

Audited Financial Statements
**NATIONAL COUNCIL OF ARCHITECTURAL
REGISTRATION BOARDS**

June 30, 2013

National Council of Architectural Registration Boards

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T A T E



TRYON

A Professional Corporation

Certified Public

Accountants

and Consultants

Independent Auditor's Report on the Financial Statements

To the Board of Directors
National Council of Architectural Registration Boards

We have audited the accompanying financial statements of National Council of Architectural Registration Boards (the Council), which comprise the statement of financial position as of June 30, 2013 and the related statement of activities and cash flows for the year then ended, and the related notes to the financial statements. The financial statements of the Council as of June 30, 2012, were audited by other auditors whose report dated October 19, 2012, expressed an unmodified opinion on those 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 of America; 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 of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 Council'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 Council'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 National Council of Architectural Registration Boards as of June 30, 2013, 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.

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National Council of Architectural Registration Boards

Statements of Financial Position

<i>June 30,</i>	2013	2012
Assets		
Cash and cash equivalents - Note B	\$ 4,105,219	\$ 2,934,833
Investments - Notes B & C	10,156,199	9,514,542
Accounts receivable, net	280,509	93,468
Prepaid expenses and other assets	509,313	366,403
Inventory	496,987	565,399
Investments - deferred compensation - Note F	583,008	492,683
Property, equipment, and capitalized software, net - Note D	5,097,963	7,521,183
Total assets	\$ 21,229,198	\$ 21,488,511
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 1,266,696	\$ 1,055,391
Accrued payroll and related liabilities	1,140,990	953,495
Deferred revenue	235,170	769,051
Line of credit - Note E	1,620,872	859,479
Deferred rent and lease incentive - Note G	2,158,773	1,875,803
Deferred compensation - Note F	583,008	492,683
Total liabilities	7,005,509	6,005,902
Net assets - unrestricted		
Council's net assets	13,816,067	15,104,476
Regional conferences' net assets - Note J	407,622	378,133
Total net assets	14,223,689	15,482,609
Commitments and contingencies - Note I	-	-
Total liabilities and net assets	\$ 21,229,198	\$ 21,488,511

National Council of Architectural Registration Boards

Statements of Activities

<i>Year Ended June 30,</i>	2013	2012
Revenue		
Records income	\$ 16,980,747	\$ 16,479,805
ARE income	5,841,714	4,736,365
Education income	538,268	775,498
Member board dues	324,000	324,000
Investment income - Note C	194,639	175,089
Annual meetings, regional activities, and other income - Note J	102,165	97,371
Total revenue	23,981,533	22,588,128
Expenses		
Program services		
ARE Directorate	3,953,414	3,428,286
Member Board Services	3,731,278	3,290,537
Information Systems Directorate	3,388,026	2,706,347
Records Directorate	3,284,009	3,515,379
I + E Directorate	1,744,933	1,776,753
Communications Directorate	1,219,964	1,061,932
Total program expenses	17,321,624	15,779,234
Supporting services		
Administration Directorate	2,147,386	2,241,422
Executive Office	1,760,647	1,843,915
Total supporting expenses	3,908,033	4,085,337
Total expenses	21,229,657	19,864,571
Change in net assets before change in fair value of of investments and software development costs	2,751,876	2,723,557
Realized and unrealized gain (loss) on investments - Note C	551,293	(177,346)
Development costs - Note H	(4,562,089)	-
Change in net assets	(1,258,920)	2,546,211
Net assets, beginning of year	15,482,609	12,936,398
Net assets, end of year	\$ 14,223,689	\$ 15,482,609

*Certain prior year amounts have been reclassified for comparative purposes.
See notes to the financial statements.*

National Council of Architectural Registration Boards

Statements of Cash Flows

<i>Year Ended June 30,</i>	2013	2012
Cash flows from operating activities		
Cash received from:		
Records income	\$ 17,008,607	\$ 16,588,548
ARE income	5,349,155	4,717,436
Education income	538,270	775,498
Annual meetings, regional activities, and other income	94,075	74,227
Member board dues	324,000	324,000
Total cash received	23,314,107	22,479,709
Cash paid for:		
Employment/human resource expenses	(9,494,238)	(9,450,678)
Operating expenses	(4,051,092)	(4,429,518)
Contributions	(508,829)	(489,470)
Consulting	(2,815,389)	(2,274,951)
Travel/other meeting expenses	(3,274,964)	(2,685,329)
Total cash paid	(20,144,512)	(19,329,946)
Net cash provided by operating activities	3,169,595	3,149,763
Cash flows from investing activities		
Cash received from:		
Transfers out of investments	49,462	300,824
Total cash received	49,462	300,824
Cash paid for:		
Transfers into investments	-	(598,395)
Capital expenditures	(2,776,578)	(2,708,130)
Total cash paid	(2,776,578)	(3,306,525)
Net cash used in investing activities	(2,727,116)	(3,005,701)
Cash flows from financing activities		
Cash received from:		
Proceeds from revolving line of credit, net	727,907	132,125
Net cash provided by financing activities	727,907	132,125
Net increase in cash and cash equivalents	1,170,386	276,187
Cash and cash equivalents, beginning of year	2,934,833	2,658,646
Cash and cash equivalents, end of year	\$ 4,105,219	\$ 2,934,833

See notes to the financial statements.

National Council of Architectural Registration Boards

Statements of Functional Expense

	Year ended June 30, 2013										Total 2013
	Program Services						Supporting Services			Total Supporting Expenses	
	ARE Directorate	Member Board Services	Information Systems Directorate	Records Directorate	I + E Directorate	Communications Directorate	Total Program Expenses	Administration Directorate	Executive Office		
Expenses:											
Employment/human resources	\$ 814,179	\$ 632,808	\$ 1,933,519	\$ 2,040,117	\$ 900,770	\$ 903,534	\$ 7,224,927	\$ 1,646,747	\$ 809,796	\$ 2,456,543	\$ 9,681,470
Operating expenses	299,764	1,217,265	1,391,282	1,153,599	259,743	180,104	4,501,757	386,265	69,292	455,557	4,957,314
Consulting	2,245,842	86,350	26,000	47,019	21,125	86,350	2,547,489	102,030	158,773	260,803	2,808,292
Travel	489,657	616,858	30,345	31,922	407,747	9,299	1,585,828	5,413	548,799	554,212	2,140,040
Other meeting expenses	103,585	626,510	5,300	9,979	73,439	3,397	822,210	6,621	170,300	176,921	999,131
Contributions	-	433,379	-	-	75,200	-	508,579	100	150	250	508,829
Other BOD/office expenses	387	118,108	1,580	1,373	6,909	2,477	130,834	210	3,537	3,747	134,581
Total expenses:	\$ 3,953,414	\$ 3,731,278	\$ 3,388,026	\$ 3,284,009	\$ 1,744,933	\$ 1,219,964	\$ 17,321,624	\$ 2,147,386	\$ 1,760,647	\$ 3,908,033	\$ 21,229,657

	Year ended June 30, 2012										Total 2012
	Program Services						Supporting Services			Total Supporting Expenses	
	ARE Directorate	Member Board Services	Information Systems Directorate	Records Directorate	I + E Directorate	Communications Directorate	Total Program Expenses	Administration Directorate	Executive Office		
Expenses:											
Employment/human resources	\$ 812,985	\$ 534,541	\$ 1,547,710	\$ 2,286,544	\$ 933,706	\$ 726,305	\$ 6,841,791	\$ 1,731,398	\$ 904,503	\$ 2,635,901	\$ 9,477,692
Operating expenses	274,933	1,299,272	1,131,980	1,161,660	322,228	323,828	4,513,901	373,177	97,790	470,967	4,984,868
Consulting	1,822,437	66,671	387	28,394	10,772	-	1,928,661	128,953	138,639	267,592	2,196,253
Travel	443,439	435,512	18,870	32,640	360,164	7,618	1,298,243	2,944	584,107	587,051	1,885,294
Other meeting expenses	74,174	435,340	6,712	5,489	61,420	1,315	584,450	4,740	93,718	98,458	682,908
Contributions	-	413,970	-	200	75,100	-	489,270	-	200	200	489,470
Other BOD/office expenses	318	105,231	688	452	13,363	2,866	122,918	210	24,958	25,168	148,086
Total expenses:	\$ 3,428,286	\$ 3,290,537	\$ 2,706,347	\$ 3,515,379	\$ 1,776,753	\$ 1,061,932	\$ 15,779,234	\$ 2,241,422	\$ 1,843,915	\$ 4,085,337	\$ 19,864,571

See notes to the financial statements.

National Council of Architectural Registration Boards

Notes to the Financial Statements

A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization: National Council of Architectural Registration Boards (the Council) is a nonprofit organization of individual architectural registration boards. The general purpose of the Council is to develop and recommend standards to be required of an applicant for architectural registration; develop and recommend standards regulating the practice of architecture; provide a process for certifying to member boards the qualifications of an architect for registration; and represent the interests of member boards before public and private agencies.

The accompanying financial statements include the accounts of the Council and five of its regional conferences. The Council authorizes these five regional conferences to use its taxpayer identification number in conjunction with operating and managing the activities of the regional conferences. The net assets and operations of these five regional conferences have been included in the Council's operations for purposes of financial and tax reporting.

Income tax status: The Council is exempt from income taxes on its exempt activities under the provisions of Section 501(c)(6) of the Internal Revenue Code. However, the Council is subject to income taxes on any unrelated business income. The Council earned no unrelated business income during 2013 or 2012.

The Council believes that it has appropriate support for income tax positions taken. Therefore, management has not identified any uncertain tax positions. The Council's income tax returns are generally subject to examination by the IRS for three years after they were filed.

Basis of accounting: The Council prepares its financial statements on the accrual basis of accounting. Revenue is recognized when earned and expense when the obligation is incurred.

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from estimates.

Cash and cash equivalents: For financial statement purposes, the Council considers all checking accounts, overnight repurchase agreements, money market funds and highly liquid investments with original maturities of 90 days or less to be cash and cash equivalents.

Accounts receivable: Accounts receivable consists primarily of amounts related to lease incentives as further discussed in Note G. Accounts receivable are presented at the net amount due to the Council. The Council's management periodically reviews the status of all accounts receivable balances for collectability. Each receivable balance is assessed based on management's knowledge of the customer, the Council's relationship with the customer, and the age of the receivable balance. The Council has established an allowance for doubtful accounts to estimate the portion of receivables that will not be collected, which is regularly reviewed by management. The allowance for doubtful accounts was \$20,954 for the years ended June 30, 2013 and 2012.

National Council of Architectural Registration Boards

Notes to the Financial Statements

A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Deferred revenue: Deferred revenue consists primarily of cash received for renewals which have been received in advance of the record expiration date.

Revenue recognition: Revenue from the Council's record services is recognized when the work is completed, and revenue for annual renewals is recognized at the time the record expires. Revenue from membership dues is billed and recognized on a fiscal year basis. The revenue associated with the Architect Registration Examination (ARE) is recognized when registrants take the divisions of the examination. The Council reports ARE revenue net of third-party exam administration fees. In accordance with the contractual agreement, the exam administrator withholds its fees from the amounts collected from the candidates and remits the net amount to the Council.

Inventory: Inventory consists of educational materials, referred to as Monographs, and is stated at the lower of cost or market value using the first-in, first-out method. Inventory is periodically reviewed by management for obsolescence. Management has determined that all inventory is salable and consequently there is no reserve for obsolete inventory recorded at June 30, 2013 and 2012.

Reclassifications: Certain items in the 2012 financial statements have been reclassified to conform to the 2013 financial statement presentation. These reclassifications had no impact on the previously reported change in net assets.

Subsequent events: Subsequent events have been evaluated through September 3, 2013, which is the date the financial statements were available to be issued.

B. CREDIT AND MARKET RISK

Credit risk: The Council maintains demand deposits with commercial banks and money market funds with financial institutions. At times, certain balances held within these accounts may not be fully guaranteed or insured by the U.S. federal government. The uninsured portion of these accounts is backed solely by the assets of the underlying institution. Therefore, the failure of an underlying institution could result in financial loss to the Council.

Market risk: The Council invests in various investment instruments. Investments are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

Overnight repurchase agreements involve investment risks, including the possible loss of principle. The mortgage-backed securities bought and sold daily are collateralized by one or more pools of residential mortgage loans that conform to the standards of the Federal National Mortgage Association ("FNMA" or "Fannie Mae") or the Federal Home Loan Mortgage Corporation ("FHLMC" or "Freddie Mac") at the time of securitization. The Council had \$3,781,451 and \$2,672,629 in its overnight repurchase agreements account at June 30, 2013 and 2012, respectively.

National Council of Architectural Registration Boards

Notes to the Financial Statements

C. INVESTMENTS

In accordance with generally accepted accounting principles, the Council uses the following prioritized input levels to measure fair value of financial instruments. The input levels used for valuing financial instruments are not necessarily an indication of risk.

Level 1 – Observable inputs that reflect quoted prices for identical assets or liabilities in active markets, such as stock quotes.

Level 2 – Includes inputs other than level 1 that are directly or indirectly observable in the marketplace, such as yield curves or other market data.

Level 3 – Unobservable inputs which reflect the reporting entity's assessment of the assumptions that market participants would use in pricing the asset or liability including assumptions about risk, such as bid/ask spreads and liquidity discounts. The Council does not hold any level 3 financial instruments.

The following is a summary of the input levels used to determine fair values at June 30, 2013:

	Total	Level 1	Level 2	Level 3
Fixed-maturity securities				
Corporate bonds	\$ 802,568	\$ -	\$ 802,568	\$ -
International bonds	76,408		76,408	
Government bonds	318,431		318,431	
Fixed rate capital securities	7,533		7,533	
Equity securities				
Common stock	2,050,617	2,050,617		
Mutual funds	3,412,310	3,412,310		
Exchange-traded funds	1,075,823	1,075,823		
Commodities - exchange-traded funds	1,715,960	1,715,960		
Certificate of deposits	411,104		411,104	
Cash and money market funds	285,445	285,445		
	\$ 10,156,199	\$ 8,540,155	\$ 1,616,044	\$ -

The following is a summary of the input levels used to determine fair values at June 30, 2012:

	Total	Level 1	Level 2	Level 3
Fixed-maturity securities				
Corporate bonds	\$ 832,911	\$ -	\$ 832,911	\$ -
International bonds	29,632		29,632	
Government bonds	379,963		379,963	
Mortgage-backed securities	22,552		22,552	
Equity securities				
Common stock	1,685,248	1,685,248		
Preferred stock	12,430		12,430	
Mutual funds	2,315,583	2,315,583		
Exchange-traded funds	3,250,973	3,250,973		
Certificate of deposits	87,388		87,388	
Cash and money market funds	897,862	897,862		
	\$ 9,514,542	\$ 8,149,666	\$ 1,364,876	\$ -

National Council of Architectural Registration Boards

Notes to the Financial Statements

C. INVESTMENTS – CONTINUED

Investments classified in Level 2 were valued by pricing vendors using outside data. In determining the fair value of the investments, the pricing vendors use a market approach to obtain pricing spreads based on the credit risk of the issuer, maturity, current yield, and other terms and conditions of each security. Management believes the estimated fair values of assets classified in Level 2 to be a reasonable approximation of the exit price for these investments.

The Board of Directors has designated that the Council's investments be allocated between short and long-term reserve funds, which were allocated as follows as of June 30,:

	2013	2012
Short-term reserve	\$ 2,504,567	\$ 2,538,322
Long-term reserve	7,651,632	6,976,220
	<u>\$ 10,156,199</u>	<u>\$ 9,514,542</u>

Investment income and dividends are reported as operating activities, while the current year changes in fair value of investments (realized and unrealized gains and losses) are reported as non-operating activities. Investment return consists of the following for the years ended June 30,:

	2013	2012
Interest and dividends	\$ 194,639	\$ 175,089
Realized gain on investments	143,980	22,621
Unrealized gain (loss) on investments	407,313	(199,967)
Investment fees	(54,818)	(47,162)
	<u>\$ 691,114</u>	<u>\$ (49,419)</u>

Investment purchases and sales between investment accounts for the year ended June 30, 2013 were \$5,420,127 and \$4,729,215, respectively, and investment purchases and sales between investment accounts for the year ended June 30, 2012 were \$2,020,223 and \$1,667,186, respectively.

D. PROPERTY, EQUIPMENT, AND CAPITALIZED SOFTWARE

Acquisitions of property and equipment greater than \$2,000 are recorded at cost and depreciated using the straight-line method over their respective useful lives, ranging from three to ten years. Leasehold improvements are amortized on a straight-line method over the shorter of the lease term or estimated useful life of the asset.

National Council of Architectural Registration Boards

Notes to the Financial Statements

D. PROPERTY, EQUIPMENT AND CAPITALIZED SOFTWARE - CONTINUED

Property, equipment and capitalized software consists of the following at June 30,:

	2013	2012
Furniture and equipment	\$ 1,248,741	\$ 1,243,899
Leasehold improvements	501,113	241,703
Computer software	4,747,454	8,460,019
Examination services system development	3,123,456	1,460,653
	<u>9,620,764</u>	<u>11,406,274</u>
Less: accumulated depreciation and amortization	<u>(4,522,801)</u>	<u>(3,885,091)</u>
	<u>\$ 5,097,963</u>	<u>\$ 7,521,183</u>

During fiscal year 2012, the Council selected a new vendor to manage the content and candidate management components of its examination services. As part of the transition process, work began on the development of a new testing system and the conversion of data from the old system. These transition costs have been capitalized in accordance with GAAP. No amortization expense has been recorded related to this asset as of the years ended June 30, 2013 and 2012 as it is not expected to be placed in service until the beginning of fiscal year 2014.

E. LINE OF CREDIT

In 2008, a board resolution was approved to open a revolving line of credit. The line of credit is collateralized with the Council's assets that are held at the financial institution. At June 30, 2013 and 2012, the amounts outstanding under this line of credit were \$1,620,872 and \$859,479, respectively, bearing interest at 3.25%. For the years ended June 30, 2013 and 2012, interest expense on the line of credit totaled \$33,486 and \$28,634, respectively.

F. RETIREMENT PLANS

The Council has a 457(b) salary deferral plan for key executives. As part of the plan, the Council reports assets and liabilities of equal amounts attributable to the amount deferred and the related investment earnings. The Council's invested assets of deferred compensation consist of mutual funds, which are classified as level 1 securities in accordance with GAAP. The balance in the deferred compensation plan is \$583,008 and \$492,683 at June 30, 2013 and 2012, respectively.

Effective July 1, 2000, the Council adopted a defined contribution 401(k) plan (the Plan) for employees. Effective July 1, 2003, the Council amended certain terms of the Plan to make employees immediately eligible to contribute a percentage of their compensation to the Plan.

National Council of Architectural Registration Boards

Notes to the Financial Statements

F. RETIREMENT PLANS - CONTINUED

The Council may make annual discretionary contributions to the Plan. In order to be eligible for this discretionary contribution, an employee must complete six months of service before a plan entry date (January 1 or July 1), must complete 500 hours of service during the plan year, and must be actively employed on the last day of the plan year (December 31). Employees begin vesting in the discretionary contribution at the end of their second year of service, fully vesting at the end of six years of service. The Council elected to institute Qualified Non-Elective contributions of 3% of employee compensation, effective January 1, 2009. The Plan also provides for self-directed investments by employees. The Council made discretionary contributions of \$146,313 and \$164,842 for the years ended June 30, 2013 and 2012, respectively.

G. OPERATING LEASES

The Council leases office space, mailing, copying and computer equipment under non-cancelable operating leases. In connection with an operating lease arrangement for office space entered into in December 2008, the Council was granted certain incentives from the lessor, including a rent abatement and construction allowance. In May 2013, an additional \$350,000 lease incentive was granted to the Council in exchange for the Council giving up an option for expansion for additional space. The deferred rent and lease incentive liability recorded at June 30, 2013 and 2012 results from recording the variance between rent expense on a straight-line basis and cash flow basis over the term of the leases in accordance with GAAP.

Future minimum lease payments, exclusive of the Council's pro rata share of additional operating expenses, under non-cancelable leases at June 30, 2013 are as follows:

Year Ending June 30,	
2014	\$ 1,754,242
2015	1,678,990
2016	1,688,874
2017	1,727,240
2018	1,750,519
Thereafter	<u>4,496,040</u>
	<u>\$ 13,095,905</u>

The Council paid rental expense of \$1,876,602 and \$1,840,926 for the years ended June 30, 2013 and 2012, respectively.

National Council of Architectural Registration Boards

Notes to the Financial Statements

H. DEVELOPMENT COSTS

Development costs reflect the funds used to develop customer software for the examination. The cost of this asset had been capitalized since development began in fiscal year 2008. During the current year, the results of several special studies and emerging technologies resulted in a new direction for exam development. As a result of this direction, the remaining value of the former asset, totaling \$4,562,089, was expensed during the year ended June 30, 2013. The funds for the development project were borrowed on a line of credit and were fully repaid in this year.

I. COMMITMENTS AND CONTINGENCIES

The Council engaged a vendor to develop software to transition and maintain content related to the ARE. The vendor is in the process of developing candidate and content management related to the administration of the ARE. The Council is responsible for all contracted fees related to this project. The project is expected to be completed during the year ended June 30, 2014.

The Council has several contracts with hotels for future meetings and conferences. All of the contracts contain a clause whereby the Council is liable for a portion of the costs of hotel rooms in the event of cancellation. The Council does not consider this to be a significant risk, as the Council does not anticipate any future cancellations, and the individual cancellation amounts would be immaterial to the financial statements as a whole.

J. REGIONAL CONFERENCES

Included in the Council's financial statements are the regional conferences' assets, liabilities, net assets and operations, which are as follows as of and for the years ended June 30,:

	2013	2012
Assets		
Cash and cash equivalents	\$ 336,323	\$ 264,577
Investments	87,681	136,876
	<u>\$ 424,004</u>	<u>\$ 401,453</u>
Liabilities and net assets		
Accounts payable	\$ 16,382	\$ 23,320
Net assets		
Beginning of the year	378,133	354,988
Change in net assets	29,489	23,145
	<u>407,622</u>	<u>378,133</u>
Regional conferences' net assets		
	<u>\$ 424,004</u>	<u>\$ 401,453</u>

National Council of Architectural Registration Boards

Notes to the Financial Statements

K. CASH FLOWS

The following schedule reflects the reconciliation of the change in net assets to cash provided by operating activities for the years ended June 30,:

	2013	2012
Change in net assets	\$ (1,258,920)	\$ 2,546,211
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	637,712	518,381
Interest on line of credit	33,486	28,634
Disposal of software development costs	4,562,089	-
Realized and unrealized (gain) loss on investments	(551,293)	177,346
Reinvested dividend income	(139,829)	(130,041)
Changes in assets and liabilities:		
Accounts receivable	(187,041)	(11,031)
Prepaid expenses and other assets	(142,910)	(25,419)
Inventory	68,412	87,243
Accounts payable and accrued expenses	211,305	(162,277)
Accrued payroll and related liabilities	187,495	28,374
Deferred revenue	(533,881)	117,244
Deferred rent and lease incentive	282,970	(22,702)
Deferred compensation	-	(2,200)
Net cash provided by operating activities:	<u>\$ 3,169,595</u>	<u>\$ 3,149,763</u>