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.

Additionally, the Institute has received cost-reimbursable grants from U.S. federal agencies totaling approximately \$37.3 million, of which approximately \$16.1 million had been obligated for expenditure. As of December 31, 2021, the Institute had approximately \$21.2 million under the obligated amounts that had yet to be recognized because qualifying expenditures had not yet been incurred.

3. Investments and Investments Held for Deferred Compensation

The Institute's investments and investments held for deferred compensation, at fair value, consisted of the following as of December 31, 2021 (in thousands):

Limited partnerships	\$ 214,538
Equity mutual funds	49,821
Fixed-income securities	11,420
Money market funds	<u>25,780</u>
Total Investments	301,559

THE ASPEN INSTITUTE

NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2021

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

(continued)

Investments held for deferred compensation	\$ 7,712
Total Investments and Investments Held for Deferred Compensation	<u>\$ 309,271</u>

As of December 31, 2021, approximately 69% 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 following table summarizes the Institute's assets measured at fair value on a recurring basis as of December 31, 2021 (in thousands):

	<u>Fair Value</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>
Assets:				
Investments:				
Money market funds	\$ 25,780	\$ 25,780	\$ -	\$ -
Equity mutual funds:				
Large blend	24,777	24,777	-	-
Foreign large blend	7,817	7,817	-	-
Short-term blend	7,080	7,080	-	-
Small growth	5,470	5,470	-	-
High yield	3,130	3,130	-	-
Diversified emerging markets	1,547	1,547	-	-
Fixed income:				
U.S. Treasury obligations	10	-	10	-
U.S. government securities	5	-	5	-
Corporate and foreign bonds	<u>11,405</u>	<u>-</u>	<u>11,405</u>	<u>-</u>
Subtotal	87,021	<u>\$ 75,601</u>	<u>\$ 11,420</u>	<u>\$ -</u>
Investments measured using NAV as a practical expedient:				
Limited partnerships	<u>214,538</u>			
Total Investments	<u>301,559</u>			
Investments held for deferred compensation:				
Mutual funds	6,267	\$ -	\$ 6,267	\$ -
Variable annuities	218	-	218	-
Investment contract with insurance company	<u>1,227</u>	<u>-</u>	<u>-</u>	<u>1,227</u>
Total Investments Held for Deferred Compensation	<u>7,712</u>	<u>\$ -</u>	<u>\$ 6,485</u>	<u>\$ 1,227</u>
Total Assets	<u>\$ 309,271</u>			

THE ASPEN INSTITUTE

NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2021

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

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 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, 2021, there were no purchases and no sales for the investment contract in Level 3 above.

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, 2021, 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	<u>\$ 214,538</u>	2	<u>\$ 45</u>	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>\$ 214,538</u>	2	<u>\$ 45</u>	

THE ASPEN INSTITUTE

NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2021

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

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.

4. Property and Equipment and Accumulated Depreciation and Amortization

The Institute held the following property and equipment as of December 31, 2021 (in thousands):

Buildings and improvements	\$ 65,099
Land	3,858
Leasehold improvements	9,928
Equipment	5,079
Furniture and fixtures	3,970
Ground improvements	1,677
Computers and software	1,534
Construction in progress	<u>20,327</u>
Total Property and Equipment	111,472
Less: Accumulated Depreciation and Amortization	<u>(42,946)</u>
Property and Equipment, Net	<u>\$ 68,526</u>

Depreciation and amortization expense was \$3.281 million for the year ended December 31, 2021.

5. Grants Payable

As of December 31, 2021, grants payable of \$1.916 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, then increased to \$10 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

THE ASPEN INSTITUTE

NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2021

6. Commitments, Risks and Contingencies (continued)

Line of Credit (continued)

Interbank Offered Rate plus 2.25%. As of December 31, 2021, the interest rate was approximately 3.25%. 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, 2021. As of December 31, 2021, the Institute was in compliance with all of its financial and affirmative covenants.

Bridge Loan

The Institute entered into a bridge loan agreement with a financial institution on July 2020. Under the agreement, the Institute can borrow up to \$7.8 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, 2021, the interest rate was approximately 2.36%. This bridge loan agreement is for 78 months. In addition, the Institute is required to comply with certain financial and affirmative covenants on an annual basis. The outstanding balance on the bridge loan was \$3.780 million as of December 31, 2021. As of December 31, 2021, 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 \$17 million as of December 31, 2021. The Institute has not experienced, nor does it anticipate, any loss of funds.

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, expiring December 31, 2033, provided the Institute with a construction allowance of \$8,996 thousand as an incentive to enter into the lease agreement. The lease for the New York City office expired on December 31, 2021 and renewed on a monthly basis through the effective date of the new lease. The Institute entered a noncancelable operating lease agreement with a new landlord on October 6, 2021 for a new office space. The new lease commences in May 2022, and expires in August 2029 providing

THE ASPEN INSTITUTE

NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2021

6. Commitments, Risks and Contingencies (continued)

Operating Leases (continued)

an abatement for \$80 thousand. 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, 2021, future minimum lease payments, including subtenant payments, were as follows (in thousands):

For the Year Ending December 31, _____	Minimum Rentals	Subtenant Payments	Net Payments
2022	\$ 5,512	\$ (690)	\$ 4,822
2023	5,855	(718)	5,137
2024	6,001	(747)	5,254
2025	6,152	(777)	5,375
2026	6,306	(808)	5,498
Thereafter	47,096	(1,489)	45,607
Total	<u>\$ 76,922</u>	<u>\$ (5,229)</u>	<u>\$ 71,693</u>

Rent expense incurred under the operating leases was \$6.089 million for the year ended December 31, 2021.

7. Net Assets

Board-Designated Net Assets

Board-designated net assets consisted of the following at December 31, 2021 (in thousands):

Quasi-endowment	\$ 67,782
Policy programs funds	18,559
Aspen Global Leadership Network	<u>3,927</u>
Total Board-Designated Net Assets	<u>\$ 90,268</u>

Net Assets With Donor Restrictions

Net assets with donor restrictions consisted of the following at December 31, 2021 (in thousands):

Purpose-restricted:	
Policy programs	\$ 77,887
Aspen Global Leadership Network	13,879
Term endowment – leadership fund	6,000
Other restricted programming	11,918

THE ASPEN INSTITUTE

NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2021

7. Net Assets (continued)

Net Assets With Donor Restrictions (continued)

(continued)

Time-restricted:

Time-restricted pledges	\$ 37,767
Available for appropriation from endowment funds	38,093
Permanent endowments – historical gift value	<u>69,716</u>
Total Net Assets With Donor Restrictions	<u>\$ 255,260</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. 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

THE ASPEN INSTITUTE

NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2021

7. Net Assets (continued)

Endowment Net Assets (continued)

Return Objectives and Risk Parameters (continued)

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.

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, 2021, was 5% which was a special rate approved by Board.

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, 2021, there were no such deficiencies.

The Institute's endowment net asset composition by fund type was as follows as of December 31, 2021 (in thousands):

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds:			
Historical gift value	\$ -	\$ 69,716	\$ 69,716
Appreciation	-	38,093	38,093
Term endowments	-	6,000	6,000
Subtotal	-	113,809	113,809

THE ASPEN INSTITUTE

NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2021

7. Net Assets (continued)

Endowment Net Assets (continued)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<i>(continued)</i>			
Board-designated endowment funds	\$ 64,896	\$ -	\$ 64,896
Total Endowment Net Assets	<u>\$ 64,896</u>	<u>\$ 113,809</u>	<u>\$ 178,705</u>

The endowment activity was as follows for the year ended December 31, 2021 (in thousands):

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 55,687	\$ 93,890	\$ 149,577
Net investment income	4,301	16,714	21,015
Contributions/Additions	9,738	7,570	17,308
Appropriation of endowment assets for expenditure	<u>(4,830)</u>	<u>(4,365)</u>	<u>(9,195)</u>
Endowment Net Assets, End of Year	<u>\$ 64,896</u>	<u>\$ 113,809</u>	<u>\$ 178,705</u>

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 \$5.061 million for the year ended December 31, 2021.

THE ASPEN INSTITUTE

NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2021

8. Employee Benefit Arrangements (continued)

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 \$7.712 million as of December 31, 2021.

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 \$6.358 million for the year ended December 31, 2021. 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 \$1.627 million as of December 31, 2021.

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.

9. Management Contracts

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. In March 2021, the Institute entered into a third renewal agreement extending the contract through April 30, 2022. On December 9, 2021, the Institute signed a letter not to renew or extend the contract after April 30, 2022. On February 1, 2022, the Institute signed a management contract with Salamander Aspen, LLC to replace Wyndham to manage the conference facilities for 15 years effective May 1, 2022 with the option to renew for three additional 5 years.

THE ASPEN INSTITUTE

NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2021

10. Availability and Liquidity

As of December 31, 2021, the Institute's financial assets available to meet general expenditures within one year were as follows (in thousands):

Cash and cash equivalents	\$ 17,713
Accounts and other receivables	6,960
Grants and contributions receivable, net	49,885
Investments and deferred compensation investments	<u>309,271</u>
Total Financial Assets	383,829
Less amounts not available to be used within one year:	
Net assets with donor restrictions	(255,260)
Plus net assets released from restrictions within a year	<u>140,280</u>
Net assets with donor restrictions greater than a year	268,849
Board designated funds	90,268
Deferred compensation liability	<u>7,712</u>
Plus:	
Estimated endowment appropriation for next year	<u>5,301</u>
Financial Assets Available to Meet	
General Expenditures Within One Year	<u>\$ 372,130</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 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 \$67.65 million as of December 31, 2021. 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 \$10 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.

Under the asset and liability method of Financial Accounting Standard Board (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

THE ASPEN INSTITUTE

NOTES TO FINANCIAL STATEMENTS For the Year Ended December 31, 2021

11. Income Taxes (continued)

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 \$3.470 million resulting from a federal net operating loss carryforward of approximately \$12.566 million and state net operating loss carryforwards of approximately \$12.969 million as of December 31, 2021. The Institute's deferred tax asset had been partially reserved by management as of December 31, 2021, 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 2023 through 2037.

The net deferred tax asset consisted of the following as of December 31, 2021 (in thousands):

Deferred tax asset	\$ 3,470
Deferred tax valuation allowance	<u>(1,629)</u>
Net Deferred Tax Asset	<u>\$ 1,841</u>

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, 2021, 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, 2021, 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, 2020, from which the summarized information was derived.

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NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2021

13. Subsequent Events

The Institute's management has evaluated events and transactions for potential recognition or disclosure through July 15, 2022, the date the financial statements were available to be issued. Except for management contract disclosed in Note 9 and property sales disclosed below, there were no subsequent events that require recognition or disclosure in these financial statements.

The Institute sold its Wye River Center properties to various third-parties, including individuals and organizations. The sales were settled subsequent to December 31, 2021.

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

To the Board of Trustees of
The Aspen Institute

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The Aspen Institute (the Institute), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated July 15, 2022.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Marcum LLP

Washington, DC
July 15, 2022

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY UNIFORM GUIDANCE**

To the Board of Trustees of
The Aspen Institute

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited The Aspen Institute's (the Institute) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Institute's major federal program for the year ended December 31, 2021. The Institute's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Institute complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Institute and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Institute's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Institute's federal program.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Institute's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Institute's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Institute's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Institute's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Institute's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our

audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Marcum LLP

Washington, DC
July 15, 2022

THE ASPEN INSTITUTE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF STATE				
Professional and Cultural Exchange Programs – Citizen Exchanges	19.415	N/A	\$ 3,284,097	\$ 4,383,543
Total U.S. Department of State			3,284,097	4,383,543
U.S. DEPARTMENT OF JUSTICE				
National Institute of Justice Research, Evaluation, and Development Project Grants <i>Pass-through from Child Trends, Inc.</i>	16.560	N/A	-	3,783
Total U.S. Department of Justice			-	3,783
U.S. DEPARTMENT OF THE INTERIOR				
Fish and Wildlife Coordination and Assistance: Training Partnership for the Native Youth Community Adaptation and Leadership Congress	15.664	N/A	-	33,280
Total U.S. Department of the Interior			-	33,280
U.S. DEPARTMENT OF AGRICULTURE				
Forest Service White River Forest: Broadening Access to Public Lands	10.699	N/A	-	67,403
Total U.S. Department of Agriculture			-	67,403
U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT				
Foreign Assistance for Programs Overseas <i>Pass-through from Public Health Institute</i>	98.001	N/A	-	12,889
Total U.S. Agency for International Development			-	12,889
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 3,284,097	\$ 4,500,898

See accompanying notes to this schedule.

THE ASPEN INSTITUTE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For the Year Ended December 31, 2021

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal award activity of the Institute under programs of the federal government for the year ended December 31, 2021. The information on the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a selected portion of operations of the Institute, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Institute.

2. Summary of Significant Accounting Policies

Expenditures reported on the SEFA are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Indirect Cost Rate

The Institute annually submits its schedules of indirect costs to negotiate a final rate for the prior year and a provisional rate for the current year and, as such, has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance. This results in a higher federal dollar cost recovery in any given year.

THE ASPEN INSTITUTE

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2021**

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

_____ Yes X No

Significant deficiency(ies) identified?

_____ Yes X None Reported

Noncompliance material to financial statements noted?

_____ Yes X No

Federal Awards

Internal control over federal major programs:

Material weakness(es) identified?

_____ Yes X No

Significant deficiency(ies) identified?

_____ Yes X None Reported

Type of auditors' report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR, 200 516(a)?

_____ Yes X No

Identification of major federal program:

<u>Name of Federal Program or Cluster</u>	<u>Assistance Listing Number</u>
Professional and Cultural Exchange Programs – Citizen Exchanges	19.415
Dollar threshold used to distinguish between type A and type B programs:	\$ <u>750,000</u>
Auditee qualified as a low-risk auditee?	<u> X </u> Yes _____ No

THE ASPEN INSTITUTE

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2021**

(continued)

SECTION II – FINANCIAL STATEMENT FINDINGS

None required to be reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None required to be reported.

SECTION IV – SUMMARY OF PRIOR AUDIT FINDINGS

Financial Statement Audit Findings

None required to be reported.

Major Federal Award Programs Audit Findings and Questioned Costs

None required to be reported.