GaryMcGee & Co. LLP
CERTIFIED PUBLIC ACCOUNTANTS

New Buildings Institute, Inc.

Financial Statements and Other Information
as of and for the Year Ended June 30, 2015
and Report of Independent Accountants

TABLE OF CONTENTS

GaryMcGee & Co. LLP
CERTIFIED PUBLIC ACCOUNTANTS

REPORT OF INDEPENDENT ACCOUNTANTS

The Board of Directors
New Buildings Institute, Inc.:

We have audited the accompanying financial statements of New Buildings Institute, Inc., which comprise the statement of financial position as of June 30, 2015, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New Buildings Institute, Inc. as of June 30, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States.

808 SW Third Avenue, Suite 700 Portland, Oregon 97204 p: 503 222 2515 f: 503 222 6401 www.garymcgee.com

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses on page 13 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Summarized Comparative Information

We have previously audited New Buildings Institute, Inc.'s 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 5, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Gary Cox & Co. LLP

December 8, 2015

NEW BUILDINGS INSTITUTE, INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2015

(WITH COMPARATIVE AMOUNTS FOR 2014)

		2015	2014
Assets:			
Cash and cash equivalents	$	625,992	549,486
Contract payments receivable *(note 3)*		163,738	250,373
Grants and contributions receivable *(note 4)*		15,000	50,000
Prepaid expenses and other assets		28,269	25,744
Property and equipment *(note 5)*		9,676	12,906
Total assets	$	842,675	888,509
Liabilities:			
Accounts payable and accrued expenses		80,736	165,786
Accrued vacation and payroll expenses		104,068	148,600
Deferred revenue		137,300	–
Total liabilities		322,104	314,386
Net assets:			
Unrestricted:			
Available for programs and general operations		116,047	(82,553)
Net investment in capital assets		9,676	12,906
Total unrestricted		125,723	(69,647)
Temporarily restricted *(note 6)*		394,848	643,770
Total net assets		520,571	574,123
Commitments and contingencies *(notes 10 and 11)*			
Total liabilities and net assets	$	842,675	888,509

See accompanying notes to financial statements.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2015

(WITH COMPARATIVE TOTALS FOR 2014)

	2015			
	Unrestricted	**Temporarily restricted**	**Total**	**2014**
Revenues, gains, and other support:				
Contract service revenues *(note 7)*	$ 731,317	–	731,317	1,031,979
Sponsorship revenues	770,187	–	770,187	560,000
Grants	–	440,000	440,000	600,000
Forum registration fees	87,025	–	87,025	–
Publication sales	16,071	–	16,071	6,388
Other	3,207	–	3,207	971
Loss on disposal of assets	(882)	–	(882)	(1,703)
Total revenues and other support	1,606,925	440,000	2,046,925	2,197,635
Net assets released from restrictions *(note 8)*	688,922	(688,922)	–	–
Total revenues, gains, and other support	2,295,847	(248,922)	2,046,925	2,197,635
Expenses *(note 9)***:**				
Program services	1,561,045	–	1,561,045	1,840,630
Management and general	407,380	–	407,380	504,624
Fundraising	132,052	–	132,052	262,390
Total expenses	2,100,477	–	2,100,477	2,607,644
Increase (decrease) in net assets	195,370	(248,922)	(53,552)	(410,009)
Net assets at beginning of year	(69,647)	643,770	574,123	984,132
Net assets at end of year	$ 125,723	394,848	520,571	574,123

See accompanying notes to financial statements.

NEW BUILDINGS INSTITUTE, INC.

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2015

(WITH COMPARATIVE TOTALS FOR 2014)

	2015	2014
Cash flows from operating activities:		
Cash received from contractors, sponsors, grantors, and others	$ 2,306,154	2,257,831
Cash received from interest	588	565
Cash paid to employees, contractors, and suppliers	(2,225,597)	(2,469,414)
Net cash provided by (used in) operating activities	81,145	(211,018)
Cash flows from investing activities:		
Purchase of capital assets	(5,439)	(1,569)
Proceeds from the sale of capital assets	800	695
Net cash used in investing activities	(4,639)	(874)
Net increase (decrease) in cash and cash equivalents	76,506	(211,892)
Cash and cash equivalents at beginning of year	549,486	761,378
Cash and cash equivalents at end of year	$ 625,992	549,486

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

1. Organization

New Buildings Institute, Inc. (the "Institute") is an independent, nonprofit organization founded in 1997 and dedicated to making buildings better for people and the environment. The Institute promotes energy efficiency in buildings through policy development, research, training programs, and the development of guidelines and codes. The Institute works with national, regional, state, and utility groups, and serves as a "carrier" of ideas among states and regions regarding efficient, effective, and "advanced" buildings.

2. Summary of Significant Accounting Policies

The significant accounting policies followed by the Institute are described below to enhance the usefulness of the financial statements to the reader.

Basis of Accounting – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles and the principles of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with activities or objectives specified by donors.

Basis of Presentation – The Institute has adopted the provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") No. 958-605, *Revenue Recognition* and FASB ASC No. 958-205, *Presentation of Financial Statements*. Under these provisions, net assets and all balances and transactions are presented based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Institute and changes therein are classified and reported as follows:

- *Unrestricted net assets* – Net assets not subject to donor-imposed stipulations.

- *Temporarily restricted net assets* – Net assets subject to donor-imposed stipulations that will be met either by actions of the Institute and/or the passage of time.

Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. In the opinion of management, such differences, if any, would not be significant.

Cash Equivalents – For purposes of the financial statements, the organization considers all liquid investments having initial maturities of three months or less to be cash equivalents.

Contributions – Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period the commitment is received. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value.

In-Kind Contributions – Significant services received which create or enhance a non-financial asset or require specialized skills that the Institute would have purchased if not donated are recognized in the statement of activities. During the year ended June 30, 2015, no contributed services were recorded.

In-kind contributions of equipment, materials, and the free use of facilities are recorded when there is an objective basis upon which to value the contributions and where the contributions are an essential part of the Institute's activities. During the year ended June 30, 2015, no contributions of equipment, materials, or the free use of facilities were recorded.

Revenue Recognition – All contributions and grants are considered available for unrestricted use unless specifically restricted by the donor. Service revenues are recognized at the time services are provided and the revenues are earned. A portion of the sponsorship revenues represent payment for the cost of certain benefits received by the sponsor. This portion of sponsorship revenue is recognized at the time the benefits are provided.

Capital Assets and Depreciation – Generally, property and equipment with a carrying value of $1,000 or more is capitalized and reported at cost when purchased, and at fair value when acquired by gift. Depreciation is provided on a straight-line basis over the estimated useful lives of the respective assets, which is generally 7 years for furniture, 3 to 5 years for computers and office equipment, and the term of the lease for leasehold improvements.

Concentrations of Credit Risk – The organization's financial instruments consist primarily of cash equivalents, which may subject the organization to concentrations of credit risk as, from time to time, for example, cash balances may exceed amounts insured by the Federal Deposit Insurance Corporation ("FDIC").

All checking and savings accounts, money market deposit accounts, and certificates of deposit are insured by the FDIC for up to $250,000 for each depositor, for each insured bank, for each account ownership category. At June 30, 2015, the Institute held $379,988 in excess of FDIC limits.

Certain receivables may also, from time to time, subject the organization to concentrations of credit risk. To minimize its exposure to significant losses from customer or donor insolvencies, the organization's management evaluates the financial condition of its customers and donors, and monitors concentrations of credit risk arising from similar geographic regions, activities, or economic characteristics. When necessary, receivables are reported net of an allowance for uncollectible accounts.

Advertising and Promotional Expenses – Advertising and promotional costs are charged to expense as they are incurred.

Income Taxes – The Institute is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state law. In addition, the Institute has been recognized as a public charity under Section 509(a)(2) of the Internal Revenue Code. For tax purposes, the Institute's open audit periods are for the years ended June 30, 2012 through 2014.

The Institute has adopted the recognition requirements for uncertain income tax positions as required by FASB ASC No. 740-10, *Income Taxes*. Under this standard, income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return only when it is determined that the income tax position will more-likely-than-not be sustained upon examination by taxing authorities.

Subsequent Events – As required FASB ASC No. 855-10, *Subsequent Events,* subsequent events have been evaluated by management through December 8, 2015, which is the date the financial statements were available to be issued.

Summarized Financial Information for 2014 – The accompanying financial information as of and for the year ended June 30, 2014, is presented for comparative purposes only and is not intended to represent a complete financial statement presentation.

Other Significant Accounting Policies – Other significant accounting policies are set forth in the financial statements and the following notes.

3. Contract Payments Receivable

Contract payments receivable at June 30, 2015 are summarized as follows:

California Public Utility Commission	$	83,929
Northwest Energy Efficiency Alliance		16,835
Ecology Action of Santa Cruz		12,333
Others, individually under $10,000		50,641
	$	163,738

All receivables listed above are expected to be fully collected.

4. Grants and Contributions Receivable

Grants and contributions receivable at June 30, 2015 represent an unconditional promise to give totaling $15,000, expected to be collected in less than one year.

Subsequent Event

On July 2, 2015, the Institute received a $225,000 grant award from a private foundation.

5. Property and Equipment

A summary of property and equipment at June 30, 2015 is as follows:

Office equipment	$	20,037
Furniture		11,284
Intangible assets [1]		8,189
		39,510
Less accumulated depreciation and amortization		(29,834)
	$	9,676

[1] Intangible assets include patents and domain rights, which are amortized over a five-year period. Net book value of these assets as of June 30, 2015 totaled $2,554.

6. Restrictions and Limitations on Net Asset Balances

At June 30, 2015, temporarily restricted net assets totaled $394,848 and consisted of grants and contributions available for the following projects:

Advancing Momentum on Carbon Reduction through Zero Net Energy Buildings and Communities	$	368,381
Comnet Portal and Energy Use Intensity Target Development		24,735
Development of Energy Efficiency Policies in Oregon and Washington		1,732
	$	394,848

7. Contract Service Revenues

During the year ended June 30, 2015, the Institute earned revenues under various contracts held with the following organizations:

Northwest Energy Efficiency Alliance	$	249,673
California Public Utility Commission		154,107
CLEAResult		89,478
Ecology Action of Santa Cruz		68,305
Rocky Mountain Institute		39,254
National Grid		33,749
Others, individually under $20,000		96,751
	$	731,317

8. Net Assets Released from Restrictions

During the year ended June 30, 2015, the Institute incurred $688,922 in expenses in satisfaction of restricted purposes specified by sponsors or grantors, or satisfied the restrictions by the occurrence of other events specified by donors. Accordingly, a reclassification from temporarily restricted net assets to unrestricted net assets has been recorded in the accompanying statement of activities.

9. Expenses

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

10. Retirement Plan

The Institute provides all employees with a defined contribution retirement savings plan, as described under Section 401(k) of the Internal Revenue Code. Participating employees may make voluntary contributions to the plan on a pre-tax basis, up to the limits allowed by law, after three months of employment. For the year ended June 30, 2015, the Institute made an annual safe harbor contribution equal to 3.0% of the annual compensation of each employee and an additional 2.0% matching contribution. Employees are fully vested at all times. Employees select from among several investment options. The Institute's contributions to the plan totaled $44,085 for the year ended June 30, 2015.

11. Significant Sources of Revenue

Approximately 36% of the Institute's total revenues for the year ended June 30, 2015 were provided by one grantor and one contractor/sponsor.

12. Statement of Cash Flows Reconciliation

The following presents a reconciliation of the decrease in net assets (as reported on the statement of activities) to net cash provided by operating activities (as reported on the statement of cash flows) for the year ended June 30, 2015:

Decrease in net assets	$	(53,552)
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:		
Depreciation and amortization		6,987
Loss on disposal of assets		882
Net changes in:		
Contract payments receivable		86,635
Grants and contributions receivable		35,000
Prepaid expenses and other assets		(2,525)
Accounts payable and accrued expenses		(85,050)
Accrued vacation and payroll expenses		(44,532)
Deferred revenue		137,300
Total adjustments		134,697
Net cash provided by operating activities	$	81,145

■

N E W B U I L D I N G S I N S T I T U T E , I N C .

SCHEDULE OF FUNCTIONAL EXPENSES

Y E A R E N D E D J U N E 3 0 , 2 0 1 5

(W I T H C O M P A R A T I V E T O T A L S F O R 2 0 1 4)

	2015				
	Program services	Management and general	Fundraising	Total	2014
Salaries and related expenses	$ 944,500	239,115	109,972	1,293,587	1,778,120
Project subcontractors	277,260	–	–	277,260	432,041
Project direct costs	179,731	–	–	179,731	130,231
Professional services	13,038	122,391	5,707	141,136	63,831
Occupancy	77,957	21,627	9,844	109,428	111,997
Computer services	30,460	5,572	1,529	37,561	20,501
Telecommunications	11,003	3,730	1,245	15,978	13,963
Equipment maintenance and repair	2,957	4,221	314	7,492	4,499
Office supplies	4,015	2,034	444	6,493	8,036
Conference fees	3,186	639	479	4,304	7,104
Insurance	1,999	3,574	253	5,826	4,026
Memberships and subscriptions	4,444	353	6	4,804	3,911
Taxes	4,839	227	22	5,087	5,944
Board and staff meetings	–	36	744	780	10,239
Travel	–	1,435	249	1,684	593
Bank and merchant fees	381	750	593	1,724	1,361
Postage and delivery	286	304	20	610	1,786
Bad debt expense	–	5	–	5	–
Total expenses before depreciation and amortization	1,556,056	406,013	131,421	2,093,490	2,598,183
Depreciation and amortization	4,989	1,367	631	6,987	9,461
Total expenses	$ 1,561,045	407,380	132,052	2,100,477	2,607,644

GOVERNING BOARD AND MANAGEMENT

INQUIRIES AND OTHER INFORMATION

NEW BUILDINGS INSTITUTE, INC.
623 S.W. Oak Street
Portland, Oregon 97205

(503) 761-7339
(503) 968-6160
info@newbuildings.org

Associated Web sites
www.newbuildings.org
www.advancedbuildings.net