



NACUBO

**NATIONAL ASSOCIATION OF COLLEGE
AND UNIVERSITY BUSINESS OFFICERS**

Financial Statements and Supplemental Information

For the Years Ended May 31, 2014 and 2013



**and
Report Thereon**



**NATIONAL ASSOCIATION OF COLLEGE
AND UNIVERSITY BUSINESS OFFICERS**

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For the Years Ended May 31, 2014 and 2013**

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Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
the National Association of College
and University Business Officers

Report on the Financial Statements

We have audited the accompanying financial statements of the National Association of College and University Business Officers (NACUBO), which comprise the statements of financial position as of May 31, 2014 and 2013, and the related statements of activities and cash flows 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 entity'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 entity'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 the National Association of College and University Business Officers as of May 31, 2014 and 2013, 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.

Continued

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental statements of activities by natural classification on page 16 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Raffa, P.C.

Raffa, P.C.

Washington, DC
September 25, 2014

**NATIONAL ASSOCIATION OF COLLEGE
AND UNIVERSITY BUSINESS OFFICERS**
STATEMENTS OF FINANCIAL POSITION
May 31, 2014 and 2013

	2014	2013
ASSETS		
Cash and cash equivalents (Notes 1 and 8)	\$ 7,946,553	\$ 6,379,217
Investments (Notes 1, 2 and 3)	10,526,920	9,248,762
Accounts receivable, net (Notes 1 and 4)	300,924	415,484
Inventory, net of reserve of \$118,023 and \$129,797, respectively	77,265	121,687
Prepaid expenses and other assets (Note 1)	1,050,047	1,040,826
Property and equipment, net (Notes 1 and 5)	736,995	972,251
TOTAL ASSETS	\$ 20,638,704	\$ 18,178,227
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 2,010,170	\$ 1,862,831
Deferred membership and subscription revenue (Note 1)	5,137,394	5,245,529
Deferred conference revenue (Note 1)	2,850,452	2,213,559
Capital lease obligations	14,734	36,715
Deferred rent and construction allowance (Note 7)	770,151	938,533
TOTAL LIABILITIES	10,782,901	10,297,167
Net Assets		
Unrestricted (Note 1)	9,798,560	7,824,551
Temporarily restricted (Notes 1 and 9)	8,743	8,009
Permanently restricted (Notes 1 and 10)	48,500	48,500
TOTAL NET ASSETS	9,855,803	7,881,060
TOTAL LIABILITIES AND NET ASSETS	\$ 20,638,704	\$ 18,178,227

The accompanying notes are an integral part of these financial statements.

**NATIONAL ASSOCIATION OF COLLEGE
AND UNIVERSITY BUSINESS OFFICERS**

**STATEMENTS OF ACTIVITIES
For the Years Ended May 31, 2014 and 2013**

	2014	2013
CHANGE IN UNRESTRICTED NET ASSETS		
Revenue and Support:		
Membership dues	\$ 7,724,843	\$ 7,111,401
Conferences, workshops, seminars and sponsorships	4,806,821	5,641,592
Advertising	804,041	903,609
Publications and other products	516,400	635,814
Grants, contributions and other sponsorships	416,665	491,072
Donated equipment and services (Note 1)	340,000	310,000
Investment income	738,859	275,423
Other	272,882	273,731
Net assets released from restrictions:		
Satisfaction of program restrictions	6,293	4,020
TOTAL UNRESTRICTED REVENUE AND SUPPORT	15,626,804	15,646,662
EXPENSES		
Program Services:		
Conferences, workshops and seminars (Note 1)	4,246,030	4,804,861
Member services	3,552,416	3,466,816
Advocacy and public policy	2,259,033	1,987,589
Publications and other products	289,922	229,554
Total Program Services	10,347,401	10,488,820
Supporting Services:		
Administration	3,436,968	3,632,599
Membership retention and development	246,114	154,053
Fundraising	219,420	212,913
Total Supporting Services	3,902,502	3,999,565
TOTAL EXPENSES	14,249,903	14,488,385
CHANGE IN UNRESTRICTED NET ASSETS BEFORE UNREALIZED GAINS ON INVESTMENTS	1,376,901	1,158,277
Unrealized gains on investments (Note 2)	597,108	1,093,596
CHANGE IN UNRESTRICTED NET ASSETS	1,974,009	2,251,873
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS		
Investment income	7,027	8,730
Net assets released from restrictions:		
Satisfaction of program restrictions	(6,293)	(4,020)
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	734	4,710
CHANGE IN NET ASSETS	1,974,743	2,256,583
NET ASSETS, BEGINNING OF YEAR	7,881,060	5,624,477
NET ASSETS, END OF YEAR	\$ 9,855,803	\$ 7,881,060

The accompanying notes are an integral part of these financial statements.

**NATIONAL ASSOCIATION OF COLLEGE
AND UNIVERSITY BUSINESS OFFICERS**

**STATEMENTS OF CASH FLOWS
For the Years Ended May 31, 2014 and 2013
Increase (Decrease) in Cash and Cash Equivalents**

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,974,743	\$ 2,256,583
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	283,176	261,023
Bad debts	7,641	83,872
Realized gains on sales of investments	(240,292)	(114,344)
Unrealized gains on investments	(597,108)	(1,093,596)
Inventory obsolescence allowance	(11,774)	9,533
Change in assets and liabilities:		
Accounts receivable	106,919	(75,664)
Inventory	56,196	(16,796)
Prepaid expenses and other assets	(9,221)	(126,302)
Accounts payable and accrued expenses	147,339	156,040
Deferred membership and subscription revenue	(108,135)	520,232
Deferred conference revenue	636,893	(371,449)
Deferred rent and construction allowance	(168,382)	(139,341)
NET CASH PROVIDED BY OPERATING ACTIVITIES	2,077,995	1,349,791
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(2,683,074)	(1,967,035)
Sales of investments	2,242,316	352,701
Purchases of property and equipment	(47,920)	(111,920)
NET CASH USED IN INVESTING ACTIVITIES	(488,678)	(1,726,254)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments under capital lease obligations	(21,981)	(29,229)
NET CASH USED IN FINANCING ACTIVITIES	(21,981)	(29,229)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,567,336	(405,692)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	6,379,217	6,784,909
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 7,946,553	\$ 6,379,217
SUPPLEMENTAL CASH FLOW INFORMATION		
Income taxes paid	\$ -	\$ 47,204

The accompanying notes are an integral part of these financial statements.

**NATIONAL ASSOCIATION OF COLLEGE
AND UNIVERSITY BUSINESS OFFICERS**

**NOTES TO FINANCIAL STATEMENTS
For the Years Ended May 31, 2014 and 2013**

1. Organization and Summary of Significant Accounting Policies

Organization

The National Association of College and University Business Officers (NACUBO) is a professional membership association serving chief business and financial officers of member colleges and universities. Its purpose is to develop, promote, and improve business and financial principles and practices in the administration of higher education, as well as to foster professional ideals and standards among its members. NACUBO provides these benefits to its members primarily through meetings, workshops and publications. These activities are funded primarily through membership dues, conference and workshop fees, and publication sales.

Cash and Cash Equivalents

NACUBO considers money market funds to be cash equivalents. Cash and cash equivalents that are specifically held for investment purposes are reported as investments.

Investments

Investments are composed of mutual funds and money market funds and are recorded in the accompanying statements of financial position at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Unrealized gains or losses are determined by comparison of fair value at the beginning and end of the reporting period.

Accounts Receivable

Accounts receivable are primarily from conferences, workshops, advertising, publications and professional services provided to other organizations. NACUBO uses the allowance method to reserve for uncollectible accounts.

Inventory

Inventory consists of publications for resale and is valued at the lower of cost or market value using the average cost method. NACUBO uses the allowance method to reserve for possible excess inventory.

Property and Equipment

Property and equipment is recorded at cost and consists of furniture, equipment, software and leasehold improvements. Furniture and equipment is depreciated using the straight-line method over estimated useful lives of three to ten years, with no salvage value. Software is amortized using the straight-line method over a period of three years. Leasehold

**NATIONAL ASSOCIATION OF COLLEGE
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**NOTES TO FINANCIAL STATEMENTS
For the Years Ended May 31, 2014 and 2013**

1. Organization and Summary of Significant Accounting Policies (continued)

Property and Equipment (continued)

improvements are amortized using the straight-line method over the term of the lease. Expenditures for major repairs and improvements are capitalized; expenditures for minor repairs and maintenance costs are expensed as incurred. Upon the retirement or disposal of the assets, the cost and accumulated depreciation or amortization are eliminated from the respective accounts and the resulting gain or loss is included in revenue and support or expenses as appropriate.

Classification of Net Assets

The net assets of NACUBO are reported as follows:

- Unrestricted net assets represent the portion of expendable funds that are available for support of NACUBO's operations. As of May 31, 2014 and 2013, \$1,500,000 of unrestricted net assets has been designated by the Board of Directors to establish a reserve fund for board-approved special initiatives or activities.
- Temporarily restricted net assets are specifically restricted by donors for various programs.
- Permanently restricted net assets represent funds that require the principal to be maintained in perpetuity and the earnings spent on awards programs.

Revenue and Expense Recognition

Membership dues are recognized as revenue in the membership period to which the dues relate. Accordingly, dues paid by members in advance of the membership period are reported as deferred membership revenue in the accompanying statements of financial position.

Revenue and the related costs of conferences, workshops, seminars and sponsorships are recognized in the year in which the conferences, workshops or seminars are held. Accordingly, registrations and sponsorships received in advance of the conferences, workshops or seminars are recorded as deferred conference revenue in the accompanying statements of financial position. Expenses paid in advance of the conferences, workshops or seminars are recorded as prepaid expenses and other assets in the accompanying statements of financial position.

Advertising revenue is recorded in the period the commitment is made, which approximates the period when the advertisement is run in the publication.

Publication revenue is recorded when the related publication is shipped and is reported in the accompanying statements of activities net of any discounts. Subscription revenue is recorded as deferred subscription revenue upon receipt and is recognized as revenue ratably over the subscription period.

**NATIONAL ASSOCIATION OF COLLEGE
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**NOTES TO FINANCIAL STATEMENTS
For the Years Ended May 31, 2014 and 2013**

1. Organization and Summary of Significant Accounting Policies (continued)

Revenue and Expense Recognition (continued)

NACUBO reports gifts of cash and other assets as temporarily restricted support if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions.

Unrestricted contributions, grants and sponsorships are reported as revenue and support in the year in which the payments are received and/or unconditional promises are made.

Donated Equipment and Services

Donated equipment and services are recorded at their estimated fair value as of the date of the donation. Donated equipment and services include the value of software and services to support the annual NACUBO Endowment Study and the annual conference, along with various other conferences and seminars.

Allocation of Expenses

The costs of providing the various programs and activities have been summarized by program and supporting services in the accompanying statements of activities. Expenses that are not directly charged to a program or supporting service are allocated among the programs and supporting services based upon salaries.

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 in the financial statements. Actual results could differ from those estimates.

2. Investments

As of May 31, 2014 and 2013, investments consisted of the following:

	<u>2014</u>	<u>2013</u>
Domestic equity mutual funds	\$ 6,565,150	\$ 5,092,686
International equity mutual funds	2,724,555	1,992,399
Fixed-income mutual funds	1,206,850	1,200,977
Money market funds	<u>30,365</u>	<u>962,700</u>
Total	<u>\$ 10,526,920</u>	<u>\$ 9,248,762</u>

Continued

**NATIONAL ASSOCIATION OF COLLEGE
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**NOTES TO FINANCIAL STATEMENTS
For the Years Ended May 31, 2014 and 2013**

2. Investments (continued)

For the years ended May 31, 2014 and 2013, investment income, including interest earned on NACUBO's cash accounts, consisted of the following:

	<u>2014</u>	<u>2013</u>
Unrealized gains	\$ 597,108	\$ 1,093,596
Dividends, interest and capital gains	505,594	169,809
Realized gains	<u>240,292</u>	<u>114,344</u>
Total	<u>\$ 1,342,994</u>	<u>\$ 1,377,749</u>

During the years ended May 31, 2014 and 2013, NACUBO paid investment management fees of \$64,388 and \$52,707, respectively, which are included in administration expenses in the accompanying statements of activities.

3. Fair Value Measurements

NACUBO follows Financial Accounting Standard Board (FASB) Accounting Standards Codification (ASC) Topic 860, *Fair Value Measurements and Disclosures*, for financial assets (and liabilities) measured at fair value on a recurring basis. The FASB ASC Topic defines fair value, establishes a framework for measuring fair value in accordance with GAAP, and expands disclosures about fair value measurements. The standard emphasizes that fair value is a market-based measurement, not an entity-specific measurement, and therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, the standard established a fair value hierarchy based upon the transparency of the inputs to the valuation of an asset or liability. These inputs may be observable, whereby the market participant assumptions are developed based on market data obtained from independent sources, and unobservable, whereby assumptions about market participant assumptions are developed by the reporting entity based on the best information available in the circumstances. The three levels of the fair value hierarchy under the standard are described as follows:

Level 1 – Inputs based on quoted prices (unadjusted) in active markets for identical assets or liabilities accessible at the measurement date.

Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly, such as quoted prices for similar assets or liabilities in active markets.

Level 3 – Unobservable inputs for the asset or liability including the reporting entity's own assumptions in determining the fair value measurement.

**NATIONAL ASSOCIATION OF COLLEGE
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**NOTES TO FINANCIAL STATEMENTS
For the Years Ended May 31, 2014 and 2013**

3. Fair Value Measurements (continued)

The following table summarizes NACUBO's assets measured at fair value on a recurring basis as of May 31, 2014 and 2013:

<u>2014</u>	<u>Total Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets/ Liabilities (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Domestic equity mutual funds:				
Large value funds	\$ 2,870,955	\$ 2,870,955	\$ -	\$ -
Large blend funds	1,690,838	1,690,838	-	-
Large growth funds	1,176,213	1,176,213	-	-
Small funds	827,144	827,144	-	-
International equity mutual funds	2,724,555	2,724,555	-	-
Fixed-income mutual funds:				
Multi-sector bond fund	619,641	619,641	-	-
Intermediate-term bond fund	587,209	587,209	-	-
Money market funds	<u>30,365</u>	<u>30,365</u>	<u>-</u>	<u>-</u>
Total Fair Value	<u>\$ 10,526,920</u>	<u>\$ 10,526,920</u>	<u>\$ -</u>	<u>\$ -</u>
<u>2013</u>				
Domestic equity mutual funds:				
Large value funds	\$ 2,013,745	\$ 2,013,745	\$ -	\$ -
Large blend funds	1,416,244	1,416,244	-	-
Large growth funds	966,082	966,082	-	-
Small funds	696,615	696,615	-	-
International equity mutual funds	1,992,399	1,992,399	-	-
Fixed-income mutual funds:				
Multi-sector bond fund	608,076	608,076	-	-
Intermediate-term bond fund	592,901	592,901	-	-
Money market funds	<u>962,700</u>	<u>962,700</u>	<u>-</u>	<u>-</u>
Total Fair Value	<u>\$ 9,248,762</u>	<u>\$ 9,248,762</u>	<u>\$ -</u>	<u>\$ -</u>

Continued

**NATIONAL ASSOCIATION OF COLLEGE
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**NOTES TO FINANCIAL STATEMENTS
For the Years Ended May 31, 2014 and 2013**

3. Fair Value Measurements (continued)

NACUBO used the following methods and significant assumptions to estimate fair value for assets and liabilities recorded at fair value:

Mutual funds and money market funds – Valued using the net asset value (NAV) provided by the administrator of the fund. The NAV is based on the value of the underlying assets owned by the fund, minus its liabilities, and then divided by the numbers of shares outstanding. The NAV is a quoted price in an active market and classified within Level 1 of the valuation hierarchy.

4. Accounts Receivable

As of May 31, 2014 and 2013, accounts receivable were composed of amounts due for the following:

	2014	2013
Professional fees	\$ 194,546	\$ 273,513
Advertising	71,475	123,266
Managed services	32,293	9,706
Miscellaneous	21,596	14,090
Publications	11,757	5,829
Conferences, workshops and seminars	5,959	19,309
Federal contracts	-	13,621
Total	337,626	459,334
Less: Allowance for Doubtful Accounts	(36,702)	(43,850)
Accounts Receivable, Net	\$ 300,924	\$ 415,484

5. Property and Equipment and Related Depreciation and Amortization

As of May 31, 2014 and 2013, NACUBO held the following property and equipment:

	2014	2013
Leasehold improvements	\$ 1,326,363	\$ 1,326,363
Software	1,196,108	1,151,261
Furniture	507,207	507,207
Equipment	479,258	796,585
Total Property and Equipment	3,508,936	3,781,416
Less: Accumulated Depreciation and Amortization	(2,771,941)	(2,809,165)
Property and Equipment, Net	\$ 736,995	\$ 972,251

Continued

**NATIONAL ASSOCIATION OF COLLEGE
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**NOTES TO FINANCIAL STATEMENTS
For the Years Ended May 31, 2014 and 2013**

5. Property and Equipment and Related Depreciation and Amortization (continued)

Depreciation and amortization expense totaled \$283,176 and \$261,023 for the years ended May 31, 2014 and 2013, respectively.

6. Line of Credit

During the years ended May 31, 2014 and 2013, NACUBO had an unsecured revolving line of credit with a bank in the amount of \$1,000,000. Amounts drawn on this line accrue interest at a floating interest rate of the 30-day London Interbank Offered Rate (LIBOR) plus 1.75%, which was 1.90% and 1.94% as of May 31, 2014 and 2013, respectively. As of May 31, 2014 and 2013, there was no outstanding balance on this line of credit.

7. Commitments

Office Lease

NACUBO has entered into a noncancelable operating lease for its office space, which expires in August 2017. The lease provides for four months of free rent and for fixed adjustments to the future minimum rental payments. Additionally, under the terms of the lease and as an incentive to enter into the lease agreement, the landlord provided NACUBO with a leasehold improvement allowance of \$1,079,850. Under GAAP, all rental payments, including fixed rent increases, less any rental abatements, are recognized on a straight-line basis over the term of the lease. Lease incentives are amortized over the life of the lease on a straight-line basis as an offset to rent expense. The difference between the GAAP rent expense and the required lease payment is reflected as deferred rent and construction allowance in the accompanying statements of financial position. Rent expense totaled \$1,065,449 and \$1,121,748 for the years ended May 31, 2014 and 2013, respectively.

As of May 31, 2014, future minimum rental payments under this lease were as follows:

<u>For the Year Ending May 31,</u>	
2015	\$ 1,068,286
2016	1,094,976
2017	1,122,254
2018	<u>315,780</u>
Total	<u>\$ 3,601,296</u>

Continued

**NATIONAL ASSOCIATION OF COLLEGE
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**NOTES TO FINANCIAL STATEMENTS
For the Years Ended May 31, 2014 and 2013**

7. Commitments (continued)

Contracts

NACUBO has entered into various agreements for hotel accommodations for its future planned conferences. In the event that NACUBO were to cancel these reservations or fail to use a specified percentage of the total space reserved, NACUBO would be required to pay liquidated damages based upon the date the hotel was notified of the cancellation or reduction in requested rooms, as well as the hotel's ability to fill the resulting vacancies. NACUBO's management does not believe that any of these commitments will result in a loss due to liquidated damages. Accordingly, no amount for this potential liability has been reflected in the accompanying financial statements. Additionally, NACUBO has purchased an insurance policy to mitigate any potential losses.

Employment Contracts

NACUBO has entered into an employment contract with its President and Chief Executive Officer (CEO) that is effective through May 2017. In the event of termination without cause, the President and CEO will receive severance pay equal to 12 months of his base salary.

8. Concentration of Credit Risk

Financial instruments that potentially subject NACUBO to a concentration of credit risk include deposits with commercial banks. NACUBO's cash management policies limit its exposure to a concentration of credit risk by maintaining cash accounts at financial institutions whose deposits are insured by the Federal Deposit Insurance Company (FDIC). Throughout the year, cash deposits may, at times, exceed the FDIC-insured limit of \$250,000, due to anticipated, large expenses under various projects. As of May 31, 2014 and 2013, the amount exceeding the FDIC insured amount totaled approximately \$5,983,000 and \$5,432,000, respectively.

9. Temporarily Restricted Net Assets

As of May 31, 2014 and 2013, net assets are restricted for the following purposes:

	<u>2014</u>	<u>2013</u>
Program restrictions:		
Awards program – unappropriated investment income	<u>\$ 8,743</u>	<u>\$ 8,009</u>

Continued

**NATIONAL ASSOCIATION OF COLLEGE
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**NOTES TO FINANCIAL STATEMENTS
For the Years Ended May 31, 2014 and 2013**

9. Temporarily Restricted Net Assets (continued)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes and through the passage of time. For the years ended May 31, 2014 and 2013, net assets released from restrictions were as follows:

	2014	2013
Satisfaction of program restrictions:		
Awards program	\$ 6,293	\$ 4,020
Total	\$ 6,293	\$ 4,020

10. Permanently Restricted Net Assets

As of May 31, 2014 and 2013, NACUBO held the following permanently restricted net assets:

	2014	2013
Rodney Adams award	\$ 20,000	\$ 20,000
Dan Robinson award	20,000	20,000
Professional development award	8,500	8,500
Total	\$ 48,500	\$ 48,500

11. Pension Plan

NACUBO has a defined contribution pension plan available to all full-time employees who have completed one year of service. The plan is funded through the purchase of retirement annuity contracts for employees who are covered under the plan. For the years ended May 31, 2014 and 2013, pension expense for this plan totaled approximately \$732,000 and \$663,000, respectively.

12. Income Taxes

NACUBO is exempt from the payment of taxes on income other than net unrelated business income under Section 501(c)(3) of the Internal Revenue Code. NACUBO received unrelated business income from advertising revenue that is subject to the unrelated business income tax. Income tax expense of approximately \$9,677 and \$20,688 has been provided for in the years ended May 31, 2014 and 2013, respectively, and is included in administration expense in the accompanying statements of activities.

**NATIONAL ASSOCIATION OF COLLEGE
AND UNIVERSITY BUSINESS OFFICERS**

**NOTES TO FINANCIAL STATEMENTS
For the Years Ended May 31, 2014 and 2013**

12. Income Taxes (continued)

NACUBO performed an evaluation of uncertain tax positions for the years ended May 31, 2014 and 2013, and determined that there were no matters that would require recognition in the financial statements or that may have any effect on its tax-exempt status. As of May 31, 2014, the statute of limitations for tax years 2010 through 2012 remains open with the U.S. federal jurisdiction or the various states and local jurisdictions in which NACUBO files tax returns. It is NACUBO's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax expense.

13. Reclassification

Certain 2013 amounts have been reclassified to conform to the 2014 financial statement presentation.

14. Subsequent Events

In preparing the financial statements, NACUBO has evaluated events and transactions for potential recognition or disclosure through September 25, 2014, the date the financial statements were available to be issued. There were no subsequent events that require recognition of, or disclosure in, the financial statements.

SUPPLEMENTAL INFORMATION

**NATIONAL ASSOCIATION OF COLLEGE
AND UNIVERSITY BUSINESS OFFICERS**

**SUPPLEMENTAL STATEMENTS OF ACTIVITIES BY NATURAL CLASSIFICATION
For the Years Ended May 31, 2014 and 2013**

	2014	2014 Unaudited Budget	2013	2013 Unaudited Budget
CHANGE IN UNRESTRICTED NET ASSETS				
Revenue and Support				
Membership dues	\$ 7,724,843	\$ 7,281,621	\$ 7,111,401	\$ 6,985,596
Conferences, workshops, seminars and sponsorships	4,806,821	5,181,105	5,641,592	5,307,436
Advertising	804,041	833,000	903,609	868,000
Publications and other products	516,400	602,050	635,814	650,000
Grants, contributions and other sponsorships	416,665	327,000	491,072	430,500
Donated equipment and services	340,000	360,000	310,000	340,000
Investment income	738,859	250,295	275,423	219,093
Other	272,882	270,000	273,731	255,000
Net assets released from restrictions:				
Satisfaction of program restrictions	6,293	-	4,020	-
TOTAL UNRESTRICTED REVENUE AND SUPPORT	15,626,804	15,105,071	15,646,662	15,055,625
EXPENSES				
Salaries and benefits	6,537,800	6,513,969	6,079,715	6,258,987
Travel	2,044,124	2,164,527	2,379,827	2,150,795
Professional fees	1,786,196	1,977,526	1,941,744	2,058,787
Rent	1,065,449	1,103,691	1,121,748	1,160,000
Production services	628,208	597,832	555,456	706,112
AV, registration, books and subscriptions	567,906	674,155	730,976	647,965
Taxes and fees	354,479	296,500	330,512	287,200
Depreciation and noncapital equipment	347,043	332,000	353,976	407,000
Donated publication services	340,000	360,000	310,000	340,000
Supplies	206,033	187,950	191,715	215,430
Other	126,855	132,500	174,647	140,900
Telephone	124,888	128,486	129,331	104,700
Postage and delivery	120,922	164,692	120,807	162,748
Contributions	-	-	67,931	30,000
TOTAL EXPENSES	14,249,903	14,633,828	14,488,385	14,670,624
CHANGE IN UNRESTRICTED NET ASSETS BEFORE UNREALIZED GAINS ON INVESTMENTS				
Unrealized gains on investments	1,376,901	471,243	1,158,277	385,001
	597,108	-	1,093,596	-
CHANGE IN UNRESTRICTED NET ASSETS	1,974,009	471,243	2,251,873	385,001
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS				
Investment income	7,027	-	8,730	-
Net assets released from restrictions:				
Satisfaction of program restrictions	(6,293)	-	(4,020)	-
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	734	-	4,710	-
CHANGE IN NET ASSETS	\$ 1,974,743	\$ 471,243	\$ 2,256,583	\$ 385,001