



NACUBO

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

Financial Statements and Supplementary Information

For the Years Ended May 31, 2016 and 2015



**and
Report Thereon**



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

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For the Years Ended May 31, 2016 and 2015

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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, 2016 and 2015, 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 Officer as of May 31, 2016 and 2015, 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 16, 2016

**NATIONAL ASSOCIATION OF COLLEGE
AND UNIVERSITY BUSINESS OFFICERS
STATEMENTS OF FINANCIAL POSITION
May 31, 2016 and 2015**

	2016	2015
ASSETS		
Cash and cash equivalents (Notes 1 and 9)	\$ 4,249,865	\$ 2,867,253
Investments (Notes 1, 2 and 3)	12,532,435	12,887,157
Accounts receivable, net (Notes 1 and 4)	364,464	535,621
Inventory, net of reserve of \$103,364 and \$102,701, respectively	58,024	62,424
Prepaid expenses and other assets (Notes 1 and 5)	1,475,786	1,272,749
Property and equipment, net (Notes 1 and 6)	317,372	497,937
TOTAL ASSETS	\$ 18,997,946	\$ 18,123,141
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 1,957,415	\$ 1,637,916
Deferred membership and subscription revenue (Note 1)	3,814,888	2,184,755
Deferred conference revenue (Note 1)	2,908,013	2,699,707
Deferred rent and construction allowance (Note 8)	308,684	575,666
TOTAL LIABILITIES	8,989,000	7,098,044
Net Assets		
Unrestricted (Note 1)	9,945,998	10,973,207
Temporarily restricted (Notes 1 and 10)	14,448	3,390
Permanently restricted (Notes 1 and 11)	48,500	48,500
TOTAL NET ASSETS	10,008,946	11,025,097
TOTAL LIABILITIES AND NET ASSETS	\$ 18,997,946	\$ 18,123,141

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, 2016 and 2015**

	2016	2015
CHANGE IN UNRESTRICTED NET ASSETS		
Revenue and Support:		
Membership dues	\$ 7,786,525	\$ 7,872,267
Conferences, workshops, seminars and sponsorships	5,632,304	5,768,013
Advertising	701,426	758,450
Investment income	457,488	845,935
Fees for service	384,548	264,475
Grants, contributions and other sponsorships	341,500	304,964
Donated equipment and services (Note 1)	319,700	314,700
Publications and other products	158,859	382,142
Other	106,791	42,452
Net assets released from restrictions:		
Satisfaction of program restrictions	63,953	7,705
	15,953,094	16,561,103
TOTAL UNRESTRICTED REVENUE AND SUPPORT		
EXPENSES		
Program Services:		
Conferences, workshops and seminars (Note 1)	5,444,488	4,974,897
Member services	3,007,903	3,295,492
Advocacy and public policy	2,787,177	2,607,986
Publications and other products	253,013	246,262
	11,492,581	11,124,637
Supporting Services:		
Administration	4,213,026	3,542,227
Membership retention and development	285,378	295,492
Fundraising	255,598	209,117
	4,754,002	4,046,836
	16,246,583	15,171,473
CHANGE IN UNRESTRICTED NET ASSETS BEFORE UNREALIZED LOSSES ON INVESTMENTS	(293,489)	1,389,630
Unrealized losses on investments (Note 2)	(733,720)	(214,983)
	(1,027,209)	1,174,647
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS		
Grants, contributions and other sponsorships	76,507	-
Investment income (loss)	(1,496)	2,352
Net assets released from restrictions:		
Satisfaction of program restrictions	(63,953)	(7,705)
	11,058	(5,353)
CHANGE IN NET ASSETS	(1,016,151)	1,169,294
NET ASSETS, BEGINNING OF YEAR	11,025,097	9,855,803
NET ASSETS, END OF YEAR	\$ 10,008,946	\$ 11,025,097

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, 2016 and 2015
Increase (Decrease) in Cash and Cash Equivalents**

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (1,016,151)	\$ 1,169,294
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	225,714	274,067
Provision for doubtful accounts	35,922	24,853
Realized (gains) losses on sales of investments	132,039	(131,371)
Unrealized losses on investments	733,720	214,983
Inventory obsolescence allowance	(664)	15,323
Change in assets and liabilities:		
Accounts receivable	135,235	(259,550)
Inventory	5,064	(482)
Prepaid expenses and other assets	(203,037)	(222,702)
Accounts payable and accrued expenses	319,499	(372,254)
Deferred membership and subscription revenue	1,630,133	(2,952,639)
Deferred conference revenue	208,306	(150,745)
Deferred rent and construction allowance	(266,982)	(194,485)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	1,938,798	(2,585,708)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(2,631,948)	(4,951,545)
Proceeds from sales of investments	2,120,911	2,507,696
Purchases of property and equipment	(45,149)	(35,009)
NET CASH USED IN INVESTING ACTIVITIES	(556,186)	(2,478,858)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments under capital lease obligations	-	(14,734)
NET CASH USED IN FINANCING ACTIVITIES	-	(14,734)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,382,612	(5,079,300)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,867,253	7,946,553
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 4,249,865	\$ 2,867,253

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, 2016 and 2015**

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 are recorded at cost and consists of furniture, equipment, software and leasehold improvements. Furniture and equipment are depreciated using the straight-line method over estimated useful lives of three to 10 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, 2016 and 2015**

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, 2016 and 2015, \$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 to be 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 in which the commitment is made, which approximates the period during which 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, 2016 and 2015**

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 the 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 to give 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, 2016 and 2015, investments consisted of the following:

	<u>2016</u>	<u>2015</u>
Domestic equity mutual funds	\$ 7,284,747	\$ 8,257,754
International equity mutual funds	3,630,568	2,932,375
Fixed-income mutual funds	1,572,935	1,587,738
Money market funds	<u>44,185</u>	<u>109,290</u>
Total Investments	<u>\$12,532,435</u>	<u>\$12,887,157</u>

Continued

**NATIONAL ASSOCIATION OF COLLEGE
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**NOTES TO FINANCIAL STATEMENTS
For the Years Ended May 31, 2016 and 2015**

2. Investments (continued)

For the years ended May 31, 2016 and 2015, investment income, including interest earned on NACUBO's cash accounts, consisted of the following:

	2016	2015
Dividends, interest and capital gains	\$ 588,031	\$ 716,916
Realized gains (losses)	(132,039)	131,371
Unrealized losses	(733,720)	(214,983)
Investment Income (Loss), Net	\$ (277,728)	\$ 633,304

During the years ended May 31, 2016 and 2015, NACUBO paid investment management fees of \$76,904 and \$72,974, respectively, which are included in administration expenses in the accompanying statements of activities.

3. Fair Value Measurement

NACUBO follows Financial Accounting Standard Board (FASB) Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurement*, 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, 2016 and 2015**

3. Fair Value Measurement (continued)

The following table summarizes NACUBO's assets measured at fair value on a recurring basis as of May 31, 2016 and 2015:

<u>2016</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	\$ 5,326,048	\$ 5,326,048	\$ -	\$ -
Large blend funds	742,657	742,657	-	-
Multi-alternative	700,941	700,941	-	-
Small funds	515,101	515,101	-	-
International equity mutual funds	3,630,568	3,630,568	-	-
Fixed-income mutual funds:				
Intermediate-term bond fund	972,920	972,920	-	-
Multisector bond fund	600,015	600,015	-	-
Money market funds	44,185	44,185	-	-
Total Fair Value	<u>\$12,532,435</u>	<u>\$12,532,435</u>	<u>\$ -</u>	<u>\$ -</u>
<u>2015</u>				
Domestic equity mutual funds:				
Large value funds	\$ 4,039,140	\$ 4,039,140	\$ -	\$ -
Large growth funds	1,324,088	1,324,088	-	-
Large blend funds	1,306,062	1,306,062	-	-
Multi-alternative	596,648	596,648	-	-
Small funds	991,816	991,816	-	-
International equity mutual funds	2,932,375	2,932,375	-	-
Fixed-income mutual funds:				
Intermediate-term bond fund	981,064	981,064	-	-
Multisector bond fund	606,674	606,674	-	-
Money market funds	109,290	109,290	-	-
Total Fair Value	<u>\$12,887,157</u>	<u>\$12,887,157</u>	<u>\$ -</u>	<u>\$ -</u>

Continued

**NATIONAL ASSOCIATION OF COLLEGE
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**NOTES TO FINANCIAL STATEMENTS
For the Years Ended May 31, 2016 and 2015**

3. Fair Value Measurement (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, 2016 and 2015, accounts receivable were composed of amounts due for the following:

	2016	2015
Professional fees	\$ 193,016	\$ 409,983
Advertising	114,844	91,868
Special projects	61,827	12,300
Miscellaneous	21,635	30,808
Managed services	14,406	11,306
Conferences, workshops and seminars	5,352	3,414
Publications	3,408	27,267
Total Accounts Receivable	414,488	586,946
Less: Allowance for Doubtful Accounts	(50,024)	(51,325)
Accounts Receivable, Net	\$ 364,464	\$ 535,621

5. Prepaid Expenses and Other Assets

As of May 31, 2016 and 2015, prepaid expenses and other assets consisted of the following:

	2016	2015
Annual meeting	\$ 889,511	\$ 856,182
Miscellaneous	476,989	303,123
Deposits	74,275	74,275
Insurance	35,011	39,169
Total Prepaid Expenses and Other Assets	\$ 1,475,786	\$ 1,272,749

Continued

**NATIONAL ASSOCIATION OF COLLEGE
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**NOTES TO FINANCIAL STATEMENTS
For the Years Ended May 31, 2016 and 2015**

6. Property and Equipment and Related Depreciation and Amortization

As of May 31, 2016 and 2015, NACUBO held the following property and equipment:

	2016	2015
Leasehold improvements	\$ 1,371,512	\$ 1,326,363
Software	1,201,108	1,201,108
Equipment	509,267	509,267
Furniture	507,207	507,207
Total Property and Equipment	3,589,094	3,543,945
Less: Accumulated Depreciation and Amortization	(3,271,722)	(3,046,008)
Property and Equipment, Net	\$ 317,372	\$ 497,937

Depreciation and amortization expense totaled \$225,714 and \$274,067 for the years ended May 31, 2016 and 2015, respectively.

7. Line of Credit

During the years ended May 31, 2016 and 2015, 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 2.21% and 1.93% as of May 31, 2016 and 2015, respectively. As of May 31, 2016 and 2015, there was no outstanding balance on this line of credit.

8. 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. In May 2015, NACUBO extended the lease for an additional 10 years expiring in August 2027. The amended lease is effective beginning November 2015. Under the amended lease, NACUBO received a rent abatement of \$328,764, with annual rent escalations of 2.5%. 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 \$795,541 and \$1,041,353 for the years ended May 31, 2016 and 2015, respectively.

**NATIONAL ASSOCIATION OF COLLEGE
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**NOTES TO FINANCIAL STATEMENTS
For the Years Ended May 31, 2016 and 2015**

8. Commitments (continued)

Office Lease (continued)

As of May 31, 2016, future minimum rental payments under this lease were as follows:

<u>For the Year Ending May 31,</u>	
2017	\$ 882,770
2018	904,839
2019	927,462
2020	1,038,037
2021	1,071,547
Thereafter	<u>7,365,795</u>
Total	<u>\$ 12,190,450</u>

Contracts

NACUBO has entered into various agreements for hotel accommodations for its planned future 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 for reasons other than cause, the President and CEO will receive severance pay equal to 12 months of his base salary.

In June 2016, NACUBO extended the CEO's employment contract through July 2018.

9. 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, 2016 and 2015, the amount exceeding the FDIC insured amount totaled approximately \$3,813,000 and \$2,365,000, respectively.

Continued

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

**NOTES TO FINANCIAL STATEMENTS
For the Years Ended May 31, 2016 and 2015**

10. Temporarily Restricted Net Assets

As of May 31, 2016 and 2015, net assets were restricted for the following purposes:

	2016	2015
Program restrictions:		
Institutional Capacity Development –		
Strategic Finance	\$ 14,448	\$ -
Awards program	-	3,390
Total	\$ 14,448	\$ 3,390

11. Permanently Restricted Net Assets

As of May 31, 2016 and 2015, NACUBO held the following permanently restricted net assets:

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

12. 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, 2016 and 2015, pension expense for this plan totaled approximately \$745,000 and \$708,000, respectively.

13. 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 unrelated business income tax. There was no income tax expense related to unrelated business income for the years ended May 31, 2016, or May 31, 2015.

NACUBO performed an evaluation of uncertain tax positions for the years ended May 31, 2016 and 2015, 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, 2016, the statute of limitations for tax years 2012 through 2014 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.

**NATIONAL ASSOCIATION OF COLLEGE
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**NOTES TO FINANCIAL STATEMENTS
For the Years Ended May 31, 2016 and 2015**

14. Reclassifications

Certain 2015 amounts have been reclassified to conform with the 2016 financial statement presentation.

15. Subsequent Events

In preparing the financial statements, NACUBO has evaluated events and transactions for potential recognition or disclosure through September 16, 2016, the date the financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in the financial statements.

SUPPLEMENTARY INFORMATION

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

**SUPPLEMENTAL STATEMENTS OF ACTIVITIES BY NATURAL CLASSIFICATION
For the Years Ended May 31, 2016 and 2015**

	2016	2016 Unaudited Budget	2015	2015 Unaudited Budget
CHANGE IN UNRESTRICTED NET ASSETS				
Revenue and Support				
Membership dues	\$ 7,786,525	\$ 8,025,413	\$ 7,872,267	\$ 7,939,788
Conferences, workshops, seminars and sponsorships	5,632,304	5,675,907	5,768,013	5,559,152
Investment income	457,488	395,740	845,935	314,956
Advertising	701,426	705,000	758,450	723,000
Publications and other products	158,859	176,640	382,142	431,848
Grants, contributions and other sponsorships	341,500	266,000	304,964	290,000
Donated equipment and services	319,700	310,000	314,700	310,000
Fees for service	384,548	329,000	264,475	267,996
Other	106,791	40,350	42,452	40,000
Net assets released from restrictions:				
Satisfaction of program restrictions	63,953	-	7,705	-
TOTAL UNRESTRICTED REVENUE AND SUPPORT	15,953,094	15,924,050	16,561,103	15,876,740
EXPENSES				
Salaries and benefits	7,651,521	7,524,920	7,043,904	7,049,822
Travel	2,653,934	2,593,574	2,343,504	2,490,075
Professional fees	2,009,016	2,083,925	1,710,862	1,867,844
Rent	795,541	1,079,934	1,041,353	1,085,205
Production services	530,893	550,821	511,903	672,504
AV, registration, books and subscriptions	811,780	758,791	783,923	686,019
Taxes and fees	389,680	345,900	341,837	361,100
Depreciation and noncapital equipment	332,684	316,675	393,759	343,500
Donated publication services	319,700	310,000	314,700	310,000
Supplies	259,584	219,145	279,140	228,765
Other	191,384	146,300	142,932	146,300
Telephone	150,539	115,000	116,024	130,140
Postage and delivery	124,955	146,318	132,145	167,092
Contributions	25,372	20,000	15,487	30,000
TOTAL EXPENSES	16,246,583	16,211,303	15,171,473	15,568,366
CHANGE IN UNRESTRICTED NET ASSETS BEFORE UNREALIZED LOSSES ON INVESTMENTS				
	(293,489)	(287,253)	1,389,630	308,374
Unrealized losses on investments	(733,720)	-	(214,983)	-
CHANGE IN UNRESTRICTED NET ASSETS	(1,027,209)	(287,253)	1,174,647	308,374
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS				
Grants, contributions and other sponsorships	76,507			
Investment income (loss)	(1,496)	-	2,352	-
Net assets released from restrictions:				
Satisfaction of program restrictions	(63,953)	-	(7,705)	-
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	11,058	-	(5,353)	-
CHANGE IN NET ASSETS	\$ (1,016,151)	\$ (287,253)	\$ 1,169,294	\$ 308,374