

NEW BUILDINGS INSTITUTE, INC.

Audited Financial Statements

For the Year Ended June 30, 2024



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, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, 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, Inc. as of June 30, 2024, 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, Inc. 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, Inc.'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, Inc.'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, Inc.'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, Inc.'s 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 8, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

McDonald Jacobson, P.C.

Portland, Oregon
February 26, 2025

NEW BUILDINGS INSTITUTE, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2024
(With comparative totals for 2023)

	<u>2024</u>	<u>2023</u>
ASSETS		
Cash and cash equivalents	\$ 1,200,164	\$ 1,747,317
Certificates of deposit	-	508,955
Contracts receivable	1,359,846	925,422
Grants receivable	200,000	175,000
Prepaid expenses and other assets	41,149	73,565
Operating lease right-of-use asset	182,659	260,061
Property and equipment, net	<u>30,246</u>	<u>31,437</u>
 TOTAL ASSETS	 <u>\$ 3,014,064</u>	 <u>\$ 3,721,757</u>
 LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 471,119	\$ 267,499
Accrued personnel expenses	433,779	324,943
Deferred revenue	278,160	124,827
Operating lease liability	188,127	263,996
Total liabilities	<u>1,371,185</u>	<u>981,265</u>
Net assets:		
Without donor restrictions:		
Undesignated	1,253,550	2,120,084
Net property and equipment	<u>30,246</u>	<u>31,437</u>
Total without donor restrictions	1,283,796	2,151,521
With donor restrictions	<u>359,083</u>	<u>588,971</u>
Total net assets	<u>1,642,879</u>	<u>2,740,492</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 3,014,064</u>	 <u>\$ 3,721,757</u>

See notes to financial statements.

NEW BUILDINGS INSTITUTE, INC.
STATEMENT OF ACTIVITIES
For the year ended June 30, 2024
(With comparative totals for 2023)

	2024			2023
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Support and revenue:				
Contract service revenue	\$ 4,739,344	\$ -	\$ 4,739,344	\$ 3,958,150
Sponsorship revenue	510,259	-	510,259	718,109
Grants and contributions	420,000	595,000	1,015,000	1,055,000
Forum revenue	120,139	-	120,139	189,515
Other income	43,197	-	43,197	36,792
Net assets released from restrictions:				
Satisfaction of time and purpose restrictions	824,888	(824,888)	-	-
Total support and revenue	<u>6,657,827</u>	<u>(229,888)</u>	<u>6,427,939</u>	<u>5,957,566</u>
Expenses:				
Program services:				
Leadership and Market Development	1,671,846	-	1,671,846	1,377,777
Codes and Policy	3,137,910	-	3,137,910	2,267,925
Building Innovation	<u>1,560,469</u>	<u>-</u>	<u>1,560,469</u>	<u>1,886,491</u>
Total program services	6,370,225	-	6,370,225	5,532,193
Management and general	1,094,635	-	1,094,635	801,414
Fundraising	<u>60,692</u>	<u>-</u>	<u>60,692</u>	<u>64,687</u>
Total expenses	<u>7,525,552</u>	<u>-</u>	<u>7,525,552</u>	<u>6,398,294</u>
Change in net assets	(867,725)	(229,888)	(1,097,613)	(440,728)
Net assets:				
Beginning of the year	<u>2,151,521</u>	<u>588,971</u>	<u>2,740,492</u>	<u>3,181,220</u>
End of the year	<u>\$ 1,283,796</u>	<u>\$ 359,083</u>	<u>\$ 1,642,879</u>	<u>\$ 2,740,492</u>

See notes to financial statements.

NEW BUILDINGS INSTITUTE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended June 30, 2024
(With comparative totals for 2023)

	2024							2023
	Program Services				Management			
	Leadership and Market Development	Codes and Policy	Building Innovation	Total Program Services	and General	Fundraising	Total	Total
Salaries and related expenses	\$ 1,020,248	\$ 2,118,684	\$ 1,112,380	\$ 4,251,312	\$ 777,949	\$ 54,888	\$ 5,084,149	\$ 3,924,288
Project subcontractors	101,861	706,213	238,301	1,046,375	-	-	1,046,375	1,280,029
Project direct costs	460,178	92,025	108,721	660,924	-	-	660,924	594,992
Professional fees	4,110	18,897	5,093	28,100	192,086	-	220,186	129,001
Office, technology and other	46,260	101,122	54,030	201,412	33,971	2,387	237,770	191,032
Occupancy	17,457	36,770	19,803	74,030	17,064	1,220	92,314	93,256
Other operating expenses	19,271	58,915	19,411	97,597	71,187	2,020	170,804	172,509
Depreciation and amortization	2,461	5,284	2,730	10,475	2,378	177	13,030	13,187
Total expenses	<u>\$ 1,671,846</u>	<u>\$ 3,137,910</u>	<u>\$ 1,560,469</u>	<u>\$ 6,370,225</u>	<u>\$ 1,094,635</u>	<u>\$ 60,692</u>	<u>\$ 7,525,552</u>	<u>\$ 6,398,294</u>

See notes to financial statements.

NEW BUILDINGS INSTITUTE, INC.
STATEMENT OF CASH FLOWS
For the year ended June 30, 2024
(With comparative totals for 2023)

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Cash received from contractors	\$ 4,458,253	\$ 3,919,900
Cash received from sponsors, grantors and other	1,639,689	1,953,051
Cash received from interest	23,906	21,365
Cash paid for payroll and related expenses	(4,975,312)	(3,910,853)
Cash paid for other operating expenses	(2,108,304)	(2,521,141)
Cash paid for operating lease	<u>(82,501)</u>	<u>(80,099)</u>
Net cash flows from operating activities	<u>(1,044,269)</u>	<u>(617,777)</u>
Cash flows from investing activities:		
Purchase of property and equipment	(11,839)	(2,559)
Net proceeds from certificates of deposit	<u>508,955</u>	<u>609,324</u>
Net cash flows from investing activities	<u>497,116</u>	<u>606,765</u>
Net change in cash and cash equivalents	(547,153)	(11,012)
Cash and cash equivalents - beginning of year	<u>1,747,317</u>	<u>1,758,329</u>
Cash and cash equivalents - end of year	<u><u>\$ 1,200,164</u></u>	<u><u>\$ 1,747,317</u></u>
Supplemental cash flow information:		
Non-cash investing and financing activity:		
Obtaining right-of-use asset in exchange for lease liability	\$ -	\$ 336,159

See notes to financial statements.

NEW BUILDINGS INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

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 Innovation:

Under its Building 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, 2024

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 at June 30, 2023 are reflected at cost and earn interest at 2.71% with maturity dates through July 20 2023.

Contracts Receivable and Allowance for Credit Losses

Contracts receivable consist of amounts billed for services, sponsorship and forum revenues and are presented net of an allowance for credit losses, which is an estimate of amounts that may not be collectible. The Institute separates contracts receivable into risk pools based on their aging. In determining the amount of the allowance as of the balance sheet date, the Institute develops a loss rate for each risk pool. This loss rate is based on management's historical collection experience, adjusted for management's expectations about current and future economic conditions.

Management believes that the historical loss information it has compiled is a reasonable base on which to determine expected credit losses for trade receivables held at June 30, 2024 and 2023 because the composition of the trade receivables at those dates are consistent with that used in developing the historical credit-loss percentages (i.e., the similar risk characteristics of its customers and its lending practices have not changed significantly over time).

NEW BUILDINGS INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED
June 30, 2024

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

Contracts Receivable and Allowance for Credit Losses, Continued

Additionally, management has determined that the current and reasonable and supportable forecasted economic conditions are consistent with the economic conditions included in the historical information. As a result, the historical loss rates have not been adjusted for differences in current conditions or forecasted changes. Management has concluded that credit losses on balances outstanding at year-end will be immaterial and no allowance for credit losses has been established at year end.

Contracts receivable over 90 days at June 30, 2024 and 2023 total approximately \$213,000 and \$128,900, 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.

Leases

The Institute determines if an arrangement is or contains a lease at inception. Under FASB ASC 842, Leases, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

Leases are included in right-of-use (ROU) assets and lease liabilities in the statement of financial position. ROU assets represent the Institute's right to use an underlying asset for the lease term, and lease liabilities represent the Institute's obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Institute has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Institute's lease terms may include options to extend or terminate the lease when it is reasonably certain that the Institute will exercise the option.

The Institute does not report ROU assets and leases liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

NEW BUILDINGS INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED
June 30, 2024

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

Property and Equipment

Acquisitions of property and equipment in excess of \$2,000 are capitalized (\$1,000 in 2022). 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.

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, 2024

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

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, professional fees, office, technology and other expenses, occupancy, depreciation and amortization, and other operating expenses, 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.

Adoption of New Accounting Standard

As of July 1, 2023, the Organization adopted Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology. The CECL model is applicable to the measurement of credit losses on financial assets measured at amortized cost. Financial assets held by the Organization that are subject to the guidance in FASB ASC 326 include contracts receivable. CECL requires entities to measure all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. This standard provides financial statement users with more decision-useful information about the expected losses on financial instruments.

NEW BUILDINGS INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED
June 30, 2024

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

Adoption of New Accounting Standard, Continued

The Organization adopted this change in accounting principle as of the first day of 2023 using the modified retrospective method. Accordingly, financial information for periods prior to the date of initial application has not been adjusted.

Summarized Financial Information for 2023

The financial information as of June 30, 2023 and for the year then ended is presented for comparative purposes and is not intended to be a complete financial statement presentation.

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements. The reclassifications had no impact on previously reported net assets.

Subsequent Events

The Institute has evaluated all other subsequent events through February 26, 2025, the date the financial statements were available to be issued.

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, 2024 and 2023:

	2024	2023
Cash and cash equivalents	\$ 1,200,164	\$ 1,747,317
Certificates of deposit	-	508,955
Contracts and grants receivable	1,559,846	1,100,422
	<u>2,760,010</u>	<u>3,356,694</u>
Less amounts unavailable for general expenditure:		
Net assets with donor restrictions	359,083	588,971
Financial assets available for general expenditure	<u>\$ 2,400,927</u>	<u>\$ 2,767,723</u>

NEW BUILDINGS INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED
June 30, 2024

3. OPERATING LEASE

The Institute evaluated current contracts to determine which met the criteria of a lease. Right-of-use (ROU) asset represent the Institute's right to use underlying asset for the lease term, and the lease liability represent the Institute's obligation to make lease payments arising from the lease. ROU asset and lease liability, all of which arise from an operating lease, were calculated based on the present value of future lease payments over the lease terms.

The Institute's operating lease consists of a lease for office space. The office lease term excludes one, five-year extension, available at the Institute's option, which it is not reasonably certain to exercise. Therefore, the payments associated with the extension are not included in the ROU assets nor the lease liabilities recognized. The office lease agreement includes provisions for variable rent payments, which are adjusted periodically for inflation.

The following summarizes the line items in the statement of financial position which include amounts for operating leases as of June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Operating lease:		
Right-of-use asset	<u>\$ 182,659</u>	<u>\$ 260,061</u>
Operating lease liability	<u>\$ 188,127</u>	<u>\$ 263,996</u>

The following summarizes the weighted average remaining lease term and discount rate as of June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Weighted average remaining lease term	2.25 years	3.25 years
Weighted average discount rate	2.88%	2.88%

The maturities of the lease liability as of June 30, 2024 are as follows:

Year ending June 30, 2025	\$ 84,977
2026	87,526
2027	<u>22,042</u>
	194,545
Less discount/interest	<u>6,418</u>
Present value of lease liability	<u>\$ 188,127</u>

For the years ended June 30, 2024 and 2023, total operating lease cost approximated \$84,000 and is included in occupancy.

NEW BUILDINGS INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED
June 30, 2024

4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30, 2024 and 2023:

	2024	2023
Office equipment and furniture	\$ 59,945	\$ 59,802
Software and website	41,436	41,436
Total property and equipment	101,381	101,238
Accumulated depreciation and amortization	(71,135)	(69,801)
Property and equipment, net	<u>\$ 30,246</u>	<u>\$ 31,437</u>

5. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at June 30, 2024 and 2023:

	2024	2023
Purpose restricted:		
Codes and Policy	\$ -	\$ 327,804
Building Innovation	-	136,167
Leadership and Market Development	359,083	125,000
Total net assets with donor restrictions	<u>\$ 359,083</u>	<u>\$ 588,971</u>

6. 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.
- 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.

NEW BUILDINGS INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED
June 30, 2024

6. REVENUE FROM CONTRACTS WITH CUSTOMERS, Continued

Total revenue by contract type is as follows for the years ended June 30, 2024 and 2023:

Revenue by type:	2024	2023
Contract services (performance)	\$ 4,739,344	\$ 3,958,150
Sponsorships (performance)	510,259	718,109
Forum (occurrence)	120,139	189,515
Total contract revenue	<u>\$ 5,369,742</u>	<u>\$ 4,865,774</u>

The beginning and ending contract balances are as follows:

	June 30,		
	2024	2023	2022
Accounts receivable (contract asset)			
Contract services	\$ 1,280,802	\$ 808,885	\$ 841,254
Sponsorships	25,000	25,000	12,500
Forum	54,044	91,537	-
Total accounts receivable	<u>\$ 1,359,846</u>	<u>\$ 925,422</u>	<u>\$ 853,754</u>
Deferred revenue (contract liability):			
Contract services	\$ 117,484	\$ -	\$ 33,023
Sponsorships	160,677	124,827	58,386
Total deferred revenue	<u>\$ 278,161</u>	<u>\$ 124,827</u>	<u>\$ 91,409</u>

Revenue recognized for the years ended June 30, 2024 and 2023 that was included in the contract liability balance at the beginning of each year was \$38,506 and \$91,409, respectively.

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 \$171,000 and \$146,000 for the years ended June 30, 2024 and 2023, respectively.

NEW BUILDINGS INSTITUTE, INC.
NOTES TO FINANCIAL STATEMENTS, CONTINUED
June 30, 2024

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 \$700,400 and \$1,173,300 as of June 30, 2024 and 2023, respectively.

The Institute's revenues are concentrated with 15% of total revenues coming from one source during the year ended June 30, 2024 and 16% of total revenues coming from one source during the year ended June 30, 2023. The Institute's credit risk for contracts and grants receivable is concentrated with 13% of the total balances due from one entity at June 30, 2024 and 28% due from two entities at June 30, 2023.

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. 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.

11. CONTRACT COMMITMENTS

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