ASPEN HISTORICAL SOCIETY

FINANCIAL STATEMENTS

October 31, 2016

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REESE HENRY
& COMPANY, INC.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Board of Trustees
Aspen Historical Society
Aspen, Colorado

We have reviewed the accompanying statement of financial position of Aspen Historical Society (a nonprofit organization) as of October 31, 2016, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 the financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services issued by the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our report.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Reese Henry & Company, Inc.

Certified Public Accountants
Aspen, Colorado
September 21, 2017

ASPEN HISTORICAL SOCIETY
STATEMENT OF FINANCIAL POSITION
October 31, 2016

ASSETS		
Cash and Cash Equivalents - unrestricted	$	308,730
Cash and Cash Equivalents - restricted		588,046
Pledges Receivable		211,756
Inventory		5,163
Investments - unrestricted		447,699
Investments - restricted		128,551
Land, Buildings and Equipment, net		1,247,822
Development Costs		466,587
TOTAL ASSETS	**$**	**3,404,354**

LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	$	8,674
Accrued Expenses		35,097
Customer Deposit		3,725
Note Payable		221,341
TOTAL LIABILITIES		**268,837**
NET ASSETS		
Unrestricted, Undesignated		1,792,897
Board Designated Funds		414,257
Total Unrestricted		2,207,154
Temporarily Restricted		803,521
Permanently Restricted		124,842
TOTAL NET ASSETS		**3,135,517**
TOTAL LIABILITIES AND NET ASSETS	**$**	**3,404,354**

See accompanying notes and independent accountant’s review report.

ASPEN HISTORICAL SOCIETY
STATEMENT OF ACTIVITIES
For the Year Ended October 31, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES, GAINS AND OTHER SUPPORT				
Contributions	$ 158,523	$ 159,640	$ -	$ 318,163
Grants	823,750	5,000	-	828,750
In Kind Contributions	10,606	-	-	10,606
Sales, Net	5,706	-	-	5,706
Admissions	113,549	-	-	113,549
Investment Income, Net	(9,819)	5,541	-	(4,278)
Gains (Loss) on Disposal of Assets	(9,154)	-	-	(9,154)
Net Assets Released From Restrictions:				
Satisfaction of Program Restrictions	195,137	(195,137)	-	-
TOTAL REVENUES, GAINS AND OTHER SUPPORT	**1,288,298**	**(24,956)**	**-**	**1,263,342**
EXPENSES AND LOSSES				
EXPENSES				
Programs:				
Museum Operations	762,859	-	-	762,859
Grounds	51,312	-	-	51,312
Education/Exhibits	39,311	-	-	39,311
Total Program Expenses	853,482	-	-	853,482
Supporting Services:				
General and Administration	173,027	-	-	173,027
Fundraising	101,599	-	-	101,599
Total Supporting Services	274,626	-	-	274,626
TOTAL EXPENSES	1,128,108	**-**	**-**	1,128,108
LOSSES				
Loss on Rescinded Pledges	600	-	-	600
TOTAL LOSSES	600	-	-	600
TOTAL EXPENSES AND LOSSES	**1,128,708**	-	-	**1,128,708**
CHANGE IN NET ASSETS	**159,590**	**(24,956)**	**-**	**134,634**
NET ASSETS, Beginning	**2,047,564**	**828,477**	**124,842**	**3,000,883**
NET ASSETS, Ending	**$ 2,207,154**	**$ 803,521**	**$ 124,842**	**$ 3,135,517**

See accompanying notes and independent accountant's review report.

ASPEN HISTORICAL SOCIETY
STATEMENT OF CASH FLOWS
For the Year Ended October 31, 2016

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	$ 134,634
Adjustments to Reconcile Change in Net Assets to Net Cash	
Provided by (Used by) Operating Activities:	
Depreciation Expense	55,952
(Gain) Loss on Disposition of Assets	9,154
Unrealized (Gain) Loss on Investments	15,656
Non Cash Stock Contributions	(1,725)
Realized (Gain) Loss on Sale of Investments	797
(Increase) Decrease in Pledges Receivable	78,615
(Increase) Decrease in Inventory	6,027
(Increase) Decrease in Prepaid Expenses	7,024
Increase (Decrease) in Accounts Payable	2,233
Increase (Decrease) in Accrued Expenses	2,317
Increase (Decrease) in Deposits	3,650
NET CASH PROVIDED BY (USED BY) OPERATING ACTIVITIES	**314,334**
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds From the Sale of Investments	47,354
Purchase of Investments	(58,691)
Purchase of Equipment/Buildings	(257,820)
Development Costs Paid	(115,230)
NET CASH PROVIDED BY (USED BY) INVESTING ACTIVITIES	**(384,387)**
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from Issuance of Long-Term Debt	223,500
Payments on Loan	(2,159)
NET CASH PROVIDED BY (USED BY) FINANCING ACTIVITIES	**221,341**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**151,288**
CASH AND CASH EQUIVALENTS, Beginning	**745,488**
CASH AND CASH EQUIVALENTS, Ending	**$ 896,776**
SUPPLEMENTARY CASH FLOW DISCLOSURES:	
Interest Paid	3,757

See accompanying notes and independent account’s review report.

ASPEN HISTORICAL SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
October 31, 2016

1. ORGANIZATION AND PURPOSE

The Aspen Historical Society was incorporated in 1963 as a nonprofit organization under the laws of the State of Colorado. The Society brings together people interested in Aspen history by discovering, collecting and preserving materials that help illustrate or establish the history of the Aspen area. The Society has been granted an exemption from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is classified as a publicly supported charity under Section 509(a)(1) of the Code.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements of the Society have been prepared on the accrual basis. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

BASIS OF PRESENTATION

The Society is required to report information regarding its financial position and activities according to three classes of net assets as follows:

Unrestricted Net Assets: Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets: Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Society and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Permanently Restricted Net Assets: Net assets that are subject to donor-imposed stipulations requiring that they be maintained permanently by the Society. Generally, the donors of these assets permit the Society to use all or part of the income earned on any related investments for general or specific purposes.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include all cash held in deposits and temporary investments with an original maturity of three months or less. Cash and temporary investments with an original maturity of three months or less that are held in investment accounts and are included in investments. Of the total cash balance, $588,046 is restricted for the capital campaign and for specific projects listed Note 9.

PLEDGES RECEIVABLE
Unconditional pledges are recognized as contribution revenue in the period the pledge is made and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Pledges are recorded at net realizable value if expected to be collected in one year and at fair value if expected to be collected in more than one year. Pledges are recognized when the conditions on which they depend are substantially met.

INVENTORY
Inventory consists of gift shop merchandise, photos and publications and is stated at lower of cost or market determined by first-in, first-out method.

INVESTMENTS
The Society carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the statement of activities. Investment income and gains restricted by a donor are reported as increases in restricted net assets and are released from restriction if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized. $124,842 is permanently restricted, $3,719 is temporarily restricted and $414,257 is board designated.

FAIR VALUE MEASUREMENTS
The Society uses U.S. generally accepted accounting principles which establish a framework for measuring fair value. That framework provides a hierarchy of fair value that prioritizes the inputs to valuation techniques used to measure fair value into three levels: quoted market prices in active markets for identical assets and liabilities (Level 1); inputs other than quoted market prices that are observable for the asset or liability, either directly or indirectly (Level 2); and unobservable inputs for the asset or liability (Level 3).

LAND, BUILDINGS & EQUIPMENT
Fixed assets are accounted for at cost. Maintenance and repairs are charged to expense as incurred; major renewals and betterments are capitalized. Donated fixed assets are recorded at fair market value at the time of ownership transfer. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis. Useful lives range from ten to thirty-nine years for buildings and improvements, and five to seven years for equipment and vehicles. Depreciation expense for the year was $55,952.

DEVELOPMENT COSTS
Various planning costs (architect fees, planning fees, etc.) related to the construction of a ski museum and the renovation of the Carriage House have been incurred. The Society has selected a site for the ski museum and intends to build a museum in the future. When the projects are completed, these costs will be capitalized as building costs. If the projects are deemed no longer feasible by the Society the costs will be charged to expense.

DONATED COLLECTED ITEMS
The Society does not capitalize donated historical items or recognize them as revenues or gains. Donations need not be recognized if they are added to collections that are held for public exhibition, education, or research in furtherance of public service rather than financial gain; are protected, kept unencumbered, cared for, and preserved; and are subject to a policy that requires the proceeds from sales of collection items to be used to acquire other items for collections.

COMPENSATED ABSENCES
A liability for compensated absences of $7,566 has been included in accrued expenses on the statement of financial position.

CONTRIBUTIONS
Unconditional contributions are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Contributions received with donor imposed restrictions that are met in the same year in which the contributions are recorded as temporarily restricted and are re-classified as unrestricted contributions when the restrictions have been met.

DONATED SERVICES
Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Society. Volunteers provide a variety of services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

INCOME TAXES
The Society is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

FASC Topic 740-10, Accounting for Uncertainty in Income Taxes, prescribes when to recognize and how to measure the financial statement effects of income tax positions taken or expected to be taken on its income tax returns. These rules require management to evaluate the likelihood that, upon examination by relevant taxing jurisdictions, those income tax positions would be sustained. Based on that evaluation, the Society only recognizes the maximum benefit of each income tax position that is more than 50% likely of being sustained. To the extent that all or a portion of the benefits of an income tax position are not recognized, a liability would be recorded for the unrecognized benefits, along with any interest and penalties that would result from disallowance of the position. Should any such penalties and interest be incurred, they would be recognized as operating expenses. The Society had no material unrecognized tax benefits for the year ended October 31, 2016. As a result, no interest or penalties were accrued for unrecognized tax benefits during the year.

The Society is no longer subject to U.S. Federal or state income tax examinations by tax authorities for the years before October 31, 2012.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

ADVERTISING

The Society elects to expense advertising costs as incurred. Advertising totaled $14,903 for the fiscal year.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

3. PLEDGES RECEIVABLE

The Society has waged a capital campaign for the renovation of the Carriage House and to build its endowment. Capital campaign pledges receivable at October 31, 2016 represent conditional promises to give as follows:

Conditional promises to give	$ 213,592
Less unamortized discount	(1,836)
Net capital campaign pledges receivable	$ 211,756

Pledges receivable are due as follows:

Pledges receivable are due as follows:	
Less than one year	$ 170,785
One to five years	42,807
	$ 213,592

Pledges with due dates extending beyond one year are discounted at a 3% annual rate of interest. Uncollectible promises to give are expected to be insignificant.

4. INVESTMENTS

Investments are stated at fair value and consist of the following at October 31, 2016:

Cash Equivalents	$ 38,544
Equities	239,997
Foreign Equities	16,037
Equity Mutual Funds	87,538
Government Bonds	26,352
Fixed Income Mutual Funds	167,782
	$ 576,250

Investment Income is summarized as follows:

Interest and dividend Income	$ 17,604
Net realized and unrealized gain	(16,453)
Investment management fees	(5,429)
	$ (4,278)

The Society's endowment consists of funds established for a variety of purposes. Its endowment includes both donor-restricted funds and funds designated by the Board of Trustees to function as endowments. As required by generally accepted accounting principles, net assets associated with endowments are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Trustees of the Society has not adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA). Though they have not adopted this Act, the Board classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as Board Designated or Temporarily Restricted.

The expendable investment income earned from the corpus, which includes interest and dividends, and realized and unrealized gains, net of administrative fees, is included in the temporarily restricted net assets and is reported as net assets released from restrictions as the funds are spent. The Society is committed to preserving the corpus of its endowment.

The Society has a formal investment policy that was approved by the Board of Trustees. The policy was set to provide long-term financial stability of the Society's assets. It requires the use of an investment manager to manage the portfolio and annually review the policy and outcome with the Board. Endowment assets are invested in a well-diversified asset mix which includes equities and bonds to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution that would approximate the annual earnings without invading corpus. Investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk. The Society's spending policy is to only spend earnings and not invade corpus.

Endowment net asset composition by type of fund as of October 31, 2016 is as follows:

	Unrestricted	Permanently Restricted	Total Net Endowment Assets
Donor-restricted endowment funds	$ -	$ 124,842	$ 124,842
Board designated endowment funds	414,257	-	414,257
Total Funds	$ 414,257	$ 124,842	$ 539,099

Changes in the endowment net assets as of October 31, 2016, are as follows:

	Unrestricted	Permanently Restricted	Total Net Endowment Assets
Endowment Net Assets, beginning of year	$ 424,503	$ 124,842	$ 549,345
Contributions	-	-	-
Investment Income	(10,246)	4,247	(5,999)
Amounts appropriated for expenditures	-	(4,247)	(4,247)
Endowment Net Assets, end of year	$ 414,257	$ 124,842	$ 539,099

5. FAIR VALUE MEASUREMENTS

GAAP requires disclosure of an estimate of fair value of certain financial instruments. The fair value option was chosen to measure all financial assets and liabilities in order to mitigate volatility in reported changes in net assets. The carrying amount reported in the statement of financial position for cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities approximates fair value because of the immediate or short-term maturities of these financial instruments.

Investments measured on a recurring basis and reported at fair value are classified and disclosed in one of the three fair value hierarchy categories described in Note 2.

The following table summarizes the valuation of these instruments using the fair value hierarchy levels as of October 31, 2016:

	Fair Value	Level 1	Level 2	Level 3
Pledges Receivable	$ 211,756	$ -	$ -	$ 211,756
Investments	576,250	576,250	-	-
	$ 788,006	$ 576,250	$ -	$ 211,756

The changes in net assets measured at fair value for which the Society has used Level 3 inputs to determine fair value are as follows:

Beginning Balance	$ 295,835
New Pledges Received and Included in Changes in Net Assets	109,316
Payments Received	(190,960)
Loss on Rescinded Pledges	(600)
Allowance for Uncollectable Pledges	-
Net Present Value Discount Adjustment included in Changes in Net Assets	(1,835)
	$ 211,756

6. LAND, BUILDINGS AND EQUIPMENT

Land, buildings and equipment consists of the following:

Land, Buildings and Improvements	2,192,272
Furniture and Fixtures	68,049
Equipment	106,149
Vehicles	19,559
	2,386,029
Less Accumulated Depreciation	(1,138,207)
	$1,247,822

7. BOARD DESIGNATED NET ASSETS

A donor gifted a residence to the Society several years ago. The proceeds were to be used to renovate the Wheeler Stallard museum. After completion of the renovation, the Board agreed to designate the remaining funds to be used for Wheeler Stallard costs. The board designated balance at October 31, 2016 is $414,257.

8. NOTE PAYABLE

On May 18, 2016, the Society signed a loan agreement with US Bank National Association for the purchase of warehouse space. The note is due in monthly payments of $1,183, including interest at the fixed rate of 3.97%. The note is secured by any and all security interest, pledges and the real property located at 2550 Hwy 82, Suites D100 and D104, Glenwood Springs, Colorado. The note matures May 18, 2021 but may be prepaid in full or in part at any time without indemnity. The five-year maturity schedule is as follows:

October 31,	
2017	$ 5,390
2018	5,609
2019	5,839
2020	6,056
2021	198,447
	$ 221,341

9. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following:

Capital Campaign/Carriage House Renovation	$ 562,451
Pledges Receivable	211,756
Mary Eshbaugh Hayes Collection Accessioning	24,701
Hodges - Parlor Room	3,719
Roaring Fork Veterans History Project	894
	$ 803,521

10. PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets consist of the Bridge to the Future endowment.

11. SALES, NET

Sales income consists of gift shop, photo and publication sales. Gross sales income was $18,792 and was reported net of $13,086 in expenses.

12. COMMITMENTS AND CONTINGENCIES

On June 2, 2016, the Society signed a contract with Apex Security for electronic alarm monitoring and other services for alarm equipment. The term of the agreement is for 60 months and is automatically renewed for successive period of 12 months unless the Society provides Apex with notice of its intention to terminate the contract. The notice must be in writing and delivered no earlier than 180 days but no later than 90 days prior to the expiration of the initial term. The fee is $135 per quarter (excluding equipment) during the initial term of the agreement as well as any renewal term.

Total expenses incurred as of 10/31/2016 are $2,585.

On September 28, 2016, the Society signed a contract with Wells Fargo Financial Leasing, Inc. for the lease of a Ricoh Copier. The term of the lease is for 60 months. Unless otherwise notified in writing 60 days but not more than 90 days before the end of the term, the lease will automatically renew for an additional 3-month period. The lease payment is $233 per month for the term of the agreement as well as any renewal term.

Total expenses incurred as of 10/31/2016 was $316.

Minimum future obligations for the next five years are as follows:

October 31,	
2017	$ 3,336
2018	3,336
2019	3,336
2020	3,336
2021	2,913
	$ 16,257

13. DEFINED CONTRIBUTION PLAN

The Society has adopted a 403(b) retirement plan covering all full-time employees. After one full year of employment, the Society will begin to contribute to the employee's individual retirement plan at the rate of 2% of the employee's salary. In addition to the 2% automatic contribution, the Society will match employee contributions up to an additional 4% of the employee's salary. The maximum amount the Society will pay into the individual 403(b) retirement plan is 6% of applicable employees' salaries. Contributions to the plan for the year ended October 31, 2016 were $32,651.

14. CONCENTRATIONS

Credit Risk

The Society has amounts on deposit at financial institutions that at times exceeds the $250,000 covered by insurance provided by the U.S Federal Deposit Insurance Corporation (FDIC). The Society has not experienced any losses in these accounts and believes there is no significant risk with respect to these deposits.

As of October 31, 2016, the Society had $681,007 of its cash deposits exposed to credit risk and not covered under the FDIC Insurance.

Pledges Receivable

Approximately 70% of total outstanding pledges (determined before discount), represent balances on pledges from two donors.

Revenue

The Society received approximately 45% of its revenue from the Aspen Historic Parks and Recreation District during the year ended October 31, 2016.

15. SUBSEQUENT EVENTS

Subsequent events were evaluated through September 21, 2017, which is the date the financial statements were available to be issued.