



**INTERNATIONAL LIVING  
FUTURE INSTITUTE**

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**Consolidated  
Audited Financial  
Statements**

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**For the Year Ended  
December 31, 2014**



**MCDONALD JACOBS**  
ACCOUNTANTS & CONSULTANTS



## INDEPENDENT AUDITOR'S REPORT

Mark A. Clift, CPA  
Shareholder

To the Board of Directors  
International Living Future Institute

Karin S. Wandtke, CPA  
Shareholder

Sang Ahn, CPA  
Shareholder

Gerard DeBlois Jr., CPA  
Shareholder

Mary Strasdin, CPA  
Shareholder

Jill Oswald  
Shareholder

Anthony Almer, CPA  
Principal

Tyee Carr, CPA  
Principal

Jake Jacobs, CPA  
of counsel

Susan J. Marks, CPA  
of counsel

Dennis C. Johnson, CPA  
of counsel

We have audited the accompanying consolidated financial statements of International Living Future Institute (a nonprofit corporation), which comprise the consolidated statement of financial position as of December 31, 2014, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the consolidated 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 organization'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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of International Living Future Institute, and changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

*Report on Summarized Comparative Information*

We have previously audited International Living Future Institute's 2013 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated May 30, 2014. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2013 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

*McDonald Jacobson, P.C.*

Portland, Oregon  
March 31, 2015

**INTERNATIONAL LIVING FUTURE INSTITUTE**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**December 31, 2014**  
**(With comparative totals for 2013)**

	2014	2013
<b>ASSETS</b>		
Cash and cash equivalents	\$ 913,912	\$ 718,562
Accounts and pledges receivable, net	2,321,194	1,027,798
Prepaid expenses	23,542	8,542
Other assets, net	63,278	111,372
Property and equipment, net	162,927	117,271
<b>TOTAL ASSETS</b>	<b>\$ 3,484,853</b>	<b>\$ 1,983,545</b>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable	\$ 69,204	\$ 198,720
Accrued expenses	81,535	78,372
Deferred revenue	241,608	157,884
Note payable	-	9,137
<b>Total liabilities</b>	<b>392,347</b>	<b>444,113</b>
Net assets (deficit):		
Unrestricted:		
Undesignated	(454,027)	454,292
Board designated	425,000	425,000
Net property and equipment	162,927	117,271
<b>Total unrestricted</b>	<b>133,900</b>	<b>996,563</b>
Temporarily restricted	2,958,606	542,869
<b>Total net assets</b>	<b>3,092,506</b>	<b>1,539,432</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 3,484,853</b>	<b>\$ 1,983,545</b>

See notes to consolidated financial statements.

**INTERNATIONAL LIVING FUTURE INSTITUTE  
CONSOLIDATED STATEMENT OF ACTIVITIES**

**For the year ended December 31, 2014**

**(With comparative totals for 2013)**

	2014			2013 Total
	Unrestricted	Temporarily Restricted	Total	
<b>Support and revenue:</b>				
Contributions and grants	\$ 617,752	\$ 3,340,000	\$ 3,957,752	\$ 2,909,969
Program revenue	1,417,859	-	1,417,859	1,474,042
Donated materials and services	27,859	-	27,859	11,030
Dues and memberships	141,801	-	141,801	131,615
Interest income	-	-	-	-
Other income	1,232	-	1,232	13,195
Net assets released from restrictions:				
Satisfaction of purpose restrictions	874,263	(874,263)	-	-
Satisfaction of time restrictions	50,000	(50,000)	-	-
Total support and revenue	3,130,766	2,415,737	5,546,503	4,539,851
<b>Expenses:</b>				
Program	3,248,300	-	3,248,300	2,976,144
Management and general	312,517	-	312,517	382,230
Fundraising	359,145	-	359,145	244,489
Total expenses	3,919,962	-	3,919,962	3,602,863
Change in net assets from operations	(789,196)	2,415,737	1,626,541	936,988
<b>Non-operating items:</b>				
Loss on disposal of assets and impairment	(73,467)	-	(73,467)	(174,184)
Total change in net assets	(862,663)	2,415,737	1,553,074	762,804
<b>Net assets:</b>				
Beginning of the year	996,563	542,869	1,539,432	776,628
End of the year	\$ 133,900	\$ 2,958,606	\$ 3,092,506	\$ 1,539,432

See notes to consolidated financial statements.

**INTERNATIONAL LIVING FUTURE INSTITUTE**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**For the year ended December 31, 2014**  
**(With comparative totals for 2013)**

	2014					2013 Total
	Program	Management and general	Fundraising	Communications & Information Technologies	Total	
Salaries and related expenses	\$ 1,506,096	\$ 137,643	\$ 248,538	\$ 343,578	\$ 2,235,855	\$ 1,770,580
Professional fees	291,654	42,076	729	94,106	428,565	613,457
Events and productions	374,871	12,649	1,645	-	389,165	396,040
Occupancy	138,013	17,547	19,977	58,559	234,096	175,614
Equipment maintenance	5,557	1,544	-	9,733	16,834	10,207
Travel	147,496	24,604	19,547	2,329	193,976	198,656
Marketing and development	8,875	-	4,553	3,556	16,984	9,032
Prizes, awards, and gifts	11,646	1,565	200	225	13,636	22,685
Office expense	76,949	11,106	2,966	67,980	159,001	103,424
Printing and copying	60,525	1,333	1,770	37,009	100,637	111,851
Insurance	-	9,905	-	-	9,905	10,679
Licenses, fees, taxes, and interest	5,955	6,864	-	2,594	15,413	26,682
Miscellaneous	19,923	5,815	1,483	3,780	31,001	11,419
Depreciation and amortization	-	-	-	74,894	74,894	142,537
	<u>2,647,560</u>	<u>272,651</u>	<u>301,408</u>	<u>698,343</u>	<u>3,919,962</u>	<u>3,602,863</u>
Allocated communications & information technologies	<u>600,740</u>	<u>39,866</u>	<u>57,737</u>	<u>(698,343)</u>	<u>-</u>	<u>-</u>
Total expenses	<u>\$ 3,248,300</u>	<u>\$ 312,517</u>	<u>\$ 359,145</u>	<u>\$ -</u>	<u>\$ 3,919,962</u>	<u>\$ 3,602,863</u>

See notes to consolidated financial statements.

**INTERNATIONAL LIVING FUTURE INSTITUTE**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
For the year ended December 31, 2014  
(With comparative totals for 2013)

	2014	2013
<b>Cash flows from operating activities:</b>		
Cash received from contracts, memberships and contributions	\$ 4,307,740	\$ 3,769,780
Other cash receipts	1,232	13,195
Cash paid to employees and suppliers	(4,032,029)	(3,455,327)
Cash paid for interest	-	1,834
Net cash provided by operating activities	276,943	329,482
<b>Cash flows from investing activities:</b>		
Development of intangible assets	(28,698)	(22,488)
Goodwill impairment loss	76,792	76,792
Purchase of property and equipment	(120,550)	(21,712)
Loss on disposal of property and equipment	-	38,813
Net cash provided by (used in) investing activities	(72,456)	71,405
<b>Cash flows from financing activities:</b>		
Payments on notes payable	(9,137)	(126,961)
Net cash used in financing activities	(9,137)	(126,961)
Net increase in cash and cash equivalents	195,350	273,926
Cash and cash equivalents - beginning of year	718,562	444,636
Cash and cash equivalents - end of year	\$ 913,912	\$ 718,562
<b>Reconciliation of change in net assets to net cash provided by operating activities:</b>		
Change in net assets	\$ 1,553,074	\$ 762,804
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	74,894	142,538
Loss in inventory	-	58,579
Allowance for uncollectible accounts	-	(2,054)
(Increase) decrease in:		
Accounts and pledges receivable	(1,293,396)	(683,881)
Prepaid expenses	(15,000)	6,034
Inventory	-	(6,091)
Increase (decrease) in:		
Accounts payable and accrued expenses	(126,353)	111,464
Deferred revenue	83,724	(59,911)
Net cash provided by operating activities	\$ 276,943	\$ 329,482

See notes to consolidated financial statements.

**INTERNATIONAL LIVING FUTURE INSTITUTE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2014**

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

Description of Organization

The accompanying consolidated financial statements include the activities of the following organizations:

International Living Future Institute

International Living Future Institute (ILFI) is a 501(c)(3) educational nonprofit organization whose mission is to lead and support the transformation toward communities that are socially just, culturally rich and ecologically restorative. It includes Ecotone Publishing, which is dedicated to meeting the growing demand of authoritative and accessible books on sustainable design, materials selection, and building techniques in North America and beyond. ILFI's support is derived primarily from grants, contributions and fees charged for program services. ILFI provides services globally.

Cascadia Green Building Council

Cascadia Green Building Council (Cascadia) is a 501(c)(3) educational nonprofit organization whose mission is to lead a transformation towards a built environment that is socially just, culturally rich and ecologically restorative.

Cascadia is a wholly owned subsidiary of ILFI. Cascadia provides services in the states of Oregon, Washington and Alaska, as well as the Province of British Columbia, Canada.

Cascadia Green Building 2008 Society

Cascadia Green Building 2008 Society (the Society) is a wholly owned Canadian subsidiary of Cascadia under the *Society Act* of British Columbia. The Society is a Registered Charity for Canadian tax purposes.

The Natural Step-USA

On January 1, 2011, the Organization acquired The Natural Step-USA (TNS), a 501(c)(3) educational nonprofit organization whose mission is to inspire and guide business leaders to make their organizations models of sustainability. TNS's support is derived primarily from grants, contributions and fees charged for program services. TNS provides services in the United States of America.

INTERNATIONAL LIVING FUTURE INSTITUTE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED  
December 31, 2014

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

Principles of Consolidation

The consolidated financial statements include the accounts of International Living Future Institute, and its subsidiaries, Cascadia Green Building Council, Cascadia Green Building 2008 Society, and The Natural Step-USA (collectively, the Organization). All inter-organization transactions and balances have been eliminated.

Basis of Presentation

Net assets and all balances and transactions are presented based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as unrestricted or temporarily restricted net assets. Unrestricted net assets are those that are not subject to donor-imposed stipulations. Temporarily restricted net assets are subject to donor-imposed stipulations that will be met, either by actions of the Organization and/or the passage of time.

Cash and Cash Equivalents

For purposes of the consolidated statement of cash flows, the Organization 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.

Accounts Receivable

Accounts 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, an estimate is made of the portion of the balance that may not be collected. Receivables are written off as a charge to the allowance when management deems the balance is uncollectible.

Pledges Receivable

Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period the Organization is notified of the commitment. Conditional promises to give are not recognized until they become unconditional, that is when the conditions on which they depend are substantially met. Bequests are recorded as revenue at the time the Organization has an established right to the bequest and the proceeds are measurable.

Pledges receivable are stated at the amount the Organization expects to collect. Management considers the following factors when determining the collectability of specific accounts: history with donors and current economic and industry trends.

INTERNATIONAL LIVING FUTURE INSTITUTE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED  
December 31, 2014

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

Goodwill

The Organization evaluates the carrying value of goodwill each year to determine if events occurred or circumstances changed that would more likely than not reduce the fair value below its carrying amount. Such circumstances could include, but are not limited to (1) a significant adverse change in legal factors or in business climate, (2) unanticipated competition, or (3) an adverse action or assessment by a regulator. When evaluating whether goodwill is impaired, the Organization compares the fair value of the goodwill to its carrying amount. The fair value of the reporting unit is estimated using a combination of the income or discounted cash flows approach and the market approach. If the carrying amount of a reporting unit exceeds its fair value, then the amount of the impairment loss must be measured. An impairment loss would be recognized when the carrying amount of goodwill exceeds its implied fair value.

Given the changing role in Ecotone's activities as part of ILFI, the Organization determined that the carrying value of Ecotone's net assets exceeded the estimated fair value. Accordingly, the Organization concluded that it was probable the goodwill associated with the original purchase had diminished and recognized impairment losses of approximately \$76,700 in 2014 and 2013. Ecotone continues to benefit the Organization in various ways, opening up new funding opportunities and offering a vehicle to further promote the Living Building Challenge.

Trademarks and Intellectual Property

Trademarks represent capitalized costs of obtaining registered trademarks with the U.S. Patent Office. The trademarks are at various stages of approval by the U.S. Patent and Trademark office at December 31, 2014. Trademarks are considered to have indefinite lives.

Property and Equipment

Acquisitions of property and equipment in excess of \$1,000 are capitalized. Property and equipment purchased are recorded at cost. Donated assets are reflected as contributions at their estimated values on the date received.

Depreciation

Depreciation of property and equipment is calculated using the straight-line method over the estimated useful lives of the assets which range from 3 to 7 years. Leasehold improvements are depreciated over the lease term.

INTERNATIONAL LIVING FUTURE INSTITUTE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED  
December 31, 2014

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

Restricted and Unrestricted Revenue and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a 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 consolidated statement of activities as net assets released from restrictions.

Donated Materials and Services

Donations of property, equipment, materials and other assets are recorded as support at their estimated fair value at the date of donation. Fair value of contributed assets are measured based on similar items. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. During the year ended December 31, 2014, the Organization recorded \$10,000 for donated rent and approximately \$4,700 of donated goods and materials (\$10,000 for donated rent for the year ended December 31, 2013).

The Organization recognizes donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. During the year ended December 31, 2014, the Organization recorded approximately \$13,200 of contributed legal and other consulting services as management and general expense (approximately \$1,000 for the year ended December 31, 2013).

In addition, ILFI received contributed services from more than 525 volunteers who provided an estimated 6,300 hours during the year ended December 31, 2014 (415 volunteers and 5,800 hours for the year ended December 31, 2013). The value of such services does not meet the requirements for recognition and have therefore not been included in the accompanying consolidated financial statements.

Revenue Recognition

Revenue is recognized on contracted publications based upon the percentage-of-completion as a portion of cost incurred to estimated total cost to complete. Labor is based upon labor input measures and an estimate of time to completion.

Revenues from programs, sales of books, and other activities are recognized in the period in which the sales, programs or other activities occur. Deferred revenue represents advance payments for programs or services that relate to the following year.

INTERNATIONAL LIVING FUTURE INSTITUTE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED  
December 31, 2014

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

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statement of activities and in the consolidated statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Management allocates items other than direct expenses based on employee equivalents.

Use of Estimates

The preparation of the consolidated 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.

Income Tax Status

ILFI, Cascadia and TNS are nonprofit corporations exempt from federal and state 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 consolidated financial statements. Any unrelated business income tax to which ILFI may be subject is estimated to be immaterial. ILFI and its subsidiaries are not private foundations.

The Society was established to carry on activities in British Columbia, Canada. Certain revenues received by the Organization in Canada are subject to Canadian tax. The Society is a registered charity under Canadian tax law and donations are not subject to Canadian tax.

The Organization follows the provisions of FASB ASC *Topic Accounting for Uncertainty in Income Taxes*. Management has evaluated the Organization'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.

The Organizations file federal and state of Oregon information returns. The Organizations' informational returns for years ended December 31, 2010 and prior are generally no longer subject to examination by taxing authorities in its major tax jurisdictions.

**INTERNATIONAL LIVING FUTURE INSTITUTE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED**  
**December 31, 2014**

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

Summarized Financial Information for 2013

The financial information as of December 31, 2013 and for the year then ended is presented for comparative purposes and is not intended to be a complete financial statement presentation.

Subsequent Events

The Organization has evaluated all subsequent events through March 31, 2015, the date the consolidated financial statements were available to be issued.

**2. ACCOUNTS AND PLEDGES RECEIVABLE**

Accounts and pledges receivable are unsecured and consist of the following at December 31, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Pledges and grants receivable	2,178,625	963,912
Other	<u>146,355</u>	<u>67,672</u>
	2,324,980	1,031,584
Less allowance for doubtful accounts	<u>3,786</u>	<u>3,786</u>
Accounts and pledges receivable, net	<u>\$ 2,321,194</u>	<u>\$ 1,027,798</u>

Pledges and grants receivable are expected to be collected as follows:

	<u>2014</u>	<u>2013</u>
Due within one year	\$ 1,178,625	\$ 893,912
Due in two to five years	<u>1,000,000</u>	<u>70,000</u>
Total pledges and grants receivable	<u>\$ 2,178,625</u>	<u>\$ 963,912</u>

At December 31, 2014, one account represented 86% of total receivables (two accounts represented 72% in 2013).

**INTERNATIONAL LIVING FUTURE INSTITUTE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED**  
**December 31, 2014**

**3. OTHER ASSETS**

Other assets consist of the following at December 31, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Goodwill	\$ -	\$ 76,792
Intellectual property	125,586	125,586
Trademarks	<u>67,707</u>	<u>39,009</u>
	193,293	241,387
Less accumulated amortization	<u>130,015</u>	<u>130,015</u>
Other assets, net	<u>\$ 63,278</u>	<u>\$ 111,372</u>

**4. PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at December 31, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Furniture and equipment	\$ 120,267	\$ 99,028
Leasehold improvements	6,321	6,321
Website	302,500	287,991
Website development-in-process	<u>17,618</u>	<u>-</u>
	446,706	393,340
Less accumulated depreciation	<u>283,779</u>	<u>276,069</u>
Property and equipment, net	<u>\$ 162,927</u>	<u>\$ 117,271</u>

**5. NOTE PAYABLE**

A note payable to a private bank was paid off in March 2014. This note was secured by all assets of the Organization and guaranteed by a related party, accrued interest at 6.5% per annum. The balance outstanding at December 31, 2013 was \$9,137.

**6. BOARD DESIGNATED NET ASSETS**

As of December 31, 2014 and 2013, the Organization's Board of Directors has designated \$425,000 of unrestricted net assets as an operating reserve. Remaining net assets that have not been designated by the Board, or otherwise restricted, are included in undesignated net assets.

**INTERNATIONAL LIVING FUTURE INSTITUTE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED**  
**December 31, 2014**

**7. TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are restricted as follows at December 31, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
Time restricted - general operations	\$ 150,000	\$ 200,000
TrimTab	70,000	150,000
Living Product Challenge	2,559,881	-
Living Community in Seattle's Yesler Terrace	40,250	-
Community Scale Solutions for Net Zero Energy	63,475	-
Net Zero Energy Book	75,000	-
Real Estate Investment Model	-	20,369
Green Infrastructure	-	22,500
Living Communities	-	110,000
LBC Film Project	-	40,000
	<u>                    </u>	<u>                    </u>
Total temporarily restricted net assets	<u>\$ 2,958,606</u>	<u>\$ 542,869</u>

**8. LEASE COMMITMENTS**

The Organization leases office facilities in Portland, Oregon under an operating lease, which expired December 2013 and continued on a monthly basis through December 2014. Beginning January 2015, a 36-month lease agreement was executed, with monthly payments of \$6,350, adjusted annually according to the consumer price index.

The Organization leased office facilities in Seattle, Washington under an operating lease, which expired in May 2013. The Organization began leasing office facilities in April 2013 from a related party in Seattle, Washington under an operating lease, which expires February 2018. The Organization received four months of free rent at the commencement of the agreement. Monthly rent is \$7,492 with annual increases.

During 2014 and 2013, the Organization was provided office space at Simon Fraser University in Burnaby, British Columbia, provided by an unrelated party at no charge.

Total rent expense, including in-kind rent, approximated \$208,700 and \$144,300 for the years ended December 31, 2014 and 2013, respectively. A portion of the office space is sublet to several unaffiliated nonprofit organizations. The above rental expenses are offset by approximately \$2,900 and \$17,100 in sublease rental income for the years ended December 31, 2014 and 2013, respectively.

**INTERNATIONAL LIVING FUTURE INSTITUTE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED**  
**December 31, 2014**

**8. LEASE COMMITMENTS, Continued**

Approximate future minimum lease payments under these leases are as follows for the years ending:

December 31, 2015	\$	174,100
2016		174,500
2017		176,700
2018		<u>25,300</u>
	\$	<u>550,600</u>

**9. OTHER COMMITMENTS**

On December 21, 2012, the Organization entered into a contract to receive conference planning and management services for the 2013 conference and site selection for the 2014 conference with an option to extend the contract each year for subsequent conference management services up to the 2016 conference. In September 2013 the Organization entered into another contract with the same company for conference management support for another conference. The commitments for these services at December 31, 2014 and 2013 approximate \$35,900 and \$44,900, respectively.

**10. RETIREMENT PLANS**

The Organization has two defined contribution salary deferral plans covering employees who have met certain service requirements. One plan covers all eligible employees in the United States and the other covers all eligible employees in the Canadian office. Under the plans, the Organization matched 100% of an eligible employee's contribution up to 6% of the employee's salary during 2014 and 2013 with contributions approximating \$69,500 and \$46,800, respectively.

**11. FOREIGN CURRENCY TRANSLATION**

The Organization maintains bank accounts in Canada that are held in Canadian dollars. The account balance and transactions have been translated to U.S. dollars for reporting purposes with any gain or loss from currency translation included in the change in net assets. Management has assessed the risk of loss associated with the foreign currency exchange as minimal.

**INTERNATIONAL LIVING FUTURE INSTITUTE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, CONTINUED**  
**December 31, 2014**

**12. RELATED PARTY TRANSACTIONS**

Due to the nature of the green building industry, the Organization, at times, engages in transactions either individually, or with companies or organizations where board members are employees or owners, many of whom are leaders in the industry. The Organization incurred expenses of approximately \$72,800 and \$35,000 to such vendors for services during 2014 and 2013, respectively. There were immaterial amounts due to these vendors and included in accounts payable at December 31, 2014 and 2013. The Organization recognized approximately \$328,500 and \$435,000 in revenue from related parties during 2014 and 2013, respectively. At December 31, 2014 and 2013 approximately \$22,800 and \$56,200, respectively, was due from these parties and included in accounts and pledges receivable.

The note payable to the bank at December 31, 2013 was personally guaranteed by the Chief Executive Officer as described in Note 5. As described in note 8, a lease was entered into during 2013 with at related party.

**13. CONCENTRATIONS**

The Organization maintains its cash balances in several financial institutions. Balances in each domestic 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 were approximately \$621,500 and \$475,400 as of December 31, 2014 and 2013, respectively. Balances in Canadian institutions are maintained in credit unions and receive unlimited Canadian Deposit Insurance Corporation (CDIC) insurance coverage.

For the year ended December 31, 2014, one donor's contributions approximated 50% of total revenues. For the year ended December 31, 2013, one donor's contributions approximated 31% of total revenues.