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2013

Open to Public
InspectionDepartment of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax
 Under section 501(c), 527, 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.

A For the 2013 calendar year, or tax year beginning

, 2013, and ending

B Check if applicable:	C	D Employer identification number
<input type="checkbox"/> Address change	HEADWATERS ECONOMICS, INC.	74-3171967
<input type="checkbox"/> Name change	P.O. BOX 7059	E Telephone number
<input type="checkbox"/> Initial return	BOZEMAN, MT 59771	406-599-7423
<input type="checkbox"/> Terminated		
<input type="checkbox"/> Amended return		
<input type="checkbox"/> Application pending	F Name and address of principal officer, SAME AS C ABOVE	G Gross receipts \$ 1,130,360.
I Tax-exempt status	X 501(c)(3) 501(c) () (insert no) 4947(a)(1) or 527	H(a) Is this a group return for subordinates? Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>
J Website:	► HTTP://HEADWATERSECONOMICS.ORG	H(b) Are all subordinates included? Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
K Form of organization.	X Corporation Trust Association Other ►	H(c) Group exemption number ►
L Year of formation.	2006	M State of legal domicile MT

Part I Summary

Activities & Governance	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 ► <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.	3	5
3 Number of voting members of the governing body (Part VI, line 1a)	4	3	
4 Number of independent voting members of the governing body (Part VI, line 1b)	5	9	
5 Total number of individuals employed in calendar year 2013 (Part VI, line 2a)	6	0	
6 Total number of volunteers (estimate if necessary)	7a	0.	
7a Total unrelated business revenue from Part VIII, column (C), line 12	7b	0.	
b Net unrelated business taxable income from Form 990-T, line 33			
8 Contributions and grants (Part VIII, line 1h)	8	1,094,984.	
9 Program service revenue (Part VIII, line 2g)	9	1,129,507.	
10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	10	1,389.	
11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	11	853.	
12 Total revenue – add lines 8 through 11 (must equal Part VIII, column (A), line 12)	12	1,096,373.	
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	655,280.	
16a Professional fundraising fees (Part IX, column (A), line 11e)	16a	715,458.	
b Total fundraising expenses (Part IX, column (D), line 25) ► 32,574.	16b		
17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	17	243,823.	
18 Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25)	18	899,103.	
19 Revenue less expenses Subtract line 18 from line 12	19	197,270.	
		1,002,565.	
		127,795.	
		Beginning of Current Year	End of Year
20 Total assets (Part X, line 16)	20	688,971.	795,986.
21 Total liabilities (Part X, line 26)	21	45,968.	25,188.
22 Net assets or fund balances. Subtract line 21 from line 20	22	643,003.	770,798.

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.

Sign Here	Signature of officer	3-17-2014			
	BEN ALEXANDER	Date			
	Type or print name and title	SECRETARY			
Paid Preparer Use Only	Print/Type preparer's name WILLIAM B HEBRON	Preparer's signature <i>Wm B Hef</i>	Date 3/18/14	Check <input type="checkbox"/> if self employed	PTIN P01347752
	Firm's name ► HOLMES & TURNER			Firm's EIN ► 81-0347988	
	Firm's 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) Yes No

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

TEEA0113L 11/08/13

Form 990 (2013)

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Part III Statement of Program Service AccomplishmentsCheck if Schedule O contains a response or note to any line in this Part III **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

Part IV Checklist of Required Schedules

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If 'Yes,' complete Schedule A	1 X	
2 Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> (see instructions)?	2 X	
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	3 X	
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	4 X	
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	5 X	
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	6 X	
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	7 X	
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If 'Yes,' complete Schedule D, Part III	8 X	
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	9 X	
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	10 X	
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	11 a X	
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	11 b X	
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	11 c X	
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	11 d X	
e Did the organization report an amount for other liabilities in Part X, line 25? If 'Yes,' complete Schedule D, Part X	11 e 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	11 f X	
12a Did the organization obtain separate, independent audited financial statements for the tax year? If 'Yes,' complete Schedule D, Parts XI, and XII	12a X	
b 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	12b X	
13 Is the organization a school described in section 170(b)(1)(A)(ii)? If 'Yes,' complete Schedule E	13 X	
14a Did the organization maintain an office, employees, or agents outside of the United States?	14a X	
b 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	14b X	
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or other assistance to or for any foreign organization? If 'Yes,' complete Schedule F, Parts II and IV	15 X	
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	16 X	
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)	17 X	
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	18 X	
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	19 X	
20a Did the organization operate one or more hospital facilities? If 'Yes,' complete Schedule H	20 X	
b If 'Yes' to line 20a, did the organization attach a copy of its audited financial statements to this return?	20b X	

Part IV Checklist of Required Schedules (continued)

	Yes	No
21 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	21	X
22 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	22	X
23 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	23	X
24a 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	24a	X
b Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b	
c Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c	
d Did the organization act as an 'on behalf of' issuer for bonds outstanding at any time during the year?	24d	
25a 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	25a	X
b 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	25b	X
26 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	26	X
27 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	27	X
28 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): a A current or former officer, director, trustee, or key employee? If 'Yes,' complete Schedule L, Part IV	28a	X
b A family member of a current or former officer, director, trustee, or key employee? If 'Yes,' complete Schedule L, Part IV	28b	X
c 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	28c	X
29 Did the organization receive more than \$25,000 in non-cash contributions? If 'Yes,' complete Schedule M	29	X
30 Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? If 'Yes,' complete Schedule M	30	X
31 Did the organization liquidate, terminate, or dissolve and cease operations? If 'Yes,' complete Schedule N, Part I	31	X
32 Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? If 'Yes,' complete Schedule N, Part II	32	X
33 Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If 'Yes,' complete Schedule R, Part I	33	X
34 Was the organization related to any tax-exempt or taxable entity? If 'Yes,' complete Schedule R, Parts II, III, IV, and V, line 1	34	X
35a Did the organization have a controlled entity within the meaning of section 512(b)(13)? b 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	35a	X
36 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	35b	
37 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	36	X
38 Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? Note. All Form 990 filers are required to complete Schedule O	37	X
	38	X

BAA

Form 990 (2013)

Part V Statements Regarding Other IRS Filings and Tax ComplianceCheck if Schedule O contains a response or note to any line in this Part V

		Yes	No
1 a	10		
1 b	0		
c			
2 a	9		
b			
Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)			
3 a			
b			
4 a			
b			
See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts			
5 a			
b			
c			
6 a			
b			
7 Organizations that may receive deductible contributions under section 170(c).			
a			
b			
c			
d	7 d		
e			
f			
g			
h			
8 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?			
9 Sponsoring organizations maintaining donor advised funds.			
a			
b			
10 Section 501(c)(7) organizations. Enter			
a	10 a		
b	10 b		
11 Section 501(c)(12) organizations. Enter			
a	11 a		
b	11 b		
12a Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?			
b	12 b		
13 Section 501(c)(29) qualified nonprofit health insurance issuers.			
a			
Note. See the instructions for additional information the organization must report on Schedule O			
b			
c			
14a Did the organization receive any payments for indoor tanning services during the tax year?			
b If 'Yes,' has it filed a Form 720 to report these payments? If 'No,' provide an explanation in Schedule O			

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

1b Enter the number of voting members included in line 1a, above, who are independent

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

	Yes	No
1a	5	
1b	3	
2		X
3		X
4		X
5		X
6		X
7a		X
7b		X
8a	X	
8b	X	
9		X

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 SEE SCHEDULE O

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 SEE SCHEDULE O

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 SEE SCHEDULE O

If 'Yes' to line 15a or 15b, describe the process in Schedule O. (See instructions)

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?

	Yes	No
10a		X
10b		
11a	X	
12a	X	
12b	X	
12c	X	
13	X	
14	X	
15a	X	
15b	X	
16a		X
16b		

Section C. Disclosure

17 List the states with which a copy of this Form 990 is required to be filed ► 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 BOZEMAN, MT 59715 406-599-7423

Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors
 Check if Schedule O contains a response or note to any line in this Part VII

Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

1a 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

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C)					(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Or director	Individual trustee	Institutional trustee	Officer	Key employee			
(1) RAY RASKER TREASURER	40 0	X		X			120,012.	0.	12,227.
(2) BEN ALEXANDER SECRETARY	40 0	X		X			98,159.	0.	19,789.
(3) BOB BUZZAS DIRECTOR	0 0	X					0.	0.	0.
(4) CARMAN MCSPADDEN PRESIDENT	1 0	X					0.	0.	0.
(5) DEB LOVE DIRECTOR	0 0	X					0.	0.	0.
(6)									
(7)									
(8)									
(9)									
(10)									
(11)									
(12)									
(13)									
(14)									

Part VII Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees (continued)

(A) Name and title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)				(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations	
		Former or director	Individual trustee	Institutional trustee	Officer	Key employee	Highest compensated employee		
(15)									
(16)									
(17)									
(18)									
(19)									
(20)									
(21)									
(22)									
(23)									
(24)									
(25)									
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

	Yes	No
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	3	X
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	4	X
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	5	X

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

(A) Name and business address	(B) Description of services	(C) Compensation

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 RevenueCheck if Schedule O contains a response or note to any line in this Part VIII

		(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514
CONTRIBUTIONS, GIFTS, GRANTS AND OTHER SIMILAR AMOUNTS	1 a Federated campaigns	1 a			
	b Membership dues	1 b			
	c Fundraising events	1 c			
	d Related organizations	1 d			
	e Government grants (contributions)	1 e	136,469.		
	f All other contributions, gifts, grants, and similar amounts not included above	1 f	993,038.		
	g Noncash contributions included in lines 1a-1f. \$		68,000.		
	h Total. Add lines 1a-1f		1,129,507.		
PROGRAM SERVICE REVENUE		Business Code			
	2 a				
	b				
	c				
	d				
	e				
	f All other program service revenue				
	g Total. Add lines 2a-2f				
OTHER REVENUE	3 Investment income (including dividends, interest and other similar amounts)		853.		853.
	4 Income from investment of tax-exempt bond proceeds				
	5 Royalties				
	(i) Real	(ii) Personal			
	6 a Gross rents				
	b Less: rental expenses				
	c Rental income or (loss)				
d Net rental income or (loss)					
7 a Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other			
b Less cost or other basis and sales expenses					
c Gain or (loss)					
d Net gain or (loss)					
8 a Gross income from fundraising events (not including . \$ _____ of contributions reported on line 1c)					
See Part IV, line 18	a				
b Less: direct expenses	b				
c Net income or (loss) from fundraising events					
9 a Gross income from gaming activities See Part IV, line 19	a				
b Less: direct expenses	b				
c Net income or (loss) from gaming activities					
10 a Gross sales of inventory, less returns and allowances	a				
b Less: cost of goods sold	b				
c Net income or (loss) from sales of inventory					
	Miscellaneous Revenue	Business Code			
11 a					
b					
c					
d All other revenue					
e Total. Add lines 11a-11d					
12 Total revenue. See instructions		1,130,360.	0.	0.	853.

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.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the United States. See Part IV, line 21				
2 Grants and other assistance to individuals in the United States. See Part IV, line 22				
3 Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees				
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages	250,187.	200,149.	25,019.	25,019.
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	0.	0.	0.	0.
9 Other employee benefits	374,983.	374,983.		
10 Payroll taxes	11,590.	11,590.		
11 Fees for services (non-employees)	31,773.	31,773.		
a Management	46,925.	43,635.	1,645.	1,645.
b Legal	349.	349.		
c Accounting	7,017.		7,017.	
d Lobbying				
e Professional fundraising services. See Part IV, line 17				
f Investment management fees				
g Other (If line 11g amt exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)				
12 Advertising and promotion				
13 Office expenses	15,653.	15,653.		
14 Information technology				
15 Royalties				
16 Occupancy	39,447.	36,501.	1,473.	1,473.
17 Travel	43,199.	39,199.		4,000.
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	1,375.	1,375.		
20 Interest	20.	20.		
21 Payments to affiliates				
22 Depreciation, depletion, and amortization				
23 Insurance	594.		594.	
24 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)				
a <u>EQUIPMENT AND SOFTWARE</u>	76,926.	76,926.		
b <u>RESEARCH</u>	40,225.	40,225.		
c <u>MEETINGS</u>	11,820.	11,820.		
d <u>DATA ACQUISITION</u>	11,100.	11,100.		
e All other expenses	39,382.	38,508.	437.	437.
25 Total functional expenses. Add lines 1 through 24e	1,002,565.	933,806.	36,185.	32,574.
26 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 ► <input type="checkbox"/> if following SOP 98-2 (ASC 958-720)				

Part X Balance SheetCheck if Schedule O contains a response or note to any line in this Part X

		(A) Beginning of year		(B) End of year
ASSETS	1 Cash – non-interest-bearing	220,527.	1	326,689.
	2 Savings and temporary cash investments	466,194.	2	467,047.
	3 Pledges and grants receivable, net	3		
	4 Accounts receivable, net	4		
	5 Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L	5		
	6 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	6		
	7 Notes and loans receivable, net	7		
	8 Inventories for sale or use	8		
	9 Prepaid expenses and deferred charges	9		
	10a Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a		
	b Less accumulated depreciation	10b		10c
	11 Investments – publicly traded securities	11		
	12 Investments – other securities See Part IV, line 11	12		
	13 Investments – program-related. See Part IV, line 11	13		
	14 Intangible assets	14		
LIABILITIES	15 Other assets. See Part IV, line 11	2,250.	15	2,250.
	16 Total assets. Add lines 1 through 15 (must equal line 34)	688,971.	16	795,986.
	17 Accounts payable and accrued expenses	17		6,288.
	18 Grants payable	18		
	19 Deferred revenue	19		
NET ASSETS OR FUND BALANCES	20 Tax-exempt bond liabilities	20		
	21 Escrow or custodial account liability Complete Part IV of Schedule D	21		
	22 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	22		
	23 Secured mortgages and notes payable to unrelated third parties	23		
	24 Unsecured notes and loans payable to unrelated third parties	24		
	25 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	45,968.	25	18,900.
	26 Total liabilities. Add lines 17 through 25	45,968.	26	25,188.
	Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.			
	27 Unrestricted net assets	476,067.	27	648,791.
	28 Temporarily restricted net assets	166,936.	28	122,007.
	29 Permanently restricted net assets	29		
	Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.			
	30 Capital stock or trust principal, or current funds	30		
	31 Paid-in or capital surplus, or land, building, or equipment fund	31		
	32 Retained earnings, endowment, accumulated income, or other funds	32		
	33 Total net assets or fund balances	643,003.	33	770,798.
	34 Total liabilities and net assets/fund balances	688,971.	34	795,986.

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Form 990 (2013)

Part XI Reconciliation of Net AssetsCheck if Schedule O contains a response or note to any line in this Part XI

1 Total revenue (must equal Part VIII, column (A), line 12)	1	1,130,360.
2 Total expenses (must equal Part IX, column (A), line 25)	2	1,002,565.
3 Revenue less expenses Subtract line 2 from line 1	3	127,795.
4 Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	643,003.
5 Net unrealized gains (losses) on investments	5	
6 Donated services and use of facilities	6	
7 Investment expenses	7	
8 Prior period adjustments	8	
9 Other changes in net assets or fund balances (explain in Schedule O)	9	0.
10 Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	770,798.

Part XII Financial Statements and ReportingCheck 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 _____

	Yes	No
2a		X
2b		X
2c		
3a		X
3b		

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

2a Were the organization's financial statements compiled or reviewed by an independent accountant?

If '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

b Were the organization's financial statements audited by an independent accountant?

If 'Yes,' check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both:

 Separate basis Consolidated basis Both consolidated and separate basis

c If 'Yes' to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant?

If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.

3a 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?

b If 'Yes,' 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

SCHEDULE A
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

OMB No. 1545-0047

2013

**Open to Public
Inspection**

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

e 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)**

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

g 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?

	Yes	No
11 g (i)		
11 g (ii)		
11 g (iii)		

h Provide the following information about the supported organization(s)

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1-9 above or IRC section (see instructions))	(iv) Is the organization in column (i) listed in your governing document?		(v) Did you notify the organization in column (i) of your support?		(vi) Is the organization in column (i) organized in the U.S.?		(vii) Amount of monetary support
			Yes	No	Yes	No	Yes	No	
(A)									
(B)									
(C)									
(D)									
(E)									
Total									

BAA For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ.

Schedule A (Form 990 or 990-EZ) 2013

Part II Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)

(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ►	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
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.
3 The value of services or facilities furnished by a governmental unit to the organization without charge						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

Calendar year (or fiscal year beginning in) ►	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
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.
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						0.
11 Total support. Add lines 7 through 10						4,418,435.
12 Gross receipts from related activities, etc (see instructions)					12	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						<input checked="" type="checkbox"/>

Section C. Computation of Public Support Percentage

14 Public support percentage for 2013 (line 6, column (f) divided by line 11, column (f))	14	65.91 %
15 Public support percentage from 2012 Schedule A, Part II, line 14	15	80.09 %

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 ►

b **33-1/3% support test – 2012.** If the organization did not check a box on line 13 or 16a, and line 15 is 33-1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ►

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 ►

b **10%-facts-and-circumstances test – 2012.** If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 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 ►

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) ►

	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
1 Gifts, grants, contributions and membership fees received (Do not include any 'unusual grants.')						
2 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						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 Total. Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b 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						
c Add lines 7a and 7b						
8 Public support (Subtract line 7c from line 6)						

Section B. Total Support

Calendar year (or fiscal yr beginning in) ►

	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
13 Total Support. (Add Ins 9,10c, 11 and 12)						

14 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

15 Public support percentage for 2013 (line 8, column (f) divided by line 13, column (f))	15	%
16 Public support percentage from 2012 Schedule A, Part III, line 15	16	%

Section D. Computation of Investment Income Percentage

17 Investment income percentage for 2013 (line 10c, column (f) divided by line 13, column (f))	17	%
18 Investment income percentage from 2012 Schedule A, Part III, line 17	18	%

19a 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 ►

b 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 ►

20 Private foundation. If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ►

Part IV **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).

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Schedule A (Form 990 or 990-EZ) 2013

SCHEDULE D
(Form 990)Department of the Treasury
Internal Revenue Service
Name of the organization**Supplemental Financial Statements**► Complete if the organization answered 'Yes' to Form 990,
Part IV, lines 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b.

► Attach to Form 990.

► Information about Schedule D (Form 990) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013Open to Public
Inspection

Employer identification number

HEADWATERS ECONOMICS, INC.

74-3171967

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.

	(a) Donor advised funds	(b) Funds and other accounts
1 Total number at end of year		
2 Aggregate contributions to (during year)		
3 Aggregate grants from (during year)		
4 Aggregate value at end of year		

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)	<input type="checkbox"/> Preservation of land for public use (e.g., recreation or education) <input type="checkbox"/> Preservation of an historically important land area
	<input type="checkbox"/> Protection of natural habitat <input type="checkbox"/> Preservation of a certified historic structure
	<input type="checkbox"/> Preservation of open space
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.	
a Total number of conservation easements	Held at the End of the Tax Year
b Total acreage restricted by conservation easements	2a
c Number of conservation easements on a certified historic structure included in (a)	2b
d Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register	2c
3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ►	2d
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? <input type="checkbox"/> Yes <input type="checkbox"/> 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)? <input type="checkbox"/> Yes <input type="checkbox"/> 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	► \$

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:

	Amount
1 c	
1 d	
1 e	
1 f	

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.

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1 a Beginning of year balance					
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

(ii) related organizations

b If 'Yes' to 3a(ii), are the related organizations listed as required on Schedule R?

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

	Yes	No
3a(i)		
3a(ii)		
3b		

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.

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1 a Land				
b Buildings				
c Leasehold improvements				
d Equipment				
e Other				

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

0.

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Schedule D (Form 990) 2013

Part VII Investments – Other Securities.

N/A

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

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

Part VIII Investments – Program Related.

N/A

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

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

Part IX Other Assets.

N/A

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

(a) Description	(b) Book value
(1)	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	
Total. (Column (b) must equal Form 990, Part X, column (B), line 15)	

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

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

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.

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

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.

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

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

SCHEDULE M
(Form 990)

Department of the Treasury
Internal Revenue Service

Noncash Contributions

OMB No 1545-0047

2013

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Inspection

Name of the organization

HEADWATERS ECONOMICS, INC.

Employer identification number

74-3171967

Part I **Types of Property**

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

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

29

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?

b If 'Yes,' describe the arrangement in Part II.

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

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

b If 'Yes,' describe in Part II.

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.

	Yes	No
30a		X
31		X
32a		X

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.

SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on
Form 990 or 990-EZ or to provide any additional information.

► Attach to Form 990 or 990-EZ.

► Information about Schedule O (Form 990 or 990-EZ) and its instructions is
at www.irs.gov/form990.

OMB No 1545-0047

2013

 Open to Public
Inspection

Name of the organization

HEADWATERS ECONOMICS, INC.

Employer identification number

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.

EACH STAFF MEMBER, VOLUNTEER (OTHER THAN CASUAL VOLUNTEERS WHO PERFORM NO REGULAR

SERVICES), AND CONTRACTOR IS REQUIRED TO SIGN AN ACKNOWLEDGEMENT OF THE CONFLICT OF

INTEREST AND ETHICS POLICY.

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.

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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 UPDATED THE ECONOMIC PROFILE SYSTEM (EPS)—CREATED IN COOPERATION WITH THE BUREAU OF LAND MANAGEMENT AND THE U.S. FOREST SERVICE—TO REFLECT THE LATEST PUBLISHED STATISTICS FROM FEDERAL DATA SOURCES, INCLUDING THE BUREAU OF ECONOMIC ANALYSIS AND BUREAU OF THE CENSUS, U.S. DEPARTMENT OF COMMERCE; BUREAU OF LABOR STATISTICS, U.S. DEPARTMENT OF LABOR; AND OTHERS. THIS FREE, EASY-TO-USE SOFTWARE APPLICATION RUNS IN EXCEL FROM A USER'S DESKTOP, AND PRODUCES DETAILED SOCIOECONOMIC REPORTS OF COMMUNITIES, COUNTIES, STATES, AND REGIONS, INCLUDING CUSTOM AGGREGATIONS AND COMPARISONS.

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

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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 REGIONALLY 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 GNLCC, 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 ECOSYSTEM" 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

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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 CONFERS 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.