

NEW BUILDINGS INSTITUTE, INC.

Audited Financial Statements

For the Year Ended June 30, 2022



MCDONALD JACOBS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
New Buildings Institute, Inc.

Opinion

We have audited the accompanying financial statements of New Buildings Institute (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of New Buildings Institute as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of New Buildings Institute and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of New Buildings Institute's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about New Buildings Institute's ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited New Buildings Institute 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 22, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

McDonald Jacobson, P.C.

Portland, Oregon
October 26, 2022

NEW BUILDINGS INSTITUTE, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2022
(With comparative totals for 2021)

	2022	2021
ASSETS		
Cash, cash equivalents, and certificates of deposit	\$ 2,876,608	\$ 2,769,498
Contracts receivable	853,754	897,728
Grants receivable	150,000	-
Prepaid expenses and other assets	86,260	77,646
Property and equipment, net	42,066	22,113
 TOTAL ASSETS	 \$ 4,008,688	 \$ 3,766,985
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 424,550	\$ 371,058
Accrued personnel expenses	311,509	349,976
Deferred revenue	91,409	527,343
Total liabilities	827,468	1,248,377
Net assets:		
Without donor restrictions:		
Undesignated	2,473,120	2,114,138
Net property and equipment	42,066	22,113
Total without donor restrictions	2,515,186	2,136,251
With donor restrictions	666,034	382,357
Total net assets	3,181,220	2,518,608
 TOTAL LIABILITIES AND NET ASSETS	 \$ 4,008,688	 \$ 3,766,985

See notes to financial statements.

NEW BUILDINGS INSTITUTE, INC.
STATEMENT OF ACTIVITIES
For the year ended June 30, 2022
(With comparative totals for 2021)

	2022			2021 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
Support and revenue:				
Contract service revenue	\$ 3,397,801	\$ -	\$ 3,397,801	\$ 2,485,740
Sponsorship revenue	938,969	-	938,969	492,876
Grants and contributions	180,000	1,431,075	1,611,075	1,180,000
Government grant - Paycheck Protection Program loan	-	-	-	393,475
Forum revenue	209,156	-	209,156	-
Other income	10,403	-	10,403	16,634
Net assets released from restrictions:				
Satisfaction of purpose restrictions	1,059,053	(1,059,053)	-	-
Satisfaction of time restrictions	88,345	(88,345)	-	-
Total support and revenue	5,883,727	283,677	6,167,404	4,568,725
Expenses:				
Program services:				
Leadership and Market Development	1,306,218	-	1,306,218	627,657
Codes and Policy	2,156,998	-	2,156,998	1,322,332
Building and Program Innovation	1,325,110	-	1,325,110	1,583,935
Total program services	4,788,326	-	4,788,326	3,533,924
Management and general	669,387	-	669,387	567,899
Fundraising	47,079	-	47,079	86,041
Total expenses	5,504,792	-	5,504,792	4,187,864
Change in net assets	378,935	283,677	662,612	380,861
Net assets:				
Beginning of the year	2,136,251	382,357	2,518,608	2,137,747
End of the year	\$ 2,515,186	\$ 666,034	\$ 3,181,220	\$ 2,518,608

See notes to financial statements.

NEW BUILDINGS INSTITUTE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended June 30, 2022
(With comparative totals for 2021)

	2022							
	Program Services							
	Leadership and Market Development	Codes and Policy	Building and Program Innovation	Total Program Services	Management and General	Fundraising	Total	2021 Total
Salaries and related expenses	\$ 631,409	\$ 1,312,748	\$ 926,143	\$ 2,870,300	\$ 525,128	\$ 44,060	\$ 3,439,488	\$ 2,787,666
Project subcontractors	178,407	679,311	262,422	1,120,140	-	-	1,120,140	1,001,033
Project direct costs	444,629	52,773	57,424	554,826	-	-	554,826	60,012
Professional fees	7,810	12,402	9,497	29,709	89,313	69	119,091	81,555
Office, technology and other	23,495	52,055	35,986	111,536	26,823	1,587	139,946	110,317
Occupancy	11,175	25,509	17,865	54,549	10,624	858	66,031	98,289
Other operating expenses	6,857	17,225	12,168	36,250	15,498	328	52,076	33,515
Depreciation and amortization	2,436	4,975	3,605	11,016	2,001	177	13,194	15,477
 Total expenses	 <u>\$ 1,306,218</u>	 <u>\$ 2,156,998</u>	 <u>\$ 1,325,110</u>	 <u>\$ 4,788,326</u>	 <u>\$ 669,387</u>	 <u>\$ 47,079</u>	 <u>\$ 5,504,792</u>	 <u>\$ 4,187,864</u>

See notes to financial statements.

NEW BUILDINGS INSTITUTE, INC.
STATEMENT OF CASH FLOWS
For the year ended June 30, 2022
(With comparative totals for 2021)

	2022	2021
Cash flows from operating activities:		
Cash received from contractors	\$ 3,005,841	\$ 2,026,121
Cash received from sponsors, grantors and other	2,618,941	1,682,665
Cash received from interest	2,674	6,845
Cash paid for payroll and related expenses	(3,477,954)	(2,649,600)
Cash paid for other operating expenses	<u>(2,007,233)</u>	<u>(1,302,708)</u>
Net cash flows from operating activities	<u>142,269</u>	<u>(236,677)</u>
Cash flows from investing activities:		
Purchase of property and equipment	<u>(35,159)</u>	<u>(16,554)</u>
Net cash flows from investing activities	<u>(35,159)</u>	<u>(16,554)</u>
Net change in cash and cash equivalents	107,110	(253,231)
Cash and cash equivalents - beginning of year	<u>2,769,498</u>	<u>3,022,729</u>
Cash and cash equivalents - end of year	<u><u>\$ 2,876,608</u></u>	<u><u>\$ 2,769,498</u></u>

See notes to financial statements.

NEW BUILDINGS INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2022

I. NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

New Buildings Institute, Inc. (the Institute) is an independent, nonprofit organization founded in 1997 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. The Institute's programs are as follows:

Leadership and Market Development:

The Institute’s thought leadership, research, project tracking, education, communications, convening and networking on “Getting to Zero” focuses on driving higher numbers of zero energy and carbon neutral buildings. This program utilizes these multiple strategy areas to help build market capability and capacity, raise awareness and create advocates that will continue the current momentum for a transformation of the built environment to a standard of ultra-efficient, low-embodied carbon buildings that consume only as much energy as they produce through clean, renewable resources located onsite and within the community.

The Getting to Zero Forum convenes leading policymakers, design professionals, systems manufacturers, and others dedicated to zero energy and zero carbon buildings to connect, learn and collaborate.

Codes and Policy:

Energy codes continue to be a crucial lever in transforming markets for high performance buildings. The Institute’s work in this program area includes strengthening model building energy codes and increasing use and usefulness. The Institute also develops the necessary thought leadership to overcome critical issues that are hindering code advancement and create the technical basis for progressive code and policy approaches, such as stretch and outcome-based codes. The Institute works directly with leading jurisdictions to implement and increase compliance with these advanced code and policy strategies, as well as to develop code and policy roadmaps.

Building and Program Innovation:

Under its Building and Program Innovation program, the Institute develops the technical analyses, tools and guidance that provide critical support for building owners, practitioners, utilities and advanced jurisdictions that want to create or enhance programs that favor ultra-efficiency in commercial buildings. Examples include building science research, technology assessment, building standards and tools development, training and services, including the *New Construction and Multifamily Guides*, building portfolio diagnostic assessments using *FirstView*, modeling protocols and a building and code energy performance scale called *zEPI*.

NEW BUILDINGS INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED
June 30, 2022

I. NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *Continued*

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- *Net Assets Without Donor Restrictions* - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- *Net Assets With Donor Restrictions* - Net assets subject to donor- (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Institute considers all highly liquid investments available for current use with maturities of three months or less at the time of purchase to be cash equivalents.

Certificates of Deposit

Certificates of deposit are reflected at cost and earn interest ranging from .03%-.08% with maturity dates through December 2022.

Contracts Receivable

Contracts receivable are unsecured and reported at the amount management expects to collect on balances outstanding at year-end. Based on an assessment of the credit history with those having outstanding balances and current relationships with them, an estimate is made of the portion of the balance that may not be collected and reflected in an allowance for uncollectible accounts. Receivables are written off as a charge to the allowance when management deems the balance is uncollectible. As of June 30, 2022 and 2021, management believes all receivables are collectible and no allowance for uncollectible accounts is deemed necessary. Contracts receivable over 90 days at June 30, 2022 and 2021 total approximately \$102,700 and \$14,800, respectively.

Grants Receivable

Grants receivable are unsecured and reported at the amount management expects to collect on balances outstanding at year-end. Based on an assessment of the credit history with those having outstanding balances and current relationships with them, management has concluded that realization losses on balances outstanding at year-end will be immaterial. The total balance is anticipated to be collected within one year.

NEW BUILDINGS INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED
June 30, 2022

I. NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *Continued*

Property and Equipment

Acquisitions of property and equipment in excess of \$1,000 are capitalized. Property and equipment purchased are recorded at cost. Donated assets are reflected as contributions at their estimated values on the date received.

Depreciation and Amortization

Depreciation of property and equipment and amortization of software and website costs are calculated using the straight-line method over the estimated useful lives of the assets which range from three to five years.

Revenue Recognition

Revenues from various sources are recognized as follows:

Contract service revenue: Revenue associated with contracts and fee for service arrangements is recorded when services are performed. Monies received in advance of providing services or incurring expenses are recorded as deferred revenue until earned. Conditional contract revenue, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. The Institute has remaining balances on existing contracts through October 2025 of approximately \$3.7 million that will be recognized upon performance.

Sponsorship revenue: Sponsorships are recorded as revenue at the time of the commitment unless commensurate value is included as a part of the agreement. The portion of the sponsorship revenue that relates to commensurate value of the sponsor received in return is recognized when the performance obligations are met. Monies received in advance of incurring expenses are recorded as deferred revenue until earned.

Grants and contributions: Grants and contributions, which include unconditional promises to give (pledges), are recognized as revenue in the period the Institute is notified of the commitment. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Bequests are recorded as revenue at the time the Institute has an established right to the bequest and the proceeds are measurable.

Forum revenue: Revenue from the forum, a bi-annual industry conference, is recognized in the period in which the forum occurs.

NEW BUILDINGS INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED
June 30, 2022

1. NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *Continued*

Revenue Recognition, Continued

Paycheck Protection Program Loan Revenue: The Paycheck Protection Program (PPP) loan guaranteed by the Small Business Administration (SBA) is accounted for as a conditional advance and accrues interest at 1%. The advance may be forgiven partially or in its entirety if certain conditions are met, including incurrence of allowable qualifying expenses (mostly personnel and occupancy costs) and acceptance and approval of the forgiveness application by the lender. The Institute satisfied the conditions during 2021 and recognized revenue as reported on the statement of activities.

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include salaries and related expenses, occupancy, depreciation and amortization, professional fees, office, technology and other expenses, and other, which are allocated on the basis of employee equivalents.

Income Tax Status

New Buildings Institute, Inc. is a nonprofit corporation exempt from income tax under section 501(c)(3) of the Internal Revenue Code and applicable state law. No provision for income taxes is made in the accompanying financial statements, as the Institute has no activities subject to unrelated business income tax. The Institute is not a private foundation.

The Institute follows the provisions of FASB ASC *Topic 740 Accounting for Uncertainty in Income Taxes*. Management has evaluated the Institute's tax positions and concluded that there are no uncertain tax positions that require adjustment to the financial statements to comply with provisions of this Topic.

Use of Estimates

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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.

Summarized Financial Information for 2021

The financial information as of June 30, 2021 and for the year then ended is presented for comparative purposes and is not intended to be a complete financial statement presentation.

NEW BUILDINGS INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED
June 30, 2022

1. NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *Continued*

Subsequent Events

The Institute has evaluated all other subsequent events through October 26, 2022, the date the financial statements were available to be issued.

Future Accounting Standard

Effective for financial statements for the year ending June 30, 2023, the Institute expects to adopt a new accounting standard issued by the Financial Accounting Standards Board (FASB) that will require significant changes in accounting for operating leases under which the Institute is lessee. Upon adoption, among other effects, the Institute will be required to record assets and liabilities for all operating lease obligations with terms of 12 months or greater. These changes may require certain retrospective adjustments. The qualitative effects on the Institute's future financial statements of these changes and related retrospective adjustments have not yet been determined.

2. AVAILABLE RESOURCES AND LIQUIDITY

The Institute regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Institute considers all expenditures related to its primary operations to be general expenditures. It excludes financial assets with donor or other restrictions limiting their use.

Financial assets available for general expenditure consist of the following at June 30, 2022 and 2021:

	2022	2021
Financial assets:		
Cash and cash equivalents	\$ 2,876,608	\$ 2,769,498
Contracts and grants receivable	1,003,754	897,728
	3,880,362	3,667,226
Less amounts unavailable for general expenditure:		
Net assets with donor restrictions	666,034	382,357
Financial assets available for general expenditure	\$ 3,214,328	\$ 3,284,869

NEW BUILDINGS INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED
June 30, 2022

3. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Office equipment and furniture	\$ 59,093	\$ 34,623
Software and website	<u>41,436</u>	<u>41,436</u>
Total property and equipment	100,529	76,059
Accumulated depreciation and amortization	<u>(58,463)</u>	<u>(53,946)</u>
Property and equipment, net	<u>\$ 42,066</u>	<u>\$ 22,113</u>

4. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Time restricted	\$ 30,000	\$ 294,012
Purpose restricted:		
Codes and Policy	296,910	88,345
Building Innovation	242,585	-
Leadership and Market Development	<u>96,539</u>	<u>-</u>
Total net assets with donor restrictions	<u>\$ 666,034</u>	<u>\$ 382,357</u>

5. REVENUE FROM CONTRACTS WITH CUSTOMERS

For revenue from contracts with customers, the timing of revenue recognition, billings and cash collections may result in billed accounts receivable (contract asset) and customer advances and advanced payments (contract liabilities).

- Contract service arrangements are recognized upon the performance of services or deliverable. Payments on time and materials are generally paid in arrears upon the incurrence of allowable expenditures.
- Sponsorships include performance obligations and deliverables to be satisfied over time. The Institute estimates costs incurred to be the most reasonable input for the achievement of milestones under sponsorship arrangements.

NEW BUILDINGS INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED
June 30, 2022

5. REVENUE FROM CONTRACTS WITH CUSTOMERS, Continued

- Forum revenue which participants pay a registration fee, is recognized when the event occurs. These deposits are liquidated when revenue is recognized. Event sponsorships are non-refundable, are often received in advance of events and result in contract liabilities (deferred revenue) until the event occurs and revenue is recognized.

Total revenue by contract type is as follows for the years ended June 30, 2022 and 2021:

Revenue by type:	2022	2021
Contract services (performance)	\$ 3,397,801	\$2,485,740
Sponsorships (performance)	938,969	492,876
Forum (occurrence)	209,156	-
Total contract revenue	\$4,545,926	\$ 2,978,616

The beginning and ending contract balances are as follows:

	June 30,		
	2022	2021	2020
Accounts receivable (contract asset)			
Contract services	\$ 841,254	\$ 786,561	\$ 328,464
Sponsorships	12,500	111,167	50,000
Forum	-	-	30,000
Total accounts receivable	\$ 853,754	\$ 897,728	\$ 408,464
Deferred revenue (contract liability):			
Contract services	\$ 33,023	\$ 103,914	\$ 371,877
Sponsorships	58,386	418,993	125,821
Forum	-	4,436	-
Total deferred revenue	\$ 91,409	\$ 527,343	\$ 497,698

Revenue recognized for the years ended June 30, 2022 and 2021 that was included in the contract liability balance at the beginning of each year was \$527,343 and \$497,698, respectively.

NEW BUILDINGS INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED
June 30, 2022

6. LEASE COMMITMENT

The Institute leased its administrative office under a lease which was approximately \$7,000 per month and expired June 2021. Effective October 1, 2021, the Institute executed a new 60-month lease through September 2026. Monthly payments are \$6,528 with annual increases. Rent expense approximated \$66,000 and \$85,000 for the years ended June 30, 2022 and 2021, respectively.

Future minimum lease payments under the lease are as follows:

Year ending June 30, 2023	\$ 80,100
2024	82,500
2025	85,000
2026	87,500
2027	<u>22,000</u>
Total	<u>\$ 357,100</u>

7. RETIREMENT PLAN

The Institute provides a tax-deferred compensation plan qualified under section 401(k) of the Internal Revenue Code for all employees following completion of three months of service. Employees are fully vested in the plan at all times. The Institute makes safe harbor contributions of 3% of eligible earnings. In addition, the Institute matches employee contributions to the plan up to a maximum of 2% of the employee's pay. The Institute's contributions to the plan approximated \$129,000 and \$105,000 for the years ended June 30, 2022 and 2021, respectively.

8. CONCENTRATIONS OF CREDIT RISK

The Institute maintains its cash balances in several financial institutions. Balances at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The balances, at times, may exceed the federally insured limit. Balances in excess of insured limits total approximately \$308,300 and \$734,800 as of June 30, 2022 and 2021, respectively.

The Institute's revenues are concentrated with 19% of total revenues coming from one source during the year ended June 30, 2022 and 29% of total revenues coming from two sources during the year ended June 30, 2021. The Institute's credit risk for contracts receivable is concentrated with 30% of the balances due from two entities at June 30, 2022 and 46% due from one entity at June 30, 2021.

NEW BUILDINGS INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED
June 30, 2022

9. RELATED PARTY DISCLOSURE

Certain board members are in senior management positions with entities that provide sponsorships and engage in business activities with the Institute. These transactions occur in the normal course of business and are disclosed as part of the Institute's conflict of interest policy.

10. CONTRACT COMMITMENTS

Under contracts with other organizations, New Buildings Institute has committed to reimburse expenses up to contract award amounts. These commitments will be funded through existing agreements the Institute has with its funders.

11. CONTINGENCIES

Amounts received or receivable from various contracting agencies are subject to audit and potential adjustment by the contracting agencies. Any disallowed claims, including amounts already collected, would become a liability of the Institute if so determined in the future. It is management's belief that no significant amounts received or receivable will be required to be returned in the future.