



# Audited Financial Statements

## 2015

### National Council of Architectural Registration Boards

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

*June 30, 2015*

# National Council of Architectural Registration Boards

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T A T E



T R Y O N

*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 statements of financial position as of June 30, 2015 and 2014 and the related statements of activities, cash flows and functional expenses for the years 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 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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, 2015 and 2014, and the changes in its net assets and its cash flows for the years 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

<b>June 30,</b>	<b>2015</b>	<b>2014</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 3,181,047	\$ 2,959,966
Investments	15,347,705	12,181,714
Accounts receivable, net	397,258	287,299
Prepaid expenses and other assets	546,376	487,407
Inventory	-	447,422
Investments - deferred compensation	644,008	647,625
Property, equipment, and capitalized software, net	4,436,152	4,718,902
<b>Total assets</b>	<b>\$ 24,552,546</b>	<b>\$ 21,730,335</b>
<b>Liabilities and Net Assets</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 1,480,081	\$ 1,489,832
Accrued payroll and related liabilities	1,434,930	1,057,734
Deferred revenue	1,234,402	980,450
Deferred rent and lease incentive	1,836,638	2,016,963
Deferred compensation	644,008	647,625
Total liabilities	6,630,059	6,192,604
Net assets - unrestricted		
Council's net assets	17,412,508	15,080,005
Regional conferences' net assets	509,979	457,726
Total net assets	17,922,487	15,537,731
Commitments	-	-
<b>Total liabilities and net assets</b>	<b>\$ 24,552,546</b>	<b>\$ 21,730,335</b>

# National Council of Architectural Registration Boards

## Statements of Activities

<i><b>Year Ended June 30,</b></i>	<b>2015</b>	<b>2014</b>
<b>Revenue</b>		
Customer relations income	\$ 18,884,228	\$ 17,734,926
Examination income	7,514,495	5,100,187
Member board dues	351,000	351,000
Investment income	268,275	175,911
Education income	257,750	406,976
Annual meetings, regional activities, and other income	125,028	116,305
Total revenue	27,400,776	23,885,305
<b>Expenses</b>		
Program services		
Member Board Services	4,596,513	4,265,884
Examination Directorate	4,507,207	4,745,102
Information Systems Directorate	4,083,226	3,844,043
Customer Relations Directorate	3,413,461	3,339,983
I + E Directorate	1,858,772	1,715,528
Marketing & Communications Directorate	1,364,417	1,297,338
Total program expenses	19,823,596	19,207,878
Supporting services		
Administration Directorate	2,412,154	2,275,282
Executive Office	1,780,490	1,901,333
Total supporting expenses	4,192,644	4,176,615
Total expenses	24,016,240	23,384,493
Change in net assets before change in fair value		
of investments and monograph inventory write off	3,384,536	500,812
Realized and unrealized (loss) gain on investments	(567,526)	813,230
Monograph inventory write-off	(432,254)	-
<b>Change in net assets</b>	<b>2,384,756</b>	<b>1,314,042</b>
Net assets, beginning of year	15,537,731	14,223,689
<b>Net assets, end of year</b>	<b>\$ 17,922,487</b>	<b>\$ 15,537,731</b>

See notes to the financial statements.

# National Council of Architectural Registration Boards

## Statements of Cash Flows

<b><i>Year Ended June 30,</i></b>	<b>2015</b>	<b>2014</b>
<b>Cash flows from operating activities</b>		
Cash received from:		
Customer relations income	\$ 18,955,153	\$ 17,729,556
Examination income	7,442,950	5,565,850
Education income	257,751	407,392
Member board dues	494,000	360,000
Annual meetings, regional activities, and other income	118,968	116,448
Total cash received	27,268,822	24,179,246
Cash paid for:		
Employment/human resource expenses	(10,163,163)	(10,099,755)
Operating expenses	(4,822,056)	(3,909,760)
Contributions	(525,459)	(522,030)
Consulting	(3,077,773)	(3,589,757)
Travel/other meeting expenses	(4,054,916)	(3,686,399)
Total cash paid	(22,643,367)	(21,807,701)
Net cash provided by operating activities	4,625,455	2,371,545
<b>Cash flows from investing activities</b>		
Cash paid for:		
Transfers into investments	(3,525,304)	(1,080,409)
Capital expenditures	(879,070)	(785,418)
Net cash used in investing activities	(4,404,374)	(1,865,827)
<b>Cash flows from financing activities</b>		
Cash paid for:		
Payments on revolving line of credit	-	(1,650,971)
Net cash used in financing activities	-	(1,650,971)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>221,081</b>	<b>(1,145,253)</b>
Cash and cash equivalents, beginning of year	2,959,966	4,105,219
<b>Cash and cash equivalents, end of year</b>	<b>\$ 3,181,047</b>	<b>\$ 2,959,966</b>

See notes to the financial statements.

# National Council of Architectural Registration Boards

## Statements of Functional Expenses

Year ended June 30, 2015											
	Program Services						Supporting Services			Total	
	Member Board Services	Examination Directorate	Information Systems Directorate	Customer Relations Directorate	I + E Directorate	Marketing & Communications Directorate	Total Program Expenses	Administration Directorate	Executive Office	Total Supporting Expenses	2015
Expenses:											
Employment/human resources	\$ 717,341	\$ 884,339	\$ 2,037,929	\$ 2,210,774	\$ 962,458	\$ 1,009,894	\$ 7,822,735	\$ 1,853,540	\$ 864,030	\$ 2,717,570	\$ 10,540,305
Operating expenses	1,238,597	491,061	1,969,210	1,124,540	182,901	158,504	5,164,813	434,084	68,563	502,647	5,667,460
Consulting	233,938	2,489,113	12,655	12,004	28,607	174,768	2,951,085	116,089	70,661	186,750	3,137,835
Travel	967,867	498,069	54,534	55,109	497,339	12,509	2,085,427	3,563	629,118	632,681	2,718,108
Other meeting expenses	847,804	143,275	8,599	10,303	136,499	8,192	1,154,672	4,616	140,539	145,155	1,299,827
Contributions	471,126	1,000	-	-	50,333	-	522,459	-	3,000	3,000	525,459
Other BOD/office expenses	119,840	350	299	731	635	550	122,405	262	4,579	4,841	127,246
Total expenses	\$ 4,596,513	\$ 4,507,207	\$ 4,083,226	\$ 3,413,461	\$ 1,858,772	\$ 1,364,417	\$ 19,823,596	\$ 2,412,154	\$ 1,780,490	\$ 4,192,644	\$ 24,016,240

  

Year ended June 30, 2014											
	Program Services						Supporting Services			Total	
	Member Board Services	Examination Directorate	Information Systems Directorate	Customer Relations Directorate	I + E Directorate	Marketing & Communications Directorate	Total Program Expenses	Administration Directorate	Executive Office	Total Supporting Expenses	2014
Expenses:											
Employment/human resources	\$ 682,387	\$ 835,386	\$ 1,968,179	\$ 2,137,202	\$ 927,540	\$ 901,243	\$ 7,451,937	\$ 1,736,497	\$ 829,201	\$ 2,565,698	\$ 10,017,635
Operating expenses	1,308,647	511,592	1,841,307	1,116,829	231,813	110,081	5,120,269	431,396	76,517	507,913	5,628,182
Consulting	268,727	2,760,559	-	29,294	973	257,372	3,316,925	100,563	150,137	250,700	3,567,625
Travel	800,687	528,218	28,620	40,561	378,710	16,735	1,793,531	3,774	653,394	657,168	2,450,699
Other meeting expenses	639,880	109,220	5,662	15,132	102,858	11,690	884,442	2,361	187,833	190,194	1,074,636
Contributions	446,158	-	-	-	73,507	-	519,665	-	2,365	2,365	522,030
Other BOD/office expenses	119,398	127	275	965	127	217	121,109	691	1,886	2,577	123,686
Total expenses	\$ 4,265,884	\$ 4,745,102	\$ 3,844,043	\$ 3,339,983	\$ 1,715,528	\$ 1,297,338	\$ 19,207,878	\$ 2,275,282	\$ 1,901,333	\$ 4,176,615	\$ 23,384,493

See notes to the financial statements.



# National Council of Architectural Registration Boards

## Notes to the Financial Statements

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### 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 2015 or 2014.

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 (GAAP) 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 registration fees for examinations which have been collected by the Council's third-party exam administrator but not yet remitted to the Council. 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 \$3,641 and \$3,816 for the years ended June 30, 2015 and 2014, respectively.

# National Council of Architectural Registration Boards

## Notes to the Financial Statements

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### A. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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

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. There was no reserve for obsolete inventory recorded at June 30, 2014. During the year ended June 30, 2015, the Council began updating and refreshing all monograph content and modernizing delivery into a digital format. The new digital monographs are currently available to record holders as a benefit of certification. As a result of this modernization project, the Council has determined that all remaining inventory is obsolete and has recorded an inventory write-off of \$432,254 for the year ended June 30, 2015.

Subsequent events: Subsequent events have been evaluated through September 1, 2015, 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 \$2,652,064 and \$2,520,367 in its overnight repurchase agreements account at June 30, 2015 and 2014, 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, 2015:

	Total	Level 1	Level 2	Level 3
Fixed income securities				
Corporate bonds	\$ 2,420,228	\$ -	\$ 2,420,228	\$ -
Asset-backed securities	399,363		399,363	
Government bonds	788,978		788,978	
Mutual funds	1,858,129	1,858,129		
Exchange-traded funds	205,682	205,682		
Equity securities				
Common stock	988,527	988,527		
Mutual funds	819,618	819,618		
Exchange-traded funds	5,237,385	5,237,385		
Investments carried at fair value	\$ 12,717,910	\$ 9,109,341	\$ 3,608,569	\$ -
Certificate of deposits *	2,086,752			
Cash and money market funds *	543,043			
<b>Total investments</b>	<b>\$ 15,347,705</b>			

# National Council of Architectural Registration Boards

## Notes to the Financial Statements

### C. INVESTMENTS – CONTINUED

The following is a summary of the input levels used to determine fair values at June 30, 2014:

	Total	Level 1	Level 2	Level 3
Fixed income mutual funds	\$ 1,657,802	\$ 1,657,802	\$ -	\$ -
Equity mutual funds	6,612,209	6,612,209		
Commodities - mutual funds	1,664,345	1,664,345		
Commodities - exchange-traded funds	755,084	755,084		
Investments carried at fair value	\$ 10,689,440	\$ 10,689,440	\$ -	\$ -
Certificate of deposits *	1,283,054			
Cash and money market funds *	209,220			
<b>Total investments</b>	<b>\$ 12,181,714</b>			

\* Cash and money market funds and certificates of deposit included in the investment portfolio are not subject to the provisions of fair value measurements as they are recorded at cost.

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,:

	2015	2014
Short-term reserve	\$ 2,945,346	\$ 2,147,195
Long-term reserve	12,402,359	10,034,519
	<b>\$ 15,347,705</b>	<b>\$ 12,181,714</b>

# National Council of Architectural Registration Boards

## Notes to the Financial Statements

### C. INVESTMENTS – CONTINUED

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 fees are reported as a component of the Administration Directorate. Investment return consists of the following for the years ended June 30,:

	2015	2014
Interest and dividends	\$ 268,275	\$ 175,911
Realized (loss) gain on investments	(726,886)	1,206,317
Unrealized gain (loss) on investments	159,360	(393,087)
Investment fees	(60,062)	(44,032)
	<u>\$ (359,313)</u>	<u>\$ 945,109</u>

Investment purchases and sales between investment accounts for the year ended June 30, 2015 were \$14,280,951 and \$11,102,796, respectively, and investment purchases and sales between investment accounts for the year ended June 30, 2014 were \$10,538,076 and \$9,004,709, 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.

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

	2015	2014
Furniture and equipment	\$ 716,750	\$ 642,971
Leasehold improvements	650,973	650,973
Computer software	2,947,222	2,283,663
Examination services system	3,335,151	3,335,151
	<u>7,650,096</u>	<u>6,912,758</u>
Less: accumulated depreciation and amortization	<u>(3,213,944)</u>	<u>(2,193,856)</u>
	<u>\$ 4,436,152</u>	<u>\$ 4,718,902</u>

# National Council of Architectural Registration Boards

## Notes to the Financial Statements

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### **D. PROPERTY, EQUIPMENT, AND CAPITALIZED SOFTWARE – CONTINUED**

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. The components were placed into service during the year ended June 30, 2014 and will be amortized over the period of the agreement with the vendor. Amortization expense relating to this asset of \$388,605 and \$352,539 was recorded as of June 30, 2015 and 2014, respectively.

### **E. LINE OF CREDIT**

The Council maintained a revolving line of credit collateralized with its assets that are held at the financial institution. The line of credit was paid in full and closed in March 2014. At June 30, 2014, the amount outstanding under this line of credit was \$0, bearing interest at 3.25%. For the year ended June 30, 2014, interest expense on the line of credit totaled \$30,100.

### **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 equity and fixed income mutual funds, which are classified as level 1 securities in accordance with GAAP. The balance in the deferred compensation plan is \$644,008 and \$647,625 at June 30, 2015 and 2014, 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.

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 \$199,000 and \$221,000 for the years ended June 30, 2015 and 2014, respectively.

# National Council of Architectural Registration Boards

## Notes to the Financial Statements

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### 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, 2015 and 2014 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, 2015 are as follows:

Year Ending June 30,	
2016	\$ 1,835,453
2017	1,833,271
2018	1,790,662
2019	1,771,515
2020	1,811,620
Thereafter	916,995
	<u>\$ 9,959,516</u>

The Council paid rental expense of \$1,910,694 and \$1,933,298 for the years ended June 30, 2015 and 2014, respectively.

### H. COMMITMENTS

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.

# National Council of Architectural Registration Boards

## Notes to the Financial Statements

### I. 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,:

	2015	2014
Assets		
Cash and cash equivalents	\$ 453,399	\$ 406,757
Investments	68,935	68,374
Total assets	<u>\$ 522,334</u>	<u>\$ 475,131</u>
Liabilities and net assets		
Accounts payable	\$ 12,355	\$ 17,405
Net assets		
Beginning of the year	457,726	407,622
Change in net assets	52,253	50,104
Regional conferences' net assets	<u>509,979</u>	<u>457,726</u>
Total liabilities and net assets	<u>\$ 522,334</u>	<u>\$ 475,131</u>



# National Council of Architectural Registration Boards

## Notes to the Financial Statements

### J. 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,:

	2015	2014
Change in net assets	\$ 2,384,756	\$ 1,314,042
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,161,820	1,164,457
Interest on line of credit	-	30,100
Realized and unrealized loss (gain) on investments	567,526	(813,230)
Reinvested dividend income	(208,213)	(131,855)
Changes in assets and liabilities:		
Accounts receivable	(109,959)	(6,790)
Prepaid expenses and other assets	(58,969)	21,906
Inventory	447,422	49,565
Accounts payable and accrued expenses	(9,751)	223,136
Accrued payroll and related liabilities	377,196	(83,256)
Deferred revenue	253,952	745,280
Deferred rent and lease incentive	(180,325)	(141,810)
Net cash provided by operating activities:	<u>\$ 4,625,455</u>	<u>\$ 2,371,545</u>