See a Social Security Number? Say Something!
Report Privacy Problems to https://public.resource.org/privacy
Or call the IRS Identity Theft Hotline at 1-800-908-4490
Return of Organization Exempt From Income Tax
Under section 501(c), 502, or 4947(a)(1) of the Internal Revenue Code (except private foundations)
- Do not enter Social Security numbers on this form as it may be made public.
- Information about Form 990 and its instructions is at www.irs.gov/form990.

For the 2013 calendar year, or tax year beginning 2013, and ending

A)
B) Check if applicable:
Address change
Name change
Initial return
Amended return
Registration pending

C) Name and address of principal officer,

HEADWATERS ECONOMICS, INC.
P.O. BOX 7059
BOZEMAN, MT 59771

D) Employer identification number
74-3171967

E) Telephone number
406-599-7423

G) Gross receipts $ 1,130,360.

H(a) Is this a group return for subsidiaries? Yes X No
H(b) Are all subsidiaries included? Yes X No

I) Tax-exempt status X 501(c)(3) 501(c) ( ) (insert no) 4917(a)(1) or 527

J) Website: HTTP://HEADWATERSECONOMICS.ORG

K) Form of organization: Corporation

L) Year of formation: 2006

Part I

Summary
1 Briefly describe the organization's mission or most significant activities: HEADWATERS ECONOMICS IS AN INDEPENDENT, NONPROFIT RESEARCH GROUP. OUR MISSION IS TO IMPROVE COMMUNITY DEVELOPMENT AND LAND MANAGEMENT DECISIONS IN THE WEST.

2 Check this box ☑ if the organization discontinued its operations or disposed of more than 25% of its net assets.

3 Number of voting members of the governing body (Part VI, line 1a) 3

4 Number of independent voting members of the governing body (Part VI, line 1b) 4

5 Total number of individuals employed in calendar year 2013 (Part VI, line 1c) 5

6 Total number of volunteers (estimate if necessary) 6

7a Total unrelated business revenue from Part VIII, column (C), line 12 7a

7b Net unrelated business taxable income from Form 990-T, line 13 7b

Revenues
8 Contributions and grants (Part VIII, line 1a) 8

9 Program service revenue (Part VIII, line 2g) 9

10 Investment income (Part VIII, column (A), lines 3, 4, and 7d) 10

11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e) 11

12 Total revenue — add lines 8 through 11 (must equal Part VIII, column (A), line 12) 1,096,373.00

13 Grants and similar amounts paid (Part IX, column (A), lines 1-3) 13

14 Benefits paid to or for members (Part IX, column (A), line 4) 14

15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10) 15

b Total fundraising expenses (Part IX, column (D), line 25) 32,574.00

17 Other expenses (Part IX, column (A), lines 11a-11d, 11l-240) 17

18 Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25) 243,823.00

19 Revenue less expenses Subtract line 18 from line 12 1,072,540.00

20 Total assets (Part X, line 16) 20

21 Total liabilities (Part X, line 26) 21

22 Net assets or fund balances. Subtract line 21 from line 20 743,984.00

Part II

Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

SIGNATURE OF OFFICER

DATE 3-17-2014

SECRETARY

Preparer's Name

WILLIAM B. HEBRON

Preparer's Signature

Date 3-17-14

Check ☑ if self-employed

Preparer's Identification Number

P01347752

Preparer's Firm Name

HOLMES & TURNER

Preparer's Firm Address

1283 N 14TH AVENUE STE 201

BOZEMAN, MT 59715

Phone No (406) 587-4265

May the IRS discuss this return with the preparer shown above? (see instructions) X Yes ☑ No

BAA For Paperwork Reduction Act Notice, see the separate instructions.

T6EA0712L 11/26/13 Form 990 (2013)
Part III: Statement of Program Service Accomplishments

1. Briefly describe the organization's mission:

HEADWATERS ECONOMICS IS AN INDEPENDENT, NONPROFIT RESEARCH GROUP. OUR MISSION IS TO IMPROVE COMMUNITY DEVELOPMENT AND LAND MANAGEMENT DECISIONS IN THE WEST.

2. Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ?
   □ Yes □ No
   If "Yes," describe these new services on Schedule O.

3. Did the organization cease conducting, or make significant changes in how it conducts, any program services?
   □ Yes □ No
   If "Yes," describe these changes on Schedule O.

4. Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

4a (Code ________) (Expenses $933,806, including grants of $_________) (Revenue $_________)

SEE SUPPLEMENTAL INFORMATION.

4b (Code ________) (Expenses $_________, including grants of $_________) (Revenue $_________)

4c (Code ________) (Expenses $_________, including grants of $_________) (Revenue $_________)

4d Other program services (Describe in Schedule O)
(Expenses $_________, including grants of $_________) (Revenue $_________)

4e Total program service expenses ▶ $933,806.
1. Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If 'Yes,' complete Schedule A

2. Is the organization required to complete Schedule B, Schedule of Contributors (see instructions)?

3. Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If 'Yes,' complete Schedule C, Part I

4. Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If 'Yes,' complete Schedule C, Part II

5. Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If 'Yes,' complete Schedule C, Part III

6. Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If 'Yes,' complete Schedule D, Part I

7. Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? If 'Yes,' complete Schedule D, Part II

8. Did the organization maintain collections of works of art, historical treasures, or other similar assets? If 'Yes,' complete Schedule D, Part III

9. Did the organization report an amount in Part X, line 21, for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X; or provide credit counseling, debt management, credit repair, or debt negotiation services? If 'Yes,' complete Schedule D, Part IV

10. Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? If 'Yes,' complete Schedule D, Part V

11. If the organization's answer to any of the following questions is 'Yes', then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable

   a. Did the organization report an amount for land, buildings and equipment in Part X, line 10? If 'Yes,' complete Schedule D, Part VI

   b. Did the organization report an amount for investments – other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If 'Yes,' complete Schedule D, Part VII

   c. Did the organization report an amount for investments – program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If 'Yes,' complete Schedule D, Part VIII

   d. Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If 'Yes,' complete Schedule D, Part IX

   e. Did the organization report an amount for other liabilities in Part X, line 25? If 'Yes,' complete Schedule D, Part X

   f. Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If 'Yes,' complete Schedule D, Part X

12. Did the organization obtain separate, independent audited financial statements for the tax year? If 'Yes,' complete Schedule D, Parts XI, and XII

   a. Was the organization included in consolidated, independent audited financial statements for the tax year? If 'Yes,' and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI and XII is optional

13. Is the organization a school described in section 170(b)(1)(A)(ii)? If 'Yes,' complete Schedule E

14. Did the organization maintain an office, employees, or agents outside of the United States?

   a. Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? If 'Yes,' complete Schedule F, Parts I and IV

15. Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or other assistance to or for foreign organizations? If 'Yes,' complete Schedule F, Parts II and IV

16. Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or other assistance to or for foreign individuals? If 'Yes,' complete Schedule F, Parts III and IV

17. Did the organization report a total of more than $15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If 'Yes,' complete Schedule G, Part I (see instructions)

18. Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If 'Yes,' complete Schedule G, Part II

19. Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? If 'Yes,' complete Schedule G, Part III

20. Did the organization operate one or more hospital facilities? If 'Yes,' complete Schedule H

   a. If 'Yes' to line 20a, did the organization attach a copy of its audited financial statements to this return?
<table>
<thead>
<tr>
<th>Part IV</th>
<th>Checklist of Required Schedules (continued)</th>
</tr>
</thead>
<tbody>
<tr>
<td>21</td>
<td>Did the organization report more than $5,000 of grants or other assistance to any domestic organizations or government on Part IX, column (A), line 1? If 'Yes,' complete Schedule I, Parts I and II</td>
</tr>
<tr>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>22</td>
<td>Did the organization report more than $5,000 of grants or other assistance to individuals in the United States on Part IX, column (A), line 2? If 'Yes,' complete Schedule I, Parts I and III</td>
</tr>
<tr>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>23</td>
<td>Did the organization answer 'Yes' to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? If 'Yes,' complete Schedule J</td>
</tr>
<tr>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>24a</td>
<td>Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? If 'Yes,' answer lines 24b through 24d and complete Schedule K. If 'No,' go to line 25a.</td>
</tr>
<tr>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>24b</td>
<td>Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?</td>
</tr>
<tr>
<td></td>
<td>Yes</td>
</tr>
<tr>
<td>24c</td>
<td>Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?</td>
</tr>
<tr>
<td></td>
<td>Yes</td>
</tr>
<tr>
<td>24d</td>
<td>Did the organization act as an 'on behalf of' issuer for bonds outstanding at any time during the year?</td>
</tr>
<tr>
<td></td>
<td>Yes</td>
</tr>
<tr>
<td>25a</td>
<td>Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? If 'Yes,' complete Schedule L, Part I</td>
</tr>
<tr>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>25b</td>
<td>Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization’s prior Forms 990 or 990-EZ? If 'Yes,' complete Schedule L, Part I</td>
</tr>
<tr>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>26</td>
<td>Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? If so, complete Schedule L, Part II</td>
</tr>
<tr>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>27</td>
<td>Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? If 'Yes,' complete Schedule L, Part III</td>
</tr>
<tr>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>28</td>
<td>Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions):</td>
</tr>
<tr>
<td></td>
<td>A current or former officer, director, trustee, or key employee? If 'Yes,' complete Schedule L, Part IV</td>
</tr>
<tr>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>A family member of a current or former officer, director, trustee, or key employee? If 'Yes,' complete Schedule L, Part IV</td>
</tr>
<tr>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? If 'Yes,' complete Schedule L, Part IV</td>
</tr>
<tr>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>29</td>
<td>Did the organization receive more than $25,000 in non-cash contributions? If 'Yes,' complete Schedule M</td>
</tr>
<tr>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>30</td>
<td>Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? If 'Yes,' complete Schedule M</td>
</tr>
<tr>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>31</td>
<td>Did the organization liquidate, terminate, or dissolve and cease operations? If 'Yes,' complete Schedule N, Part I</td>
</tr>
<tr>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>32</td>
<td>Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? If 'Yes,' complete Schedule N, Part II</td>
</tr>
<tr>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>33</td>
<td>Did the organization own 100% of an entity disregarded as separate from the organization under Regulations section 301.7701-2 and 301.7701-3? If 'Yes,' complete Schedule R, Part I</td>
</tr>
<tr>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>34</td>
<td>Was the organization related to any tax-exempt or taxable entity? If 'Yes,' complete Schedule R, Parts II, III, IV, and V, line 1</td>
</tr>
<tr>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>35a</td>
<td>Did the organization have a controlled entity within the meaning of section 512(b)(13)?</td>
</tr>
<tr>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>35b</td>
<td>If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? If 'Yes,' complete Schedule R, Part V, line 2</td>
</tr>
<tr>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>36</td>
<td>Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? If 'Yes,' complete Schedule R, Part V, line 2</td>
</tr>
<tr>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>37</td>
<td>Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? If 'Yes,' complete Schedule R, Part VI</td>
</tr>
<tr>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>38</td>
<td>Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19?</td>
</tr>
<tr>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Part V</td>
<td>Statements Regarding Other IRS Filings and Tax Compliance</td>
</tr>
<tr>
<td>--------</td>
<td>---------------------------------------------------------</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>1 a</td>
<td>Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable</td>
</tr>
<tr>
<td>1 b</td>
<td>Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>c</td>
<td>Did the organization comply with withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?</td>
</tr>
<tr>
<td>1 c</td>
<td>X</td>
</tr>
<tr>
<td>2 a</td>
<td>Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return</td>
</tr>
<tr>
<td>2 a</td>
<td>9</td>
</tr>
<tr>
<td>b</td>
<td>If at least one is reported on line 2a, did the organization file all required federal employment tax returns?</td>
</tr>
<tr>
<td></td>
<td>Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)</td>
</tr>
<tr>
<td>2 b</td>
<td>X</td>
</tr>
<tr>
<td>3 a</td>
<td>Did the organization have unrelated business gross income of $1,000 or more during the year?</td>
</tr>
<tr>
<td>3 a</td>
<td>X</td>
</tr>
<tr>
<td>b</td>
<td>If 'Yes' has it filed a Form 990-T for this year? If 'No' to line 3b, provide an explanation in Schedule O</td>
</tr>
<tr>
<td>3 b</td>
<td></td>
</tr>
<tr>
<td>4 a</td>
<td>At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?</td>
</tr>
<tr>
<td>4 a</td>
<td>X</td>
</tr>
<tr>
<td>b</td>
<td>If 'Yes,' enter the name of the foreign country. See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts</td>
</tr>
<tr>
<td>5 a</td>
<td>Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?</td>
</tr>
<tr>
<td>5 a</td>
<td>X</td>
</tr>
<tr>
<td>b</td>
<td>Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?</td>
</tr>
<tr>
<td>5 b</td>
<td>X</td>
</tr>
<tr>
<td>c</td>
<td>If 'Yes,' to line 5a or 5b, did the organization file Form 8886-T?</td>
</tr>
<tr>
<td>5 c</td>
<td></td>
</tr>
<tr>
<td>6 a</td>
<td>Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?</td>
</tr>
<tr>
<td>6 a</td>
<td>X</td>
</tr>
<tr>
<td>b</td>
<td>If 'Yes,' did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?</td>
</tr>
<tr>
<td>6 b</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Organizations that may receive deductible contributions under section 170(c).</td>
</tr>
<tr>
<td></td>
<td>a Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?</td>
</tr>
<tr>
<td>7 a</td>
<td>X</td>
</tr>
<tr>
<td>b</td>
<td>If 'Yes,' did the organization notify the donor of the value of the goods or services provided?</td>
</tr>
<tr>
<td>7 b</td>
<td></td>
</tr>
<tr>
<td>c</td>
<td>Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?</td>
</tr>
<tr>
<td>7 c</td>
<td>X</td>
</tr>
<tr>
<td>d</td>
<td>If 'Yes,' indicate the number of Forms 8282 filed during the year</td>
</tr>
<tr>
<td>7 d</td>
<td></td>
</tr>
<tr>
<td>e</td>
<td>Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?</td>
</tr>
<tr>
<td>7 e</td>
<td>X</td>
</tr>
<tr>
<td>f</td>
<td>Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?</td>
</tr>
<tr>
<td>7 f</td>
<td>X</td>
</tr>
<tr>
<td>g</td>
<td>If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?</td>
</tr>
<tr>
<td>7 g</td>
<td></td>
</tr>
<tr>
<td>h</td>
<td>If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?</td>
</tr>
<tr>
<td>7 h</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?</td>
</tr>
<tr>
<td>8</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Sponsoring organizations maintaining donor advised funds.</td>
</tr>
<tr>
<td></td>
<td>a Did the organization make any taxable distributions under section 4966?</td>
</tr>
<tr>
<td>9 a</td>
<td></td>
</tr>
<tr>
<td>b</td>
<td>Did the organization make a distribution to a donor, donor advisor, or related person?</td>
</tr>
<tr>
<td>9 b</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Section 501(c)(7) organizations. Enter</td>
</tr>
<tr>
<td></td>
<td>a Initiation fees and capital contributions included on Part VIII, line 12</td>
</tr>
<tr>
<td>10 a</td>
<td></td>
</tr>
<tr>
<td>b</td>
<td>Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities</td>
</tr>
<tr>
<td>10 b</td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Section 501(c)(12) organizations. Enter</td>
</tr>
<tr>
<td></td>
<td>a Gross income from members or shareholders</td>
</tr>
<tr>
<td>11 a</td>
<td></td>
</tr>
<tr>
<td>b</td>
<td>Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)</td>
</tr>
<tr>
<td>11 b</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?</td>
</tr>
<tr>
<td>12 a</td>
<td></td>
</tr>
<tr>
<td>b</td>
<td>If 'Yes,' enter the amount of tax-exempt interest received or accrued during the year</td>
</tr>
<tr>
<td>12 b</td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Section 501(c)(29) qualified nonprofit health insurance issuers.</td>
</tr>
<tr>
<td></td>
<td>a Is the organization licensed to issue qualified health plans in more than one state?</td>
</tr>
<tr>
<td>13 a</td>
<td></td>
</tr>
<tr>
<td>b</td>
<td>Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans</td>
</tr>
<tr>
<td>13 b</td>
<td></td>
</tr>
<tr>
<td>c</td>
<td>Enter the amount of reserves on hand</td>
</tr>
<tr>
<td>13 c</td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>Did the organization receive any payments for indoor tanning services during the tax year?</td>
</tr>
<tr>
<td>14 a</td>
<td>X</td>
</tr>
<tr>
<td>b</td>
<td>If 'Yes,' has it filed a Form 720 to report these payments? If 'No,' provide an explanation in Schedule O</td>
</tr>
<tr>
<td>14 b</td>
<td></td>
</tr>
</tbody>
</table>
Part VI  Governance, Management and Disclosure  For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O.  See instructions.  Check if Schedule O contains a response or note to any line in this Part VI.

Section A. Governing Body and Management

1a Enter the number of voting members of the governing body at the end of the tax year

If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O.

2 Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee or key employee?

3 Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors, or trustees, or key employees to a management company or other person?

4 Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?

5 Did the organization become aware during the year of a significant diversion of the organization's assets?

6 Did the organization have members or stockholders?

7a Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?

b Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or other persons other than the governing body?

8 Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following

a The governing body?

b Each committee with authority to act on behalf of the governing body?

9 Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O.

Section B. Policies (This Section B requests information about policies not required by the Internal Revenue Code.)

10a Did the organization have local chapters, branches, or affiliates?

b If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?

11a Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?

b Describe in Schedule O the process, if any, used by the organization to review this Form 990

12a Did the organization have a written conflict of interest policy? If "No," go to line 13

b Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?

c Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done

13 Did the organization have a written whistleblower policy?

14 Did the organization have a written document retention and destruction policy?

15 Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?

a The organization's CEO, Executive Director, or top management official

b Other officers of key employees of the organization

16a Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?

b If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and taken steps to safeguard the organization's exempt status with respect to such arrangements?

Section C. Disclosure

17 List the states with which a copy of this Form 990 is required to be filed, if any.

NONE

18 Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you make these available. Check all that apply

☐ Own website  ☑  Another's website  ☐ Upon request  ☐ Other (explain in Schedule O)

19 Describe in Schedule O whether (and if so, how) the organization makes its governing documents, conflict of interest policy, and financial statements available to the public during the tax year

SEE SCHEDULE O

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization.

BEN ALEXANDER 270 W. KAGY, SUITE G POZEMAN, MT 59715 406-599-7423

BAA

TEAD106L 07/02/13

Form 990 (2013)
### Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

1. Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization’s tax year.

   - List all of the organization’s **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter ‘0’ in columns (D), (E), and (F) if no compensation was paid.
   - List all of the organization’s **current** key employees, if any. See instructions for definition of ‘key employee’.
   - List the organization’s **five current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than $100,000 from the organization and any related organizations.
   - List all of the organization’s **former** officers, key employees, and highest compensated employees who received more than $100,000 of reportable compensation from the organization and any related organizations.
   - List all of the organization’s **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than $10,000 of reportable compensation from the organization and any related organizations.

List persons in the following order: individual trustees or directors, institutional trustees, officers, key employees; highest compensated employees, and former such persons.

2. Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee.

<table>
<thead>
<tr>
<th>(A) Name and Title</th>
<th>(B) Average hours per week (list any hours for related organizations below dotted line)</th>
<th>(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)</th>
<th>(D) Reportable compensation from the organization (W-2/1099-MISC)</th>
<th>(E) Reportable compensation from related organizations (W-2/1099-MISC)</th>
<th>(F) Estimated amount of other compensation from the organization and related organizations</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) RAY RASKER</td>
<td>40</td>
<td>X X</td>
<td>120,012.</td>
<td>0</td>
<td>12,227.</td>
</tr>
<tr>
<td>TREASURER</td>
<td>0</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(2) BEN ALEXANDER</td>
<td>40</td>
<td>X X</td>
<td>98,159.</td>
<td>0</td>
<td>19,789.</td>
</tr>
<tr>
<td>SECRETARY</td>
<td>0</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(3) BOB BUZZAS</td>
<td>0</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DIRECTOR</td>
<td>0</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(4) CARMA MCSPADDEN</td>
<td>1</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PRESIDENT</td>
<td>0</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(5) DEB LOVE</td>
<td>0</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DIRECTOR</td>
<td>0</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(6)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>(7)</td>
<td></td>
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<td>(8)</td>
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<td>(9)</td>
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<tr>
<td>(10)</td>
<td></td>
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<td></td>
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<tr>
<td>(11)</td>
<td></td>
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<tr>
<td>(12)</td>
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<td>(13)</td>
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<td></td>
</tr>
<tr>
<td>(14)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Part VII: Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees (continued)

<table>
<thead>
<tr>
<th>(A) Name and title</th>
<th>(B) Average hours per week</th>
<th>(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)</th>
<th>(D) Reportable compensation from the organization (W-2/1099-MISC)</th>
<th>(E) Reportable compensation from related organizations (W-2/1099-MISC)</th>
<th>(F) Estimated amount of other compensation from the organization and related organizations</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Officer</td>
<td>Director</td>
<td>Trustee</td>
<td>Other</td>
</tr>
<tr>
<td>(15)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(16)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(17)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>(18)</td>
<td></td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>(19)</td>
<td></td>
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<tr>
<td>(20)</td>
<td></td>
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<td></td>
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<tr>
<td>(21)</td>
<td></td>
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<tr>
<td>(22)</td>
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<td>(23)</td>
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<tr>
<td>(24)</td>
<td></td>
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<td></td>
<td></td>
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</tr>
<tr>
<td>(25)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1 b Sub-total ▶ 218,171. 0. 32,016.

c Total from continuation sheets to Part VII, Section A ▶ 0. 0. 0.
d Total (add lines 1b and 1c) ▶ 218,171. 0. 32,016.

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 of reportable compensation from the organization ▶ 1

3 Did the organization list any former officer, director, or trustee, key employee, or highest compensated employee on line 1a? If 'Yes,' complete Schedule J for such individual

4 For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than $150,000? If 'Yes,' complete Schedule J for such individual

5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? If 'Yes,' complete Schedule J for such person

### Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than $100,000 of compensation from the organization. Report compensation for the calendar year ending with or within the organization's tax year.

<table>
<thead>
<tr>
<th>(A) Name and business address</th>
<th>(B) Description of services</th>
<th>(C) Compensation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
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<tr>
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<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

2 Total number of independent contractors (including but not limited to those listed above) who received more than $100,000 of compensation from the organization ▶ 0
### Part VIII - Statement of Revenue

- Check if Schedule O contains a response or note to any line in this Part VIII.

<table>
<thead>
<tr>
<th>CONTRIBUTIONS, GIFTS, GRANTS, AND OTHER SIMILAR AMOUNTS</th>
<th>(A) Total revenue</th>
<th>(B) Related or exempt function revenue</th>
<th>(C) Unrelated business revenue</th>
<th>(D) Revenue excluded from tax under sections 512-514</th>
</tr>
</thead>
<tbody>
<tr>
<td>1a Federated campaigns</td>
<td></td>
<td>1a</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1b Membership dues</td>
<td></td>
<td>1b</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1c Fundraising events</td>
<td></td>
<td>1c</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1d Related organizations</td>
<td></td>
<td>1d</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1e Government grants (contributions)</td>
<td></td>
<td>1e 136,469</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1f All other contributions, gifts, grants, and similar amounts not included above</td>
<td>1f 993,038</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1g Noncash contributions included in lines 1a-1f</td>
<td></td>
<td>1g $68,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>h Total. Add lines 1a-1f</strong></td>
<td></td>
<td><strong>1,129,507</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>PROGRAM SERVICE REVENUE</th>
<th>Business Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>2a</td>
<td></td>
</tr>
<tr>
<td>2b</td>
<td></td>
</tr>
<tr>
<td>2c</td>
<td></td>
</tr>
<tr>
<td>2d</td>
<td></td>
</tr>
<tr>
<td>2e</td>
<td></td>
</tr>
<tr>
<td>2f All other program service revenue</td>
<td></td>
</tr>
<tr>
<td><strong>g Total. Add lines 2a-2f</strong></td>
<td></td>
</tr>
</tbody>
</table>

| 3 Investment income (including dividends, interest and other similar amounts) | **853.** |
| 4 Income from investment of tax-exempt bond proceeds | **853.** |
| 5 Royalties |               |

<table>
<thead>
<tr>
<th>6a Gross rents</th>
<th>(i) Real</th>
<th>(ii) Personal</th>
</tr>
</thead>
<tbody>
<tr>
<td>6b Less rental expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6c Rental income or (loss)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6d Net rental income or (loss)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>7a Gross amount from sales of assets other than inventory</th>
<th>(i) Securities</th>
<th>(ii) Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>7b Less cost or other basis and sales expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7c Gain or (loss)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7d Net gain or (loss)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| 8a Gross income from fundraising events (not including $ of contributions reported on line 1c) |               |
| 8b Less: direct expenses                                |               |
| 8c Net income or (loss) from fundraising events         |               |

| 9a Gross income from gaming activities |               |
| 9b Less: direct expenses               |               |
| 9c Net income or (loss) from gaming activities |     |

| 10a Gross sales of inventory, less returns and allowances |               |
| 10b Less: cost of goods sold                     |               |
| 10c Net income or (loss) from sales of inventory    |               |

<table>
<thead>
<tr>
<th>11a Miscellaneous Revenue</th>
<th>Business Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>11b</td>
<td></td>
</tr>
<tr>
<td>11c</td>
<td></td>
</tr>
<tr>
<td>11d All other revenue</td>
<td></td>
</tr>
<tr>
<td><strong>e Total. Add lines 11a-11d</strong></td>
<td></td>
</tr>
</tbody>
</table>

| 12 Total revenue. See instructions | **1,130,360.** | **0.** | **0.** | **853.** |

---

Form 990 (2013) HEADWATERS ECONOMICS, INC. 74-3171967 Page 9
### Part IX - Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A).

Check if Schedule O contains a response or note to any line in this Part IX.

**Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.**

<table>
<thead>
<tr>
<th>Line</th>
<th>Description</th>
<th>Total Expenses (A)</th>
<th>Program Service Expenses (B)</th>
<th>Management and General Expenses (C)</th>
<th>Fundraising Expenses (D)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Grants and other assistance to governments and organizations in the United States. See Part IV, line 21</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Grants and other assistance to individuals in the United States. See Part IV, line 22</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Benefits paid to or for members</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Compensation of current officers, directors, trustees, and key employees</td>
<td>250,187.</td>
<td>200,149.</td>
<td>25,019.</td>
<td>25,019.</td>
</tr>
<tr>
<td>6</td>
<td>Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)</td>
<td>0.</td>
<td>0.</td>
<td>0.</td>
<td>0.</td>
</tr>
<tr>
<td>7</td>
<td>Other salaries and wages</td>
<td>374,983.</td>
<td>374,983.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)</td>
<td>11,590.</td>
<td>11,590.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Other employee benefits</td>
<td>31,773.</td>
<td>31,773.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Payroll taxes</td>
<td>46,925.</td>
<td>43,635.</td>
<td>1,645.</td>
<td>1,645.</td>
</tr>
<tr>
<td>11</td>
<td>Fees for services (non-employees)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>a Management</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>b Legal</td>
<td>349.</td>
<td>349.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>c Accounting</td>
<td>7,017.</td>
<td>7,017.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>d Lobbying</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>e Professional fundraising services. See Part IV, line 17</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>f Investment management fees</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>g Other ([if line 11g amt exceeds 10% of line 25 column (A) amount, list line 11g expenses on Schedule O])</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Advertising and promotion</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Office expenses</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>Information technology</td>
<td>15,653.</td>
<td>15,653.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>Royalties</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>Travel</td>
<td>43,199.</td>
<td>39,199.</td>
<td></td>
<td>4,000.</td>
</tr>
<tr>
<td>18</td>
<td>Payments of travel or entertainment expenses for any federal, state, or local public officials</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>19</td>
<td>Conferences, conventions, and meetings</td>
<td>1,375.</td>
<td>1,375.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>20</td>
<td>Interest</td>
<td>20.</td>
<td>20.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>21</td>
<td>Payments to affiliates</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>22</td>
<td>Depreciation, depletion, and amortization</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>23</td>
<td>Insurance</td>
<td>594.</td>
<td>594.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>24</td>
<td>Other expenses. Itemize expenses not covered above (list miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O).</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>a EQUIPMENT AND SOFTWARE</td>
<td>76,926.</td>
<td>76,926.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>b RESEARCH</td>
<td>40,225.</td>
<td>40,225.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>c MEETINGS</td>
<td>11,820.</td>
<td>11,820.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>d DATA ACQUISITION</td>
<td>11,100.</td>
<td>11,100.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>e All other expenses</td>
<td>39,382.</td>
<td>38,508.</td>
<td>437.</td>
<td>437.</td>
</tr>
<tr>
<td>25</td>
<td>Total functional expenses. Add lines 1 through 24e</td>
<td>1,002,565.</td>
<td>933,806.</td>
<td>36,185.</td>
<td>32,574.</td>
</tr>
<tr>
<td>26</td>
<td>Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here  if following SOP 98-2 (ASC 958-720).</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>Cash – non-interest-bearing</td>
<td>220,527.</td>
<td>1</td>
<td>326,689.</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Savings and temporary cash investments</td>
<td>466,194.</td>
<td>2</td>
<td>467,047.</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Pledges and grants receivable, net</td>
<td></td>
<td>3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Accounts receivable, net</td>
<td></td>
<td>4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L</td>
<td></td>
<td>5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions). Complete Part II of Schedule L</td>
<td></td>
<td>6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Notes and loans receivable, net</td>
<td></td>
<td>7</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Inventories for sale or use</td>
<td></td>
<td>8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Prepaid expenses and deferred charges</td>
<td></td>
<td>9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Land, buildings, and equipment cost or other basis</td>
<td></td>
<td>10a</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Complete Part VI of Schedule D</td>
<td></td>
<td>10b</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Less accumulated depreciation</td>
<td></td>
<td>10c</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Investments – publicly traded securities</td>
<td></td>
<td>11</td>
<td></td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Investments – other securities See Part IV, line 11</td>
<td></td>
<td>12</td>
<td></td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Investments – program-related. See Part IV, line 11</td>
<td></td>
<td>13</td>
<td></td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>Intangible assets</td>
<td></td>
<td>14</td>
<td></td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>Other assets. See Part IV, line 11</td>
<td>2,250.</td>
<td>15</td>
<td>2,250.</td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>Total assets. Add lines 1 through 15 (must equal line 34)</td>
<td>688,971.</td>
<td>16</td>
<td>795,986.</td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>Accounts payable and accrued expenses</td>
<td></td>
<td>17</td>
<td></td>
<td></td>
</tr>
<tr>
<td>18</td>
<td>Grants payable</td>
<td></td>
<td>18</td>
<td></td>
<td></td>
</tr>
<tr>
<td>19</td>
<td>Deferred revenue</td>
<td></td>
<td>19</td>
<td></td>
<td></td>
</tr>
<tr>
<td>20</td>
<td>Tax-exempt bond liabilities</td>
<td></td>
<td>20</td>
<td></td>
<td></td>
</tr>
<tr>
<td>21</td>
<td>Escrow or custodial account liability Complete Part IV of Schedule D</td>
<td></td>
<td>21</td>
<td></td>
<td></td>
</tr>
<tr>
<td>22</td>
<td>Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L</td>
<td></td>
<td>22</td>
<td></td>
<td></td>
</tr>
<tr>
<td>23</td>
<td>Secured mortgages and notes payable to unrelated third parties</td>
<td></td>
<td>23</td>
<td></td>
<td></td>
</tr>
<tr>
<td>24</td>
<td>Unsecured notes and loans payable to unrelated third parties</td>
<td></td>
<td>24</td>
<td></td>
<td></td>
</tr>
<tr>
<td>25</td>
<td>Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D</td>
<td>45,968.</td>
<td>25</td>
<td>18,900.</td>
<td></td>
</tr>
<tr>
<td>26</td>
<td>Total liabilities. Add lines 17 through 25</td>
<td>45,968.</td>
<td>26</td>
<td>25,188.</td>
<td></td>
</tr>
<tr>
<td>27</td>
<td>Organizations that follow SFAS 117 (ASC 958), check here X and complete lines 27 through 29, and lines 33 and 34.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>28</td>
<td>Unrestricted net assets</td>
<td>476,067.</td>
<td>27</td>
<td>648,791.</td>
<td></td>
</tr>
<tr>
<td>29</td>
<td>Temporarily restricted net assets</td>
<td>166,936.</td>
<td>28</td>
<td>122,007.</td>
<td></td>
</tr>
<tr>
<td>30</td>
<td>Permanently restricted net assets</td>
<td></td>
<td>29</td>
<td></td>
<td></td>
</tr>
<tr>
<td>31</td>
<td>Capital stock or trust principal, or current funds</td>
<td></td>
<td>30</td>
<td></td>
<td></td>
</tr>
<tr>
<td>32</td>
<td>Paid-in or capital surplus, or land, building, or equipment fund</td>
<td></td>
<td>31</td>
<td></td>
<td></td>
</tr>
<tr>
<td>33</td>
<td>Retained earnings, endowment, accumulated income, or other funds</td>
<td></td>
<td>32</td>
<td></td>
<td></td>
</tr>
<tr>
<td>34</td>
<td>Total net assets or fund balances</td>
<td>643,003.</td>
<td>33</td>
<td>770,798.</td>
<td></td>
</tr>
<tr>
<td>35</td>
<td>Total liabilities and net assets/fund balances</td>
<td>688,971.</td>
<td>34</td>
<td>795,986.</td>
<td></td>
</tr>
</tbody>
</table>
### Part XI: Reconciliation of Net Assets

Check if Schedule O contains a response or note to any line in this Part XI.

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Total revenue (must equal Part VIII, column (A), line 12)</td>
</tr>
<tr>
<td>2</td>
<td>Total expenses (must equal Part IX, column (A), line 25)</td>
</tr>
<tr>
<td>3</td>
<td>Revenue less expenses Subtract line 2 from line 1</td>
</tr>
<tr>
<td>4</td>
<td>Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))</td>
</tr>
<tr>
<td>5</td>
<td>Net unrealized gains (losses) on investments</td>
</tr>
<tr>
<td>6</td>
<td>Donated services and use of facilities</td>
</tr>
<tr>
<td>7</td>
<td>Investment expenses</td>
</tr>
<tr>
<td>8</td>
<td>Prior period adjustments</td>
</tr>
<tr>
<td>9</td>
<td>Other changes in net assets or fund balances (explain in Schedule O)</td>
</tr>
<tr>
<td>10</td>
<td>Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))</td>
</tr>
</tbody>
</table>

### Part XII: Financial Statements and Reporting

Check if Schedule O contains a response or note to any line in this Part XII.

1. Accounting method used to prepare the Form 990: □ Cash □ Accrual □ Other

   If the organization changed its method of accounting from a prior year or checked 'Other,' explain in Schedule O.

2. Were the organization's financial statements compiled or reviewed by an independent accountant?
   - 'Yes,' check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both:
     - □ Separate basis □ Consolidated basis □ Both consolidated and separate basis
   - 'No' or 'Other,' check a box below to indicate whether the financial statements were audited by an independent accountant:
     - □ Separate basis □ Consolidated basis □ Both consolidated and separate basis

3. As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?
   - 'Yes,' check a box below to indicate whether the organization underwent the required audit or audits:
     - □ Yes □ No
   - 'No,' did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits
Public Charity Status and Public Support

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.
- Attach to Form 990 or Form 990-EZ.
- Information about Schedule A (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

Name of the organization: HEADWATERS ECONOMICS, INC.

Employer identification number: 74-3171967

Part I | Reason for Public Charity Status (All organizations must complete this part.) See instructions.

The organization is not a private foundation because it is: (For lines 1 through 11, check only one box)

1. A church, convention of churches or association of churches described in section 170(b)(1)(A)(i).
2. A school described in section 170(b)(1)(A)(ii). (Attach Schedule E)
3. A hospital or a cooperative hospital service organization described in section 170(b)(1)(A)(iii).
4. A medical research organization operated in conjunction with a hospital described in section 170(b)(1)(A)(iii). Enter the hospital's name, city, and state: ____________________________
5. An organization operated for the benefit of a college or university owned or operated by a governmental unit described in section 170(b)(1)(A)(iv). (Complete Part II)
6. A federal, state, or local government or governmental unit described in section 170(b)(1)(A)(v).
7. An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in section 170(b)(1)(A)(vi). (Complete Part II)
8. A community trust described in section 170(b)(1)(A)(vi). (Complete Part II)
9. An organization that normally receives: (1) more than 33-1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions — subject to certain exceptions, and (2) no more than 33-1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See section 509(a)(2). (Complete Part III)
10. An organization organized and operated exclusively to test for public safety. See section 509(a)(4).
11. An organization organized and operated exclusively for the benefit of, to perform the functions of, or carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2). See section 509(a)(3). Check the box that describes the type of supporting organization and complete lines 11e through 11h
   a. Type I
   b. Type II
   c. Type III — Functionally integrated
   d. Type III — Non-functionally integrated

By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2)

If the organization received a written determination from the IRS that it is a Type I, Type II or Type III supporting organization, check this box.

Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?

(i) A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization?

(ii) A family member of a person described in (i) above?

(iii) A 35% controlled entity of a person described in (i) or (ii) above?

Provide the following information about the supported organization(s)

<table>
<thead>
<tr>
<th>(i) Name of supported organization</th>
<th>(ii) EIN</th>
<th>(iii) Type of organization (described on lines 1-9 above or IRC section (see instructions))</th>
<th>(iv) Is the organization in column (iii) listed in your governing document?</th>
<th>(v) Did you notify the organization in column (iv) of your support?</th>
<th>(vi) Is the organization in column (v) organized in the U S?</th>
<th>(vii) Amount of monetary support</th>
</tr>
</thead>
<tbody>
<tr>
<td>(A)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(B)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(C)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(D)</td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(E)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

Total

BAA For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ.
### Section A. Public Support

<table>
<thead>
<tr>
<th>Calendar year (or fiscal year beginning in)</th>
<th>(a) 2009</th>
<th>(b) 2010</th>
<th>(c) 2011</th>
<th>(d) 2012</th>
<th>(e) 2013</th>
<th>(f) Total</th>
</tr>
</thead>
</table>
1. Gifts, grants, contributions, and membership fees received (Do not include any unusual grants) | 814,114 | 476,400 | 901,188 | 1,094,984 | 1,129,507 | 4,416,193 |
2. Tax revenues levied for the organization's benefit and either paid to or expended on its behalf | | | | | | 0.0 |
3. The value of services or facilities furnished by a governmental unit to the organization without charge | | | | | | 0.0 |
4. Total. Add lines 1 through 3 | 814,114 | 476,400 | 901,188 | 1,094,984 | 1,129,507 | 4,416,193 |
5. The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f) | | | | | | 1,503,848 |
6. Public support. Subtract line 5 from line 4 | | | | | | 2,912,345 |

### Section B. Total Support

<table>
<thead>
<tr>
<th>Calendar year (or fiscal year beginning in)</th>
<th>(a) 2009</th>
<th>(b) 2010</th>
<th>(c) 2011</th>
<th>(d) 2012</th>
<th>(e) 2013</th>
<th>(f) Total</th>
</tr>
</thead>
</table>
7. Amounts from line 4 | 814,114 | 476,400 | 901,188 | 1,094,984 | 1,129,507 | 4,416,193 |
8. Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources | | | | | 1,389 | 853 | 2,242 |
9. Net income from unrelated business activities, whether or not the business is regularly carried on | | | | | | 0.0 |
10. Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV) | | | | | | 0.0 |
11. Total support. Add lines 7 through 10 | | | | | | 4,418,435 |
12. Gross receipts from related activities, etc (see instructions) | | | | | | 0.0 |
13. First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here | | | | | | |

### Section C. Computation of Public Support Percentage

<table>
<thead>
<tr>
<th></th>
<th>(a) 2009</th>
<th>(b) 2010</th>
<th>(c) 2011</th>
<th>(d) 2012</th>
<th>(e) 2013</th>
<th>(f) Total</th>
</tr>
</thead>
</table>
14. Public support percentage for 2013 (line 6, column (f) divided by line 11, column (f)) | | | | | | |
15. Public support percentage from 2012 Schedule A, Part II, line 14 | 14 | | | | | 65.91% |

### Notes
- **16a 33-1/3% support test—2013.** If the organization did not check the box on line 13, and the line 14 is 33-1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization.

### Other Notes
- **17a 10%-facts-and-circumstances test—2013.** If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the 'facts-and-circumstances' test, check this box and stop here. Explain in Part IV how the organization meets the 'facts-and-circumstances' test. The organization qualifies as a publicly supported organization.

### Further Notes
- **18 Private foundation.** If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions.
### Part III
**Support Schedule for Organizations Described in Section 509(a)(2)**

(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

#### Section A. Public Support

**Calendar year (or fiscal yr beginning in)**  

<table>
<thead>
<tr>
<th></th>
<th>(a) 2009</th>
<th>(b) 2010</th>
<th>(c) 2011</th>
<th>(d) 2012</th>
<th>(e) 2013</th>
<th>(f) Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Gifts, grants, contributions and membership fees received (Do not include any ‘unusual grants.’)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization’s tax-exempt purpose</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Gross receipts from activities that are not an unrelated trade or business under section 513</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Tax revenues levied for the organization’s benefit and either paid to or expended on its behalf</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>The value of services or facilities furnished by a governmental unit to the organization without charge</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td><strong>Total. Add lines 1 through 5</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7a</td>
<td>Amounts included on lines 1, 2, and 3 received from disqualified persons</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7b</td>
<td>Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of $5,000 or 1% of the amount on line 13 for the year</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td><strong>Public support</strong> (Subtract line 7c from line 6)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Section B. Total Support

**Calendar year (or fiscal yr beginning in)**  

<table>
<thead>
<tr>
<th></th>
<th>(a) 2009</th>
<th>(b) 2010</th>
<th>(c) 2011</th>
<th>(d) 2012</th>
<th>(e) 2013</th>
<th>(f) Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>9</td>
<td>Amounts from line 6</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10a</td>
<td>Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10b</td>
<td>Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13</td>
<td><strong>Total Support. Add line 9, 10a, 11, and 12</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>First five years, if the Form 990 is for the organization’s first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Section C. Computation of Public Support Percentage

<table>
<thead>
<tr>
<th></th>
<th>2013 (line 8, column (f) divided by line 13, column (f))</th>
</tr>
</thead>
<tbody>
<tr>
<td>15</td>
<td>%</td>
</tr>
</tbody>
</table>

#### Section D. Computation of Investment Income Percentage

<table>
<thead>
<tr>
<th></th>
<th>2013 (line 10c, column (f) divided by line 13, column (f))</th>
</tr>
</thead>
<tbody>
<tr>
<td>17</td>
<td>%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2012 Schedule A, Part III, line 17</th>
</tr>
</thead>
<tbody>
<tr>
<td>18</td>
<td>%</td>
</tr>
</tbody>
</table>

**33-1/3% support tests — 2013.** If the organization did not check the box on line 14, and line 15 is more than 33-1/3%, and line 17 is not more than 33-1/3%, check this box and stop here. The organization qualifies as a publicly supported organization

**33-1/3% support tests — 2012.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33-1/3%, and line 18 is not more than 33-1/3%, check this box and stop here. The organization qualifies as a publicly supported organization

**Private foundation.** If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions.
Supplemental Information. Provide the explanations required by Part II, line 10; Part II, line 17a or 17b; and Part III, line 12. Also complete this part for any additional information. (See instructions.)
**Supplemental Financial Statements**

**Part I**  Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts.

Complete if the organization answered 'Yes' to Form 990, Part IV, line 6.

<table>
<thead>
<tr>
<th></th>
<th>(a) Donor advised funds</th>
<th>(b) Funds and other accounts</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Total number at end of year</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Aggregate contributions to (during year)</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Aggregate grants from (during year)</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Aggregate value at end of year</td>
<td></td>
</tr>
</tbody>
</table>

5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control?  
   - Yes  
   - No

6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit?  
   - Yes  
   - No

**Part II**  Conservation Easements.

Complete if the organization answered 'Yes' to Form 990, Part IV, line 7.

1 Purpose(s) of conservation easements held by the organization (check all that apply)
   - Preservation of land for public use (e.g., recreation or education)
   - Protection of natural habitat
   - Preservation of open space
   - Preservation of an historically important land area
   - Preservation of a certified historic structure

2 Complete lines 2a through 2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year.

<table>
<thead>
<tr>
<th>Held at the End of the Tax Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>2a</td>
</tr>
<tr>
<td>2b</td>
</tr>
<tr>
<td>2c</td>
</tr>
<tr>
<td>2d</td>
</tr>
</tbody>
</table>

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year

4 Number of states where property subject to conservation easement is located

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds?  
   - Yes  
   - No

6 Staff and volunteer hours devoted to monitoring, inspecting, and enforcing conservation easements during the year

7 Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)?  
   - Yes  
   - No

9 In Part XIII, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements.

**Part III**  Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets.

Complete if the organization answered 'Yes' to Form 990, Part IV, line 8.

1 a If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIII, the text of the footnote to its financial statements that describes these items

b If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items:

   (i) Revenues included in Form 990, Part VIII, line 1

   (ii) Assets included in Form 990, Part X

2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items:

   a Revenues included in Form 990, Part VIII, line 1

   b Assets included in Form 990, Part X

**BAA** For Paperwork Reduction Act Notice, see the Instructions for Form 990.
Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets (continued)

3 Using the organization's acquisition, accession, and other records, check any of the following that are a significant use of its collection items (check all that apply):
   a Public exhibition
   b Scholarly research
   c Preservation for future generations
   d Loan or exchange programs
   e Other

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII.

5 During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? □ Yes □ No

Part IV Escrow and Custodial Arrangements. Complete if the organization answered 'Yes' to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

1 a Is the organization an agent, trustee, custodian, or other intermediary for contributions or other assets not included on Form 990, Part X? □ Yes □ No
   b If 'Yes,' explain the arrangement in Part XIII and complete the following table:

<table>
<thead>
<tr>
<th></th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1c</td>
<td>1d</td>
</tr>
<tr>
<td>1e</td>
<td>1f</td>
</tr>
</tbody>
</table>

2 a Did the organization include an amount on Form 990, Part X, line 21? □ Yes □ No
   b If 'Yes,' explain the arrangement in Part XIII. Check here if the explanation has been provided in Part XIII.

Part V Endowment Funds. Complete if the organization answered 'Yes' to Form 990, Part IV, line 10.

1 a Beginning of year balance (a) Current year (b) Prior year (c) Two years back (d) Three years back (e) Four years back
   b Contributions
   c Net investment earnings, gains, and losses
   d Grants or scholarships
   e Other expenditures for facilities and programs
   f Administrative expenses
   g End of year balance

2 Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as.
   a Board designated or quasi-endowment ▶ %
   b Permanent endowment ▶ %
   c Temporarily restricted endowment ▶ %

The percentages in lines 2a, 2b, and 2c should equal 100%.

3 a Are there endowment funds not in the possession of the organization that are held and administered for the organization by.
   (i) unrelated organizations □ Yes □ No
   (ii) related organizations □ Yes □ No
   b If 'Yes' to 3a(ii), are the related organizations listed as required on Schedule R? □ Yes □ No

4 Describe in Part XIII the intended uses of the organization's endowment funds.

Part VI Land, Buildings, and Equipment.

Complete if the organization answered 'Yes' to Form 990, Part IV, line 11a. See Form 990, Part X, line 10.

<table>
<thead>
<tr>
<th>Description of property</th>
<th>(a) Cost or other basis (investment)</th>
<th>(b) Cost or other basis (other)</th>
<th>(c) Accumulated depreciation</th>
<th>(d) Book value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 a Land</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>b Buildings</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>c Leasehold improvements</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>d Equipment</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>e Other</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c)). ▶ 0

BAA
### Part VII | Investments – Other Securities

Complete if the organization answered 'Yes' to Form 990, Part IV, line 11b. See Form 990, Part X, line 12.

<table>
<thead>
<tr>
<th>(a) Description of security or category (including name of security)</th>
<th>(b) Book value</th>
<th>(c) Method of valuation Cost or end-of-year market value</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Financial derivatives</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(2) Closely-held equity interests</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(3) Other</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(A)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(B)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(C)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(D)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(E)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(F)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(G)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(H)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(I)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total (Column (b) must equal Form 990, Part X, column (B) line 12)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Part VIII | Investments – Program Related

Complete if the organization answered 'Yes' to Form 990, Part IV, line 11c. See Form 990, Part X, line 13.

<table>
<thead>
<tr>
<th>(a) Description of investment type</th>
<th>(b) Book value</th>
<th>(c) Method of valuation Cost or end-of-year market value</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(2)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(3)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(4)</td>
<td></td>
<td></td>
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<tr>
<td>(5)</td>
<td></td>
<td></td>
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<tr>
<td>(6)</td>
<td></td>
<td></td>
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<tr>
<td>(7)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(8)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(9)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(10)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total (Column (b) must equal Form 990, Part X, column (B) line 13)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Part IX | Other Assets

Complete if the organization answered 'Yes' to Form 990, Part IV, line 11d. See Form 990, Part X, line 15.

<table>
<thead>
<tr>
<th>(a) Description</th>
<th>(b) Book value</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1)</td>
<td></td>
</tr>
<tr>
<td>(2)</td>
<td></td>
</tr>
<tr>
<td>(3)</td>
<td></td>
</tr>
<tr>
<td>(4)</td>
<td></td>
</tr>
<tr>
<td>(5)</td>
<td></td>
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<tr>
<td>(6)</td>
<td></td>
</tr>
<tr>
<td>(7)</td>
<td></td>
</tr>
<tr>
<td>(8)</td>
<td></td>
</tr>
<tr>
<td>(9)</td>
<td></td>
</tr>
<tr>
<td>(10)</td>
<td></td>
</tr>
<tr>
<td>Total (Column (b) must equal Form 990, Part X, column (B), line 15)</td>
<td></td>
</tr>
</tbody>
</table>

### Part X | Other Liabilities

Complete if the organization answered 'Yes' to Form 990, Part IV, line 11e or 11f. See Form 990, Part X, line 25

<table>
<thead>
<tr>
<th>(a) Description of liability</th>
<th>(b) Book value</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Federal income taxes</td>
<td></td>
</tr>
<tr>
<td>(2) ACCRUED PAID TIME OFF</td>
<td>11,309</td>
</tr>
<tr>
<td>(3) ACCRUED PAYROLL LIABILITIES</td>
<td>7,106.</td>
</tr>
<tr>
<td>(4) CREDIT CARD PAYABLE</td>
<td>485.</td>
</tr>
<tr>
<td>(5)</td>
<td></td>
</tr>
<tr>
<td>(6)</td>
<td></td>
</tr>
<tr>
<td>(7)</td>
<td></td>
</tr>
<tr>
<td>(8)</td>
<td></td>
</tr>
<tr>
<td>(9)</td>
<td></td>
</tr>
<tr>
<td>(10)</td>
<td></td>
</tr>
<tr>
<td>(11)</td>
<td></td>
</tr>
<tr>
<td>Total (Column (b) must equal Form 990, Part X, column (B) line 25)</td>
<td>18,900.</td>
</tr>
</tbody>
</table>

2. Liability for uncertain tax positions. In Part XIII, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740). Check here if the text of the footnote has been provided in Part XIII

☐
### Part XI  Reconciliation of Revenue per Audited Financial Statements With Revenue per Return.  N/A

Complete if the organization answered 'Yes' to Form 990, Part IV, line 12a.

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Total revenue, gains, and other support per audited financial statements</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Amounts included on line 1 but not on Form 990, Part VIII, line 12:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>a Net unrealized gains on investments</td>
<td>2a</td>
</tr>
<tr>
<td></td>
<td>b Donated services and use of facilities</td>
<td>2b</td>
</tr>
<tr>
<td></td>
<td>c Recoveries of prior year grants</td>
<td>2c</td>
</tr>
<tr>
<td></td>
<td>d Other (Describe in Part XIII)</td>
<td>2d</td>
</tr>
<tr>
<td></td>
<td>e Add lines 2a through 2d</td>
<td>2e</td>
</tr>
<tr>
<td>3</td>
<td>Subtract line 2e from line 1</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Amounts included on Form 990, Part VIII, line 12, but not on line 1:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>a Investment expenses not included on Form 990, Part VIII, line 7b</td>
<td>4a</td>
</tr>
<tr>
<td></td>
<td>b Other (Describe in Part XIII)</td>
<td>4b</td>
</tr>
<tr>
<td></td>
<td>c Add lines 4a and 4b</td>
<td>4c</td>
</tr>
<tr>
<td>5</td>
<td>Total revenue. Add lines 3 and 4c. (This must equal Form 990, Part I, line 12.)</td>
<td></td>
</tr>
</tbody>
</table>

### Part XII  Reconciliation of Expenses per Audited Financial Statements With Expenses per Return.  N/A

Complete if the organization answered 'Yes' to Form 990, Part IV, line 12a.

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Total expenses and losses per audited financial statements</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Amounts included on line 1 but not on Form 990, Part IX, line 25:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>a Donated services and use of facilities</td>
<td>2a</td>
</tr>
<tr>
<td></td>
<td>b Prior year adjustments</td>
<td>2b</td>
</tr>
<tr>
<td></td>
<td>c Other losses</td>
<td>2c</td>
</tr>
<tr>
<td></td>
<td>d Other (Describe in Part XIII)</td>
<td>2d</td>
</tr>
<tr>
<td></td>
<td>e Add lines 2a through 2d</td>
<td>2e</td>
</tr>
<tr>
<td>3</td>
<td>Subtract line 2e from line 1</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Amounts included on Form 990, Part IX, line 25, but not on line 1:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>a Investment expenses not included on Form 990, Part VIII, line 7b</td>
<td>4a</td>
</tr>
<tr>
<td></td>
<td>b Other (Describe in Part XIII)</td>
<td>4b</td>
</tr>
<tr>
<td></td>
<td>c Add lines 4a and 4b</td>
<td>4c</td>
</tr>
<tr>
<td>5</td>
<td>Total expenses. Add lines 3 and 4c. (This must equal Form 990, Part I, line 18.)</td>
<td></td>
</tr>
</tbody>
</table>

### Part XIII  Supplemental Information.

Provide the descriptions required for Part II, lines 3, 5, and 9, Part III, lines 1a and 4, Part IV, lines 1b and 2b, Part V, line 4, Part X, line 2, Part XI, lines 2d and 4b, and Part XII, lines 2d and 4b. Also complete this part to provide any additional information.

---

BAA

Schedule D (Form 990) 2013
## Noncash Contributions

**Name of the organization**: HEADWATERS ECONOMICS, INC.

**Employer Identification number**: 74-3171967

### Part I | Types of Property

<table>
<thead>
<tr>
<th>(a) Check if applicable</th>
<th>(b) Number of contributions or items contributed</th>
<th>(c) Noncash contribution amounts reported on Form 990, Part VIII, line 1g</th>
<th>(d) Method of determining noncash contribution amounts</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Art — Works of art</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 Art — Historical treasures</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3 Art — Fractional interests</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4 Books and publications</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5 Clothing and household goods</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6 Cars and other vehicles</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7 Boats and planes</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8 Intellectual property</td>
<td>X</td>
<td>68,000. RETAIL VALUE</td>
<td></td>
</tr>
<tr>
<td>9 Securities — Publicly traded</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10 Securities — Closely held stock</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11 Securities — Partnership, LLC, or trust interests</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12 Securities — Miscellaneous</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13 Qualified conservation contribution — Historic structures</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14 Qualified conservation contribution — Other</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15 Real estate — Residential</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>16 Real estate — Commercial</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17 Real estate — Other</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>18 Collectibles</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>19 Food inventory</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>20 Drugs and medical supplies</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>21 Taxidermy</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>22 Historical artifacts</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>23 Scientific specimens</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>24 Archeological artifacts</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>25 Other ▶ ( )</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>26 Other ▶ ( )</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>27 Other ▶ ( )</td>
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<tr>
<td>28 Other ▶ ( )</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

29 Number of Forms 8283 received by the organization during the tax year for contributions for which the organization completed Form 8283, Part IV, Donee Acknowledgement.

<table>
<thead>
<tr>
<th>30a During the year, did the organization receive by contribution any property reported in Part I, lines 1-28, that it must hold for at least three years from the date of the initial contribution, and which is not required to be used for exempt purposes for the entire holding period?</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>30a</td>
<td>X</td>
<td></td>
</tr>
</tbody>
</table>

31 Does the organization have a gift acceptance policy that requires the review of any non-standard contributions?

| 31                                                                                       | X |

32a Does the organization hire or use third parties or related organizations to solicit, process, or sell noncash contributions?

| 32a                                                                                     | X |

33 If the organization did not report an amount in column (c) for a type of property for which column (a) is checked, describe in Part II

**BAA For Paperwork Reduction Act Notice, see the Instructions for Form 990.**
Part II: Supplemental Information. Provide the information required by Part I, lines 30b, 32b, and 33, and whether the organization is reporting in Part I, column (b), the number of contributions, the number of items received, or a combination of both. Also complete this part for any additional information.
HEADWATERS ECONOMICS, INC. 74-3171967

--- FORM 990, PART VI, LINE 11B - FORM 990 REVIEW PROCESS ---
- Each member of the board reviewed Form 990 before it was filed with the IRS.

--- FORM 990, PART VI, LINE 12C - EXPLANATION OF MONITORING AND ENFORCEMENT OF CONFLICTS ---
- Each director, principal officer, and member of a committee with board delegated power is required annually to sign a statement which affirms that the person (A) has received a copy of the conflict of interest policy, (B) has read and understands the policy, (C) has agreed to comply with the policy, and (D) understands that Headwaters Economics is a charitable tax-exempt organization and to maintain its federal tax-exempt status must engage in activities which accomplish one or more of its tax-exempt purposes.

--- FORM 990, PART VI, LINE 15B - COMPENSATION REVIEW & APPROVAL PROCESS - OFFICERS & KEY EMPLOYEES ---
- The executive director annually reviews the performance and compensation of each employee of the organization, other than himself. The board reviews the performance and compensation of the executive director on an annual basis. The executive director and the board review published salary surveys and compare employees' current wages with comparable positions in other professions to determine reasonableness.

--- FORM 990, PART VI, LINE 19 - OTHER ORGANIZATION DOCUMENTS PUBLICLY AVAILABLE ---
- The organization makes its governing documents, conflict of interest policy, and financial statements available for inspection at its office upon approval by the board.
FORM 990, PART III, LINE 4A - PROGRAM SERVICE ACCOMPLISHMENTS

HEADWATERS ECONOMICS DEVELOPED A COMPREHENSIVE MAP AND DATA INTERACTIVE ON THE POTENTIAL FOR NEW HOME DEVELOPMENT IN THE WILDLAND-URBAN INTERFACE (WUI) AT THE COUNTY AND STATE LEVELS ACROSS THE WEST. THE INTERACTIVE ATLAS AND SORTABLE TABLES SHOW THAT 84 PERCENT OF PRIVATE LANDS NEAR FIRE-PRONE PUBLIC FORESTS IN THE WEST TODAY REMAIN UNDEVELOPED, AND THAT NEW BUILDING IN THESE AREAS WILL INCREASE FUTURE FIREFIGHTING COSTS FOR U.S. TAXPAYERS BY BILLIONS OF DOLLARS.

TO BETTER ADDRESS MORE SEvere AND EXPENSIVE WILDFIRES, HEADWATERS ECONOMICS PRODUCED A REPORT, "THE RISING COST OF WILDFIRE PROTECTION," THAT DESCRIBES HOW NEW HOMES IN THE WUI ARE INCREASING THE RISKS AND COSTS OF WILDFIRES, AND CONCLUDES WITH A DISCUSSION ON SOLUTIONS THAT MAY HELP CONTROL ESCALATING COSTS. WE WORKED WITH ROSS GORTE, PH.D., TO PRODUCE THE REPORT. GORTE, A RETIRED SENIOR POLICY ANALYST AT THE CONGRESSIONAL RESEARCH SERVICE, IS NOW AN AFFILIATE RESEARCH PROFESSOR AT THE UNIVERSITY OF NEW HAMPSHIRE.


HEADWATERS ECONOMICS PRODUCED AN INTERACTIVE MAP, "WEST-WIDE ECONOMIC ATLAS," THAT ALLOWS USERS TO BETTER UNDERSTAND SOCIOECONOMIC TRENDS (SOURCES OF PERSONAL INCOME, POPULATION, EMPLOYMENT AND GROWTH BY INDUSTRY, LAND OWNERSHIP, ETC.) AT THE COUNTY AND STATE LEVEL FOR THE CONTINENTAL U.S. WEST. AS PART OF THIS WORK, WE ALSO CREATED A REPORT, "WEST'S ECONOMY OUTPERFORMING REST OF UNITED STATES," THAT BUILDS ON OUR EARLIER "WEST IS BEST" STUDY AND REVIEWS HOW THE REGION IS PERFORMING IN TERMS OF EMPLOYMENT, THE HEALTH OF VARIOUS ECONOMIC SECTORS, AND THE IMPORTANCE OF NON-LABOR INCOME.

UTILIZING A STATISTICAL MODEL, HEADWATERS ECONOMICS CREATED AN INTERACTIVE MAP TO SHOW THE AMOUNT OF PER CAPITA INCOME EXPLAINED BY PROTECTED FEDERAL LANDS FOR EACH COUNTY IN THE NON-METROPOLITAN WESTERN U.S. THE ANALYSIS, "PROTECTED FEDERAL LANDS IN NON-METRO WEST INCREASE PER CAPITA INCOME," TAKES INTO ACCOUNT EACH COUNTY'S CHARACTERISTICS AND SHOWS AN ESTIMATED AMOUNT OF PER CAPITA INCOME THAT CAN BE EXPLAINED BY PROTECTED FEDERAL LANDS FOR EACH NON-METROPOLITAN COUNTY. WE ALSO PUBLISHED A PEER-REVIEWED ARTICLE IN THE JOURNAL OF REGIONAL ANALYSIS & POLICY THAT IS THE BASIS OF THE INTERACTIVE MAP.

AS PART OF HEADWATERS ECONOMICS WORK WITH RURAL COMMUNITIES, WE UPDATED AND PUBLISHED DATA AND TWO INTERACTIVE MAPS THAT SHOW THE COMMERCIAL ACTIVITIES ON NATIONAL FORESTS, SUCH AS THE TIMBER ECONOMY, INCLUDING GROSS RECEIPTS, TIMBER HARVEST SALES, AND TIMBER CUTS. BOTH MAPS SHOW U.S. FOREST SERVICE ACTIVITY AT THREE LEVELS: NATIONAL FORESTS, NATIONAL FOREST REGIONS, AND STATE.

WE UPDATED THE "PAYMENTS FROM FEDERAL LANDS" REPORT THAT IS PART OF EPS TO INCLUDE THE LATEST AVAILABLE PAYMENT DATA FOR PAYMENTS IN LIEU OF TAXES (PILT), U.S. FOREST SERVICE, BLM, U.S. FISH AND WILDLIFE SERVICE, AND FEDERAL MINERAL REVENUE SHARING FROM THE OFFICE OF NATURAL RESOURCES REVENUE. USERS CAN RUN CUSTOM REPORTS FOR ANY COUNTY, COLLECTION OF COUNTIES, OR STATES. THE REPORTS ALSO INCLUDE DETAILED DESCRIPTIONS OF EACH PROGRAM AND LINKS TO DATA SOURCES AND METHODS.

HEADWATERS ECONOMICS CONTINUED ANALYSIS AND EDUCATIONAL OUTREACH ON FEDERAL COUNTY PAYMENTS. THIS INCLUDED TESTIFYING BEFORE THE U.S. SENATE ENERGY AND NATURAL RESOURCES COMMITTEE, EVALUATING THE IMPACT OF BOTH SENATE AND HOUSE PROPOSALS ON PAYMENTS TO ALL RECIPIENT COUNTIES, AND WORKING WITH A NUMBER OF SENATE, HOUSE, AND COMMITTEE STAFF ON WAYS TO REFORM THE SECURE RURAL SCHOOLS (SRS) AND PILT PROGRAMS THAT SUSTAIN THE FEDERAL COMMITMENT TO RURAL PUBLIC LANDS COUNTIES WHILE
ACCOMMODATING NEW ECONOMIC CONDITIONS.

IN COOPERATION WITH THE GREAT LAKES ADAPTATION ASSESSMENT FOR CITIES AT THE UNIVERSITY OF MICHIGAN, HEADWATERS ECONOMICS CREATED AN INTERACTIVE MAP AND EXPLANATORY TOOL, "SOCIOECONOMICS AND CLIMATE CHANGE IN THE GREAT LAKES REGION," THAT SHOWS HOW THE SOCIAL AND ECONOMIC CHARACTERISTICS OF THE GREAT LAKES REGION ARE IMPACTED BY REGIONAL SPECIFIC CHANGES IN CLIMATE. THE TOOL PROVIDES COUNTY-LEVEL DATA FOR U.S. LANDS ABUTTING THE FIVE GREAT LAKES AND REVIEWS IMPORTANT SECTORS OF THE ECONOMY, IMPACTS TO GOVERNMENT FINANCES, AND POPULATIONS THAT MAY BE DISPROPORTIONATELY AFFECTED BY CLIMATE CHANGE.

HEADWATERS ECONOMICS PRODUCED AN INTERACTIVE MAP, "ATLAS OF THE GREAT NORTHERN LANDSCAPE CONSERVATION COOPERATIVE," TO INFORM CONSERVATION AND DEVELOPMENT PLANNING IN THIS REGION. DONE IN PARTNERSHIP WITH THE GNCC, THE INTERACTIVE PROVIDES COUNTY-LEVEL DATA, SIMILAR TO THE GREAT LAKES TOOL, FOR AREAS IN FIVE STATES: IDAHO, MONTANA, OREGON, WASHINGTON, AND WYOMING.

HEADWATERS ECONOMICS CREATED THE "ATLAS OF CROWN OF THE CONTINENT ECO SYSTEM" THAT DISPLAYS ECONOMIC, LAND USE, AND CLIMATE DATA FOR THE MONTANA COUNTIES NEAR GLACIER NATIONAL PARK.

IN COOPERATION THE NEZ PERCE-CLEARWATER NATIONAL FOREST AND ECOADAPT, HEADWATERS ECONOMICS HELD A CLIMATE VULNERABILITY ASSESSMENT WORKSHOP TO GATHER AND STRUCTURE CLIMATE VULNERABILITY DATA FOR THE NATIONAL FOREST'S NEW FOREST PLAN.

WORKING WITH CLIMATE SOLUTIONS UNIVERSITY, HEADWATERS ECONOMICS TRAINED FIVE COMMUNITIES FROM ACROSS THE COUNTRY ON UNDERSTANDING THEIR SOCIOECONOMIC VULNERABILITIES TO CLIMATE CHANGE. WE ALSO DELIVERED FOLLOW UP ASSISTANCE TO THESE COMMUNITIES, PROVIDING THEM WITH DETAILED SOCIOECONOMIC DATA ON THEIR COMMUNITIES AND GUIDANCE ON HOW TO INTEGRATE THIS INFORMATION INTO THEIR CLIMATE ADAPTATION PLANS.

HEADWATERS ECONOMICS DEVELOPED A MANUAL—"USING THE ECONOMIC PROFILE SYSTEM SOFTWARE TO DETERMINE VULNERABILITIES TO CLIMATE CHANGE"—THAT OFFERS STEP-BY-STEP GUIDANCE ON HOW TO SELECT THE RIGHT GEOGRAPHY FOR ANALYSIS, GATHER BASIC DEMOGRAPHIC AND ECONOMIC INFORMATION, AND ORGANIZE THIS INFORMATION SO THAT IT CAN BE USED TO STRUCTURE ADAPTATION STRATEGIES. IT INCLUDES CLIMATE ADAPTATION PLAN EXAMPLES THAT MAKE CONNECTIONS BETWEEN CLIMATE CHANGE IMPACTS AND HUMAN AND ECONOMIC VULNERABILITIES, AND OUTLINE ADAPTIVE ACTIONS.

TO EVALUATE THE ECONOMIC POTENTIAL OF A NEW MAINE NATIONAL PARK AND NATIONAL RECREATION AREA, WE CREATED TWO REPORTS—"A COMPARATIVE ANALYSIS OF THE ECONOMIES OF PEER COUNTIES WITH NATIONAL PARKS AND RECREATION AREAS TO PENOBSCOT AND PISCATAQUIS COUNTIES, MAINE" AND "THE REGIONAL ECONOMY OF PENOBSCOT AND PISCATAQUIS COUNTIES, MAINE AND A POTENTIAL NATIONAL PARK AND RECREATION AREA." HEADWATERS ECONOMICS CONDUCTED ANALYSIS TO STUDY THE ECONOMIC PERFORMANCE OF OTHER AREAS SIMILAR TO THE MAINE STUDY REGION—PENOBSCOT AND PISCATAQUIS COUNTIES—THAT ALREADY HAVE A NATIONAL PARK AND NATIONAL RECREATION AREA COMBINATION. WE ALSO REVIEWED THE POTENTIAL COSTS AND BENEFITS OF A NEW NATIONAL PARK AND RECREATION AREA TO NEARBY MAINE COMMUNITIES, INCLUDING TO THE FOREST PRODUCTS INDUSTRY, TRAVEL AND TOURISM ACTIVITY, AND THE ABILITY TO ATTRACT PEOPLE, RETIREES, AND BUSINESSES ACROSS A RANGE OF SECTORS.

HEADWATERS ECONOMICS CREATED A REPORT, "OWYHEE CANYONLANDS HOLD ECONOMIC POTENTIAL," THAT PROVIDES AN ANALYSIS OF THE POTENTIAL ECONOMIC IMPACT OF PROTECTING FEDERAL LAND IN MALHEUR COUNTY, OREGON. THE COUNTY, LOCATED IN THE SOUTHEASTERN CORNER OF THE STATE, HAS 4.6 MILLION ACRES OF PUBLIC LAND WITHIN ITS BOUNDARIES, AND NEARLY TWO MILLION OF THESE ACRES POSSESS UNIQUE NATURAL AND RECREATIONAL VALUES THAT ARE NOT FORMALLY PROTECTED. THE REPORT INCLUDED A COMPARISON OF MALHEUR COUNTY TO SIMILAR WESTERN, RURAL COUNTIES THAT HAVE A SUBSTANTIAL AMOUNT OF PROTECTED FEDERAL LAND.

GATEWAY COMMUNITIES USED OUR ANALYSIS OF THE ECONOMIC IMPACT OF EVERY NATIONAL PARK SERVICE UNIT IN THE COUNTRY, "NATIONAL PARK SERVICE UNITS: ECONOMIC IMPACTS OF
VISITATION AND EXPENDITURES," DURING THE FEDERAL GOVERNMENT SHUTDOWN TO ESTIMATE LOCAL IMPACTS OF CLOSURES.

HEADWATERS ECONOMICS PRODUCED A STUDY, "LONG-TERM ENERGY DEVELOPMENT HAS NEGATIVE IMPACTS ON WESTERN COUNTIES," THAT REVIEWED WHETHER LONG-TERM OIL AND GAS DEVELOPMENT CONFERED AN ECONOMIC ADVANTAGE ON HOST COUNTIES. THE STUDY EXAMINED THE EARLY 1980S BOOM PERIOD AND SUBSEQUENT SOCIOECONOMIC PERFORMANCE. IT FOUND THAT OIL AND GAS ACTIVITY CAN HAVE AN IMMEDIATE POSITIVE IMPACT ON EMPLOYMENT AND INCOME, BUT THAT WHEN FOSSIL FUEL DEVELOPMENT PLAYS A ROLE IN A LOCAL ECONOMY FOR A LONG PERIOD OF TIME THERE ARE NEGATIVE EFFECTS ON PER CAPITA INCOME, CRIME RATES, AND EDUCATIONAL ATTAINMENT. AS PART OF THIS WORK, WE SUBMITTED A PAPER TO THE JOURNAL OF ENERGY ECONOMICS WHERE IT IS IN REVIEW.

IN PARTNERSHIP WITH THE OKLAHOMA POLICY INSTITUTE, HEADWATERS ECONOMICS PRODUCED A STUDY, "UNCONVENTIONAL OIL AND NATURAL GAS PRODUCTION TAX RATES: HOW DOES OKLAHOMA COMPARE TO PEERS?" THAT REVIEWS THE OIL AND NATURAL GAS TAX POLICIES OF LEADING PRODUCING STATES. STUDIES SHOW THAT THE DIFFERENCES BETWEEN STATE TAX POLICIES, WHILE IMPORTANT, ARE NOT ENOUGH TO SHIFT INDUSTRY ACTIVITY FROM STATE TO STATE IN A SIGNIFICANT WAY. INSTEAD, GEOLOGY, AVAILABLE TECHNOLOGY, AND PRICE REMAIN THE PRIMARY FACTORS DRIVING ALL OIL AND GAS DRILLING ACTIVITY.

HEADWATERS ECONOMICS PRODUCED A REPORT, "HOW NORTH DAKOTA RETURNS UNCONVENTIONAL OIL REVENUE TO LOCAL GOVERNMENTS," THAT SHOWS HOW THAT STATE'S LOCAL GOVERNMENTS RECEIVE PRODUCTION TAX REVENUE FROM UNCONVENTIONAL OIL EXTRACTION AND COMPARES THE EFFECTIVE UNCONVENTIONAL OIL TAX RATE IN NORTH DAKOTA TO SIX OTHER STATES: COLORADO, MONTANA, NEW MEXICO, OKLAHOMA, TEXAS, AND WYOMING.

HEADWATERS ECONOMICS STAFF SERVED AS EDUCATORS AND RESOURCE ADVISORS TO A NUMBER OF COMMUNITIES AROUND THE COUNTRY WORKING TO UNDERSTAND THEIR ECONOMIC VULNERABILITIES TO CLIMATE CHANGE, AND TO DEVELOP STRATEGIES THAT MINIMIZE RISKS TO THEIR RESIDENTS, BUDGETS, AND IMPORTANT ECONOMIC SECTORS.

HEADWATERS ECONOMICS PUBLISHED FOUR ELECTRONIC NEWSLETTERS DURING THE YEAR ON RECENT RESEARCH. THE NEWSLETTERS FOCUSED ON A RANGE OF ISSUES, INCLUDING ENERGY DEVELOPMENT, TAX POLICY AND TRANSMISSION INFRASTRUCTURE; WILDFIRE SUPPRESSION COSTS AND THE UNDEVELOPED WUI; INTERACTIVES SHOWING FEDERAL TIMBER CUT AND SOLD ACROSS THE COUNTRY, AND COUNTY AND STATE LEVEL SOCIOECONOMIC PROFILES OF THE WEST; THE ECONOMIC IMPACT OF PUBLIC LANDS ON NEARBY COMMUNITIES; AND OUR EPS SOFTWARE, WHICH IS REGULARLY UPDATED AND AVAILABLE FREE TO THE PUBLIC.

WE WORKED WITH LOCAL, REGIONAL, AND NATIONAL MEDIA TO UNDERSTAND WESTERN ISSUES RANGING FROM ENERGY DEVELOPMENT AND WILDFIRE SUPPRESSION COSTS TO THE VALUE OF PUBLIC LANDS AND RELATED ECONOMIC DEVELOPMENT. OUR DATA AND RESEARCH WAS REFERENCED FREQUENTLY BY A WIDE VARIETY OF NEWS MEDIA THROUGHOUT THE YEAR.

HEADWATERS ECONOMICS STAFF DELIVERED NUMEROUS PUBLIC TALKS, BRIEFINGS, AND PRESENTATIONS TO THE PUBLIC, ELECTED OFFICIALS, AGENCIES, AND OTHERS THROUGHOUT THE YEAR.