

**CHICAGO ASSOCIATION OF REALTORS®
AND AFFILIATES**
Chicago, Illinois

CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2020 and 2019

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Chicago Association of REALTORS®
Chicago, Illinois

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Chicago Association of REALTORS® and Affiliates, which comprise the consolidated statements of financial position as of September 30, 2020 and 2019, and the related consolidated 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 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 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 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 entity'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 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

(Continued)

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Chicago Association of REALTORS® and Affiliates as of September 30, 2020 and 2019, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the consolidated financial statements, the Chicago Association of REALTORS® and Affiliates has adopted Accounting Standards Update ASU 2016-01 – *Recognition and Measurement of Financial Assets and Financial Liabilities (Subtopic 825-10)*. Our opinion is not modified with respect to this matter.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements of financial position, activities, cash flows, and general and administrative expense – natural classification are presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, changes in net assets, and cash flows of the individual entities, and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

Crowe LLP

Crowe LLP

Chicago, Illinois
December 16, 2020

CHICAGO ASSOCIATION OF REALTORS® AND AFFILIATES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
September 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 6,753,366	\$ 6,708,222
Investments	5,869,978	5,684,411
Prepaid expenses and other current assets	284,667	387,549
Total current assets	<u>12,908,011</u>	<u>12,780,182</u>
Property, equipment and software		
Land	25,000	25,000
Building and improvements	153,548	135,156
Leasehold improvements	2,821,660	2,809,437
Furniture and office equipment	909,753	892,178
Computer and telephone equipment	612,280	584,012
Computer software	550,675	534,557
	5,072,916	4,980,340
Less accumulated depreciation	<u>(2,362,834)</u>	<u>(1,891,808)</u>
Property, equipment and software, net	2,710,082	3,088,532
Right to use office space	1,208,993	1,377,637
Right to use office equipment	340,051	186,733
	<u>\$ 17,167,137</u>	<u>\$ 17,433,084</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 306,905	\$ 331,776
Accrued income taxes	29,764	21,575
Accrued expenses	490,092	280,283
Due to National and State Associations	65,998	68,340
Deferred revenue		
Dues	2,790,242	3,015,977
User fees	2,175,035	2,701,897
Other	240,290	269,266
Lease liability for right to use assets - short term	381,019	365,792
Total current liabilities	<u>6,479,345</u>	<u>7,054,906</u>
Lease liability for right to use assets - long term	2,247,713	2,394,798
Total liabilities	<u>8,727,058</u>	<u>9,449,704</u>
Net assets		
Without donor restrictions		
Designated	150,273	150,273
Undesignated	8,183,045	7,809,679
Total without donor restrictions	<u>8,333,318</u>	<u>7,959,952</u>
With donor restrictions	106,761	23,428
Total net assets	<u>8,440,079</u>	<u>7,983,380</u>
	<u>\$ 17,167,137</u>	<u>\$ 17,433,084</u>

See accompanying notes to consolidated financial statements.

CHICAGO ASSOCIATION OF REALTORS® AND AFFILIATES
CONSOLIDATED STATEMENTS OF ACTIVITIES
Years Ended September 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Activities without donor restrictions		
Operating Activities		
Revenue		
Local dues and fees	\$ 4,773,888	\$ 4,737,687
Listing services	5,030,550	4,898,609
Member professional development	1,040,019	993,207
Application and other fees	1,222,415	1,151,969
Public Relations	19,600	16,400
Member events	313,101	664,097
Other member services	166,955	185,590
Contributions	211,917	212,796
Net assets released from restriction	<u>63,186</u>	<u>71,233</u>
Total revenue	12,841,631	12,931,588
Expenses		
Program		
Member services	1,318,307	1,204,322
Listing services	4,896,728	4,392,844
Member professional development	1,886,329	1,881,208
Other member services	55,705	169,918
Member events	1,832,385	2,202,019
Government affairs	304,971	301,757
State and National Association meetings	130,865	251,511
Public relations	1,066,656	915,857
Contributions and grants	<u>100,488</u>	<u>208,081</u>
Total program	11,592,434	11,527,517
General and administrative	9,244	708,644
Association governance	<u>902,302</u>	<u>675,192</u>
Total expenses	<u>12,503,980</u>	<u>12,911,353</u>
Increase in net assets from operating activities	337,651	20,235
Nonoperating revenue		
Interest and dividend income	152,999	162,148
Gain on investments	90,147	63,455
Other expense	(40,169)	(31,187)
Income tax expense	<u>(150,139)</u>	<u>(103,774)</u>
Nonoperating revenue, net	52,838	90,642
Change in net assets without donor restrictions	390,489	110,877
Activities with donor restrictions		
Contributions	129,396	80,993
Release from restriction	<u>(63,186)</u>	<u>(71,233)</u>
Change in net assets with donor restrictions	66,210	9,760
Change in total net assets	456,699	120,637
Total net assets		
Beginning of year	<u>7,983,380</u>	<u>7,862,743</u>
End of year	<u>\$ 8,440,079</u>	<u>\$ 7,983,380</u>

See accompanying notes to consolidated financial statements.

CHICAGO ASSOCIATION OF REALTORS® AND AFFILIATES
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended September 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Change in net assets	\$ 456,699	\$ 120,637
Adjustment to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization	471,026	457,305
Net gain on investments	(90,147)	(63,455)
Non-cash rent expense	(116,532)	(103,461)
Changes in:		
Prepaid expenses and other assets	102,882	(78,211)
Accounts, dues, and other payables	(27,213)	7,831
Accrued expenses	217,998	921
Deferred revenue	<u>(781,573)</u>	<u>1,782,420</u>
Net cash from operating activities	233,140	2,123,987
Cash flows from investing activities		
Purchase of property, equipment, and software	(92,576)	(237,948)
Purchase of investments	(95,420)	(609,125)
Proceeds from maturity of certificates of deposit	<u>-</u>	<u>518,118</u>
Net cash from investing activities	<u>(187,996)</u>	<u>(328,955)</u>
Net change in cash and cash equivalents	45,144	1,795,032
Cash and cash equivalents		
Beginning of year	<u>6,708,222</u>	<u>4,913,190</u>
End of year	<u>\$ 6,753,366</u>	<u>\$ 6,708,222</u>
Supplemental disclosure		
Cash paid for operating leases	\$ 522,498	\$ 509,852
Non-cash investing activity		
Right to use office space	\$ 15,326	\$ 243,537
Lease liability for office space	\$ (131,858)	\$ (346,998)

See accompanying notes to consolidated financial statements.

CHICAGO ASSOCIATION OF REALTORS® AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2020 and 2019

NOTE 1 - NATURE OF OPERATIONS

Chicago Association of REALTORS® (CAR or the Organization) is a membership organization incorporated in Illinois. Chicago Association of REALTORS® is the "Voice for Real Estate™" in Chicago since 1883 and represents approximately 16,300 members from all real estate specialties including commercial sales, development, property management, appraisal, auctions, and residential sales. CAR pursues its purpose by providing members and those interested in the real estate industry the following services:

- Professional service and support from CAR staff, ready and able to answer questions and address concerns;
- Member education and training programs, including a state-approved pre-licensing program, as well as accredited Continuing Education courses;
- Programs and networking events geared toward the various practice areas and specialties of the real estate practitioner, with speakers on relevant topics;
- The opportunity to participate in the Regional Multiple Listing Service;
- Advocacy and lobbying at the local, state, and national levels to protect real estate businesses and that of customers and clients, related to real estate;
- Weekly, quarterly, and annual housing sales data for each of Chicago's 77 neighborhoods and Chicagoland suburbs available via the CAR website and by e-mail; and
- Valuable communications tools, such as Chicago Realtor® Magazine and weekly e-blasts as well as representation in the media to publicize and promote our REALTORS®.

CAR and six other REALTOR® organizations, operating in the Chicago metropolitan area, each own 100 or 200 shares (1,000 total shares issued) of Multiple Listing Service of Northern Illinois, Inc., an Illinois Corporation (MLSNI). Prior to April 2009, MLSNI operated the principal multiple listing service for REALTORS® in the Chicago metropolitan area. However, in 2009, MLSNI consolidated its operations with another multiple listing service to create a new association owned, but broker-controlled, multiple listing service: Midwest Real Estate Data, LLC (MRED). MLSNI owns all ten common units of MRED, which today is the only entity providing REALTORS® with multiple listing services in the Chicago metropolitan area. The REALTOR® organizations elect two seats on MRED's 15-person Board of Managers. The remaining 13 seats are elected by broker firms that have purchased preferred units of MRED. The preferred units of MRED are valued at \$1,000 each and return no value other than their \$1,000 original investment.

CAR owns approximately 14% of MLSNI and does not exercise either control or significant influence over MLSNI or MRED, because of CAR's less than 20% ownership of MLSNI and the preferred unit holders control of 13 out of 15 seats of the Board of Managers of MRED. Accordingly, CAR's investment in MLSNI is recorded at its historical cost basis of \$100. The September 30, 2019, audited financial statements of MRED reported approximately \$10.86 million in common unit members' equity. CAR's portion of MRED's common unit equity is approximately \$1.52 million, which, under generally accepted accounting principles, has not been recorded. CAR is only able to recover the additional value of this investment upon dissolution of MRED or upon the majority vote for a special distribution by the Board of Managers, which is controlled by preferred unit holders of MRED.

CAR provides its members with access to MRED's multiple listing service through The Chicago Association of REALTORS, Inc. Multiple Listing Service (CAR MLS), incorporated in Delaware. CAR MLS invoices and collects fees from its members who request access to MRED's multiple listing service. CAR MLS utilizes the CAR staff, as well as its office at the Central location, for the maintenance and storage of records, as well as for its regularly scheduled meetings.

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CHICAGO ASSOCIATION OF REALTORS® AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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NOTE 1 - NATURE OF OPERATIONS (Continued)

The Northern Illinois Real Estate Information Network Inc. (NIREIN) is a wholly owned subsidiary of CAR BIS. NIREIN is a vehicle through which CAR's licensed real estate agents may close real estate transactions even if they are not otherwise associated with a real estate brokerage firm licensed in Illinois. Also, within NIREIN, CommercialForum is a subscription-based initiative available to CAR members, or for a fee to practitioners, affiliates or investors interested in connecting for networking and education purposes, as well as to become more engaged on local legislative matters. NIREIN utilizes the CAR staff, as well as its office at the Central location, for the maintenance and storage of records, as well as for its regularly scheduled meetings.

Chicago Association of Realtors Business Information Services, Inc. (CAR BIS) is a holding company formed for the purpose of holding CAR's investment in CAR MLS and NIREIN. CAR BIS is a wholly owned subsidiary of CAR.

The Chicago Association of REALTORS® Educational Foundation, Inc. (Foundation) is a not-for-profit Illinois corporation exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code. The Foundation provides awards, grants and scholarships in support of research and higher learning in the real estate field, and seeks opportunities to partner, where possible, with relevant organizations to further the same; the Foundation also actively supports charitable organizations focused on community-building, the eradication of homelessness, and other worthy causes. The Foundation utilizes the CAR staff, as well as its office at the Central location, for the maintenance and storage of records, as well as for its regularly scheduled meetings.

The Chicago Association of REALTORS® Political Action Committee (PAC) is a separate entity used to maintain a relationship with government bodies and representatives. The PAC receives its funding from The Realtors Political Action Committee (RPAC). The PAC contributes funds to candidates for local office who support the views and issues important to CAR members and their clients. The PAC utilizes the CAR staff, as well as its office at the Central location, for the maintenance and storage of records, as well as for its regularly scheduled meetings.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidated Financial Statements: The accompanying consolidated financial statements reflect the consolidation of the financial statements of CAR, CAR BIS (CAR MLS and NIREIN), Foundation, and PAC. The consolidated financial statements reflect an aggregation of the six organizations' individual financial statements. All intercompany transactions and accounts have been eliminated in consolidation.

Basis of Accounting: The Organization maintains its accounting records and prepares its financial statements on the accrual basis of accounting in accordance with generally accepted accounting principles. The accrual basis of accounting recognizes revenue when earned and expenses when incurred. Contributions are classified based on the existence or absence of donor-imposed restrictions.

Financial Statement Presentation: In accordance with generally accepted accounting principles, CAR reports financial position and activities in two classes of net assets based on the existence or absence of donor-imposed restrictions; net assets without donor restrictions and net assets with donor restrictions. Net assets are generally reported as without donor restrictions unless assets are received from donors with explicit stipulations that limit the use of the asset. As of September 30, 2020, and 2019, there are \$106,761 and \$23,428, respectively, of net assets with donor restrictions for charitable, educational scholarships and events. All remaining net assets are without donor restrictions.

(Continued)

CHICAGO ASSOCIATION OF REALTORS® AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2020 and 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition: Annual membership dues and fees, including listing service fees, are assessed on a fiscal year basis and are initially deferred. Revenue is recognized on a monthly basis throughout the fiscal year to which the dues and fees apply.

Estimates Used in the Preparation of the Financial Statements: The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America 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 revenue and expenses during the reporting period. Significant estimates used in the preparation of these consolidated financial statements include the fair value of investments, the allowance for doubtful accounts, the allocation of general, administrative and other expenses to individual program activities and related entities and useful lives of property, equipment and software. Actual results could differ from those estimates.

Reclassifications: Certain amounts in the prior year financial statements have been reclassified, with no effect on net assets or change in net assets, to conform to the current year presentation.

Functional Allocation of Expenses: Operating expenses identified directly with a program service area are charged to that area and, where these expenses affect more than one area, they are allocated based on actual hours incurred by employees for each entity and space utilized.

Cash Equivalents: For purposes of the consolidated statement of cash flows, short-term investments, including certificates of deposit, purchased with an original maturity of three months or less are considered to be cash equivalents. Cash equivalents included in the investment portfolio are reported as investments.

Certificates of Deposit: Certificates of deposit with original maturities of over three months are recorded at historical cost plus accrued interest, which approximates fair value.

Prepaid Expenses and Other Assets: Prepaid expenses consist of expenditures made for an event, product or service that will occur or be utilized subsequent to fiscal year end. Prepays also consist of business aids and supplies, such as textbooks, lockboxes, and keycards, which are reported at the lower of cost or net realizable value, computed using the average cost basis.

Investments: The Organization's investments are accounted for at fair value with unrealized gains and losses reported in the statement of activities.

Property, Equipment, and Software: Property, equipment, and software with a useful life of greater than one year are recorded at cost and depreciated or amortized using the straight-line method over the estimated useful lives of the assets. Management has established the useful lives of the assets as follows:

Building	15 years
Building improvements	5 years
Leasehold improvements	2-10 years
Furniture and office equipment	5-10 years
Computer and telephone equipment	3 years
Computer software	2-3 years

Deferred Revenue: Deferred revenue includes dues and user fees collected in advance. These are recognized in the year the services are provided.

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CHICAGO ASSOCIATION OF REALTORS® AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2020 and 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events: Subsequent events have been evaluated through December 16, 2020, which is the date the financial statements were available to be issued.

Income Taxes: Because of the nature of its primary purpose, CAR has been determined by the Internal Revenue Service to be exempt from federal income tax under the provision of Section 501(c)(6) of the Internal Revenue Code, except to the extent of any unrelated business income. CAR had unrelated business income from advertising revenue and imputed interest in 2020 and 2019.

CAR BIS is a taxable corporation. CAR BIS and its wholly owned taxable subsidiaries, CAR MLS and NIREIN, participate in a tax sharing arrangement whereby they have elected to allocate taxes among the members of the group tax return using the separate return method. The allocation of tax expense (benefit) is determined based upon what each consolidated group member's current and deferred tax expense would have been had the member filed a separate return. The tax sharing agreement between CAR BIS and the consolidated tax group members provides that the taxes payable or refundable will be settled on an annual basis in the following manner:

- If CAR BIS tax benefits are used to offset taxes due to taxing authorities, then the CAR BIS group member that benefits from the offset will record a capital contribution from the related group member.
- Or, if payments are due to taxing authorities, then the respective CAR BIS group member will make a cash payment to CAR BIS to be paid to the taxing authority. Overpayments made by a group member to a taxing authority will be credited or refunded from CAR BIS to the group member as appropriate.

All intercompany balances related to the CAR BIS tax sharing agreement have been eliminated in consolidation.

The Foundation is a not-for-profit organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Foundation has been determined not to be a "private foundation" within the meaning of Section 509(a) of the Internal Revenue Code. The Foundation had no unrelated business income during the years ended September 30, 2020 and 2019.

As a separate entity, the PAC files periodic information returns with the State Board of Elections. The PAC is also subject to federal income tax on its interest income. The PAC paid no income taxes in fiscal years 2020 or 2019.

The tax returns for all Organizations for the years ended September 30, 2017 through 2019 are open years for purposes of any future IRS or State of Illinois examinations.

Cash Flows: Income taxes of approximately \$142,100 and \$106,100 were paid during the years ended September 30, 2020 and 2019, respectively.

Retirement Plan: CAR maintains a 401(k) plan. This plan allows for eligible employees to defer a portion of their wages from federal and state income taxes. CAR has elected to fund the plan pursuant to safe harbor provisions of the Internal Revenue Service regulations. The safe harbor provision requires a 3% employer contribution for all eligible employees. CAR is also providing a discretionary employer contribution of 1%. The contributions to this plan were approximately \$115,000 and \$94,300 for the years ended September 30, 2020 and 2019, respectively.

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CHICAGO ASSOCIATION OF REALTORS® AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2020 and 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Adoption of New Accounting Standards: In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU provides a more robust framework for determining whether a transaction should be accounted for as a contribution or an exchange transaction. The guidance also helps determine whether a contribution is conditional and better distinguishes a donor-imposed condition from a donor-imposed restriction. The Organization adopted this ASU on October 1, 2019.

The Organization implemented ASU 2018-08 using a full retrospective method of application. The adoption of ASU 2018-08 resulted in changes to the disclosure of revenue. There were no material changes to the recognition or presentation of revenue as a result of the application of ASU 2018-08. As a result, no cumulative effect adjustment was recorded upon adoption.

In January 2016, FASB issued ASU 2016-01, *Recognition and Measurement of Financial Assets and Financial Liabilities (Subtopic 825-10)*. This ASU requires equity investments (except those accounted for under the equity method of accounting or those that result in consolidation of the investee) to be measured at fair value with changes in fair value recognized as changes in net assets without donor restrictions. The Association adopted this ASU on October 1, 2019.

The Organization implemented ASU 2016-01 on a prospective basis and elected to apply the available practical expedient allowing the Organization to estimate fair value for equity securities without readily determinable fair values at cost minus impairment, if any, plus or minus changes in fair value resulting from observable price changes in orderly transactions for the identical or a similar investment of the same issuer. There was no material change to the recognition of fair value of investments as a result of the application of ASU 2016-01. As a result, no cumulative effect adjustment was recorded upon adoption.

Recent Accounting Guidance: In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers: Topic 606*. This ASU affects any entity that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of nonfinancial assets unless those contracts are within the scope of other standards (e.g., insurance contracts or lease contracts). This ASU will supersede the revenue recognition requirements in Topic 605, Revenue Recognition, and most industry-specific guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The amendments in this ASU are effective retrospectively for fiscal years beginning after December 15, 2021. The Organization has not yet implemented this ASU and is in the process of assessing the effect on the Organization's financial statements.

COVID-19 Risk Factors: On March 11, 2020 the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. Shortly thereafter, the state of Illinois placed limits on in-person gatherings, requiring that they be essential with no more than 10 people. As a result, the Organization shifted all of its in-person program offerings to virtual formats to protect our members while complying with government regulations.

While these regulations were loosened on June 26, 2020 allowing for gatherings of up to 50 people, the Organization continues to operate with updated virtual program formats to ensure the safety of the Organization's members while enabling the Organization to achieve its mission.

The Organization has experienced, and expects to continue to experience, reduced program revenues and costs as a result of the Organization's pivot from in-person to virtual programming. While these new program formats have resulted in lower transaction volumes, the Organization's liquidity position and cash flows from operations have not been materially impacted.

(Continued)

CHICAGO ASSOCIATION OF REALTORS® AND AFFILIATES
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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Additionally, while there were no significant changes in membership revenues during the 2020 fiscal year, the Organization's future membership revenues depend on support from our members and could be adversely affected by drops in our membership. A prolonged and widespread health crisis could adversely affect the U.S. economy, resulting in an economic downturn that could negatively impact our members and ultimately affect demand for our service offerings. In this scenario, the Organization's financial outlook could be negatively impacted.

NOTE 3 - POOLED CASH AND CONCENTRATION OF CREDIT RISK

The operating accounts of each entity are transferred daily into a parent account. This parent account is utilized primarily to receive dues which are reconciled and recorded to the respective general ledger accounts of CAR and its affiliates. The non-interest-bearing account is in the name of CAR only and had a bank balance of \$714,305 and \$2,046,990 at September 30, 2020 and 2019, respectively. At September 30, 2020, the Organization had two deposit accounts in excess of FDIC limits, and one deposit account at September 30, 2019. The Organization regularly monitors its cash and investment balances to minimize risk exposure in the event of a financial institution's failure.

NOTE 4 - INVESTMENTS AND FAIR VALUE

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of a given measurement date. Investment valuations are separated into a three-level hierarchy based on the reliability of observable and unobservable inputs as follows:

Level 1 -Valuations are based on quoted prices in active markets for identical assets or liabilities that the entity has the ability to access at the measurement date.

Level 2 -Valuations are based on quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; and model-derived valuations whose significant inputs are observable.

Level 3 -Valuations are based on unobservable inputs for the asset or liability that reflect the reporting entity's own data and assumptions that market participants would use in pricing the asset or liability.

Following is a description of the valuation methodologies used for investments measured at fair value, as well as the general classification of such investments pursuant to the valuation hierarchy.

Mutual funds are valued using quoted market prices for identical assets. Accordingly, these assets are categorized in Level 1 of the fair value hierarchy.

Corporate and U.S. Treasury bills are valued using a spread scale. The spread represents credit risk and is obtained using observable inputs from the new issue market, secondary trading, and dealer quotes. The spreads are then added to a U.S. Treasury Curve. Accordingly, corporate and U.S. Treasury bills are categorized in Level 2 of the fair value hierarchy (income approach).

(Continued)

CHICAGO ASSOCIATION OF REALTORS® AND AFFILIATES
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 September 30, 2020 and 2019

NOTE 4 - INVESTMENTS AND FAIR VALUE (Continued)

Fair values of investments measured on a recurring basis at September 30, are as follows:

	Quote Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at September 30, 2020
<u>2020</u>				
Mutual funds:				
Money Market	\$ 394,754	\$ -	\$ -	\$ 394,754
Large Cap Growth	1,042,137	-	-	1,042,137
Large Cap Value	422,074	-	-	422,074
Small/Mid Cap Growth	194,450	-	-	194,450
Small/Mid Cap Value	131,080	-	-	131,080
International Equity	252,540	-	-	252,540
Equities Blend	11,459	-	-	11,459
Alternative Investments - Commodity	223,556	-	-	223,556
Long-term Bond	560,729	-	-	560,729
Intermediate-term Bond	287,761	-	-	287,761
Short-term Bond	642,983	-	-	642,983
Fixed Income Blend	540	-	-	540
Corporate bonds	-	827,790	-	827,790
U.S. Treasury bills	<u>-</u>	<u>878,125</u>	<u>-</u>	<u>878,125</u>
	<u>\$ 4,164,063</u>	<u>\$ 1,705,915</u>	<u>\$ -</u>	<u>\$ 5,869,978</u>

(Continued)

CHICAGO ASSOCIATION OF REALTORS® AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2020 and 2019

NOTE 4 - INVESTMENTS AND FAIR VALUE (Continued)

<u>2019</u>	Quote Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at September 30, 2019
Mutual funds:				
Money Market	\$ 280,059	\$ -	\$ -	\$ 280,059
Large Cap Growth	974,670	-	-	974,670
Large Cap Value	520,881	-	-	520,881
Small/Mid Cap Growth	212,499	-	-	212,499
Small/Mid Cap Value	208,286	-	-	208,286
International Equity	474,993	-	-	474,993
Equities Blend	30,670	-	-	30,670
Long-term Bond	354,216	-	-	354,216
Intermediate-term Bond	312,471	-	-	312,471
Short-term Bond	301,299	-	-	301,299
Fixed Income Blend	39,938	-	-	39,938
Corporate bonds	-	945,969	-	945,969
U.S. Treasury bills	<u>-</u>	<u>1,028,460</u>	<u>-</u>	<u>1,028,460</u>
	<u><u>\$ 3,709,982</u></u>	<u><u>\$ 1,974,429</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5,684,411</u></u>

NOTE 5 - ACCOUNTS RECEIVABLE

Receivables are stated at the amount due from third parties net of an allowance for doubtful accounts when appropriate. There was no allowance for doubtful accounts at September 30, 2020 and 2019. The Organization does not charge interest or late fees on amounts past due, monitors its exposure to credit losses, and charges off past dues receivables, after exhausting collection efforts. At September 30, 2020 and 2019, receivables included \$4,528 and \$6,611, respectively, of amounts due from employees, which are being repaid through payroll deductions. Accounts receivable are included in prepaid expenses and other current assets on the statements of financial position.

NOTE 6 - DESIGNATED ASSETS WITHOUT DONOR RESTRICTIONS

During the years ended September 30, 1998 and 1997, the Board of Directors voted to designate a portion of net assets to be used only with formal Board approval. The amount of the designation was \$10 per dues-paying member.

(Continued)

CHICAGO ASSOCIATION OF REALTORS® AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2020 and 2019

NOTE 7 - LEASE OBLIGATIONS

CAR entered into a 10-year central office lease effective September 1, 2016, for which the first 11 months of rent are abated. Subsequent months of rent commence at \$24,755 per month and escalate to \$45,198 over the course of the lease prior to expiration in February 2027. CAR had the right to use the space commencing September 1, 2016, in order to build out the space prior to occupying it. The lease includes a tenant incentive allowance totaling \$1,074,790 towards build-out of the space. CAR used a discount rate of 1.57% to compute the net present value of the future minimum lease payments, which was the risk free rate for 10-year treasuries at the commencement date of the lease. There is an optional 5-year renewal term at the end of the lease term. The Organization has not included this in the right of use asset and lease liability as it is not reasonably certain that CAR will renew the lease upon expiration.

CAR entered into a 5-year printer/copier lease effective December 30, 2016. Monthly rental charges are \$5,498 plus applicable taxes. CAR had the right to use the equipment upon delivery. In addition, CAR entered into a new 5-year postage equipment lease effective December 1, 2016. Monthly rental charges are \$1,120 plus applicable taxes. CAR had the right to use the equipment upon delivery which occurred in late December. CAR used a discount rate of 1.92% to compute the net present value of the future minimum lease payments, which was the risk free rate for 5-year treasuries at the commencement date of the lease.

CAR entered into a 5-year printer/copier lease effective September 9, 2020. Monthly rental charges are \$5,102 plus applicable taxes. CAR had the right to use the equipment upon delivery. CAR used a discount rate of 0.26% to compute the net present value of the future minimum lease payments, which was the risk free rate for 5-year treasuries at the commencement date of the lease.

The following components are recognized in the consolidated financial statements for September 30, 2020:

	<u>Office Space</u>	<u>Equipment</u>	<u>Total</u>
Right of use asset	\$ 1,208,993	\$ 340,051	\$ 1,549,044
Lease liability	(2,288,681)	(340,051)	(2,628,732)

The following components are recognized in the consolidated financial statements for September 30, 2019:

	<u>Office Space</u>	<u>Equipment</u>	<u>Total</u>
Right of use asset	\$ 1,377,637	\$ 186,733	\$ 1,564,370
Lease liability	(2,573,857)	(186,733)	(2,760,590)

(Continued)

CHICAGO ASSOCIATION OF REALTORS® AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2020 and 2019

NOTE 7 - LEASE OBLIGATIONS (Continued)

Future minimum payments under the leases in fiscal years ending September 30 are as follows:

	<u>Office Space</u>	<u>Equipment</u>	<u>Total</u>
2021	\$ 452,188	\$ 79,109	\$ 531,297
2022	466,051	72,388	538,439
2023	480,331	65,668	545,999
2024	495,043	65,668	560,711
2025	510,194	60,196	570,390
Thereafter	<u>751,786</u>	<u>-</u>	<u>751,786</u>
Total cash payments	3,155,593	343,029	3,498,622
Less discount	<u>(866,912)</u>	<u>(2,978)</u>	<u>(869,890)</u>
Lease liability	<u>\$ 2,288,681</u>	<u>\$ 340,051</u>	<u>\$ 2,628,732</u>

Total rent expense was approximately \$449,000 and \$470,000 in 2020 and 2019, respectively.

NOTE 8 - COMMITMENTS

CAR has an employment agreement with its Chief Executive Officer (CEO) that continues through April 15, 2021. In addition to providing the same annual compensation and benefits granted to all other CAR employees, the agreement provides for continuation of base pay for up to 6 months after termination for a reason other than cause or good reason, as defined.

NOTE 9 - REVOLVING CREDIT CARD AGREEMENT

CAR has a \$170,000 revolving credit card agreement, to manage office wide procurement, with a financial institution. Credit is available through the use of credit cards which have been issued to various individuals in the Organization. The Organization repays the balance every month to avoid paying any interest charges. There was no interest expense for the years ended September 30, 2020 and 2019. At September 30, 2020 and 2019, CAR owed approximately \$59,100 and \$105,400, respectively, under this agreement, which is included in accounts payable on the statements of financial position.

NOTE 10 - INTERCOMPANY BALANCES

Throughout the year, various intercompany receivables/payables may arise in the normal course of operations. Imputed interest is recorded for these balances at the Short Term Internal Revenue Service Applicable Federal Rate. During the years ended September 30, 2020 and 2019, CAR and NIREIN recorded imputed interest revenue and expense of \$5,635 and \$13,444, respectively. This interest is eliminated in consolidation.

(Continued)

CHICAGO ASSOCIATION OF REALTORS® AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2020 and 2019

NOTE 11 - RELATED ORGANIZATIONS

The Organization remitted fees for multiple listing services through CAR MLS to MRED totaling \$4,137,397 and \$4,135,324 for the years ended September 30, 2020 and 2019, respectively.

NOTE 12 - INCOME TAXES

CAR's income tax expense for the years ending September 30, 2020, and 2019, related to CAR unrelated business income tax, and net taxable income for CAR BIS. CAR BIS and its wholly owned taxable subsidiaries, CAR MLS and NIREIN, participate in a tax sharing arrangement. The components of the CAR BIS income tax expense consist of taxable income generated by the CAR MLS, after applying net operating losses generated by NIREIN.

Consolidated tax expense for the fiscal years ended September 30 consisted of the following:

	<u>2020</u>	<u>2019</u>
CAR BIS		
CAR MLS tax expense	\$ 156,606	\$ 100,668
NIREIN net operating loss generated	(10,277)	(10,904)
CAR unrelated business income tax	<u>3,810</u>	<u>14,010</u>
 Total income tax expense	 <u>\$ 150,139</u>	 <u>\$ 103,774</u>

For the years ended September 30, 2020 and 2019, CAR MLS generated a net taxable income of approximately \$549,398 and \$352,800, respectively, resulting in estimated income tax expense of approximately \$156,600 and \$101,000, respectively. CAR MLS has no material temporary tax differences.

NIREIN generated approximately \$37,000 and \$38,000 in net operating loss during the years ended September 30, 2020 and 2019, respectively, which was used by CAR MLS to offset its taxable income. The tax-effected amounts are recorded as a distribution from NIREIN to CAR MLS and are eliminated in consolidation.

At September 30, 2020 and 2019, NIREIN had approximately \$562,000 of loss carryforwards, expiring through 2031. These net operating loss carryforwards were generated prior to fiscal 2015, the year when CAR BIS became a tax group, and may only be used to offset taxable income of NIREIN. Due to the uncertainty of realizing the tax benefit of the loss carryforwards, an allowance in an equal amount has been established.

(Continued)

CHICAGO ASSOCIATION OF REALTORS® AND AFFILIATES
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 September 30, 2020 and 2019

NOTE 13 - PROGRAM EXPENSES BY NATURE

The statements of activities report certain categories of expenses attributable to the programs and supporting functions of CAR. Program Activities include Member Services, Professional Development, Networking Events, Advocacy and the costs of other charitable programs. The table below presents these functional expenses by their natural classification for the year ended September 30, 2020.

	Program Activities Total	Supporting Activities		Total
		Management & General	Association Governance	
Employee costs	\$ 3,110,334	\$ 1,096,914	\$ 448,950	\$ 4,656,198
Professional fees	74,736	306,515	-	381,251
Facilities & related	95,704	443,628	-	539,332
Depreciation	-	471,025	-	471,025
Office operations	18,793	399,320	-	418,113
Bank & credit card fees	282,821	25,711	-	308,532
Advertising & marketing	148,253	475	-	148,728
Direct program costs	<u>5,430,173</u>	<u>-</u>	<u>150,628</u>	<u>5,580,801</u>
 Total expenses	 <u>\$ 9,160,814</u>	 <u>\$ 2,743,588</u>	 <u>\$ 599,578</u>	 <u>\$ 12,503,980</u>

(Continued)

CHICAGO ASSOCIATION OF REALTORS® AND AFFILIATES
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 September 30, 2020 and 2019

NOTE 13 - PROGRAM EXPENSES BY NATURE (Continued)

The table below presents these functional expenses by their natural classification for the year ended September 30, 2019.

	Program Activities Total	Supporting Activities		Total
		Management & General	Association Governance	
Employee costs	\$ 2,564,024	\$ 1,350,074	\$ 307,568	\$ 4,221,666
Professional fees	120,103	265,410	-	385,513
Facilities & related	93,997	436,741	-	530,738
Depreciation	-	457,305	-	457,305
Office operations	39,860	366,125	74	406,059
Bank & credit card fees	333,115	22,336	-	355,451
Advertising & marketing	166,923	851	-	167,774
Direct program costs	<u>6,231,738</u>	<u>-</u>	<u>155,109</u>	<u>6,386,847</u>
 Total expenses	 <u>\$ 9,549,760</u>	 <u>\$ 2,898,842</u>	 <u>\$ 462,751</u>	 <u>\$ 12,911,353</u>

The functional expense schedules above represent expenses prior to the direct allocation of supporting activities to programmatic activities. The Statement of Activities reflects management's allocation of indirect activities to programmatic activities. The allocations of certain categories of expenses attributable to more than one program or supporting function are described in Note 2.

(Continued)

CHICAGO ASSOCIATION OF REALTORS® AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2020 and 2019

NOTE 14 - LIQUIDITY AND AVAILABILITY

CAR's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

	<u>2020</u>	<u>2019</u>
Cash & cash equivalents	\$ 6,753,366	\$ 6,708,222
Investments	5,869,978	5,684,411
Less designated and restricted net assets	<u>(257,034)</u>	<u>(173,701)</u>
	<u><u>\$ 12,366,310</u></u>	<u><u>\$ 12,218,932</u></u>

As part of the CAR's liquidity management, CAR invests its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the organization has a formal reserve policy requiring CAR to maintain a minimum of \$3,000,000 in reserves.

SUPPLEMENTARY FINANCIAL INFORMATION

CHICAGO ASSOCIATION OF REALTORS®
AND AFFILIATES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
September 30, 2020
(with comparative totals for 2019)

	2020						2019	
	<u>CAR</u>	<u>CAR BIS</u>	<u>Subtotal</u>	<u>Foundation</u>	<u>PAC</u>	<u>Eliminations</u>	<u>Total</u>	<u>Consolidated</u>
ASSETS								
Current assets								
Cash and cash equivalents	\$ 2,279,552	\$ 3,999,303	\$ 6,278,855	\$ 399,172	\$ 75,339	\$ -	\$ 6,753,366	\$ 6,708,222
Investments	3,665,437	1,455,404	5,120,841	749,137	-	-	5,869,978	5,684,411
Accounts receivable, intercompany	614,941	-	614,941	-	-	(614,941)	-	-
Prepaid expenses and other current assets	258,779	22,734	281,513	3,154	-	-	284,667	387,549
Total current assets	6,818,709	5,477,441	12,296,150	1,151,463	75,339	(614,941)	12,908,011	12,780,182
Property, equipment, and software								
Land	25,000	-	25,000	-	-	-	25,000	25,000
Buildings and improvements	153,548	-	153,548	-	-	-	153,548	135,156
Leasehold improvements	2,821,660	-	2,821,660	-	-	-	2,821,660	2,809,437
Furniture and office equipment	909,753	-	909,753	-	-	-	909,753	892,178
Computer and telephone equipment	612,280	-	612,280	-	-	-	612,280	584,012
Computer software	550,675	-	550,675	-	-	-	550,675	534,557
	5,072,916	-	5,072,916	-	-	-	5,072,916	4,980,340
Less accumulated depreciation	(2,362,834)	-	(2,362,834)	-	-	-	(2,362,834)	(1,891,808)
Property, equipment, and software, net	2,710,082	-	2,710,082	-	-	-	2,710,082	3,088,532
Right to use office space	1,208,993	-	1,208,993	-	-	-	1,208,993	1,377,637
Right to use office equipment	340,051	-	340,051	-	-	-	340,051	186,733
	<u>\$ 11,077,835</u>	<u>\$ 5,477,441</u>	<u>\$ 16,555,276</u>	<u>\$ 1,151,463</u>	<u>\$ 75,339</u>	<u>\$ (614,941)</u>	<u>\$ 17,167,137</u>	<u>\$ 17,433,084</u>

(Continued)

**CHICAGO ASSOCIATION OF REALTORS®
AND AFFILIATES**
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
September 30, 2020
(with comparative totals for 2019)

	2020							2019	
	CAR	CAR BIS	Subtotal	Foundation	PAC	Eliminations	Total	Consolidated	
LIABILITIES AND NET ASSETS									
Current liabilities									
Accounts payable	\$ 301,245	\$ 1,960	\$ 303,205	\$ 3,700	\$ -	\$ -	\$ 306,905	\$ 331,776	
Intercompany payable	-	614,941	614,941	-	-	(614,941)	-	-	
Accrued income taxes	-	29,764	29,764	-	-	-	29,764	21,575	
Accrued expenses	424,540	-	424,540	65,552	-	-	490,092	280,283	
Due to National and State Associations	65,998	-	65,998	-	-	-	65,998	68,340	
Deferred revenue									
Dues	2,568,304	221,938	2,790,242	-	-	-	2,790,242	3,015,977	
User fees	-	2,175,035	2,175,035	-	-	-	2,175,035	2,701,897	
Other	212,990	27,300	240,290	-	-	-	240,290	269,266	
Lease liability for right to use assets - short term	381,019	-	381,019	-	-	-	381,019	365,792	
Total current liabilities	3,954,096	3,070,938	7,025,034	69,252	-	(614,941)	6,479,345	7,054,906	
Lease liability for right to use assets - long term	2,247,713	-	2,247,713	-	-	-	2,247,713	2,394,798	
Total liabilities	6,201,809	3,070,938	9,272,747	69,252	-	(614,941)	8,727,058	9,449,704	
Net assets									
Without donor restrictions									
Designated	150,273	-	150,273	-	-	-	150,273	150,273	
Undesignated	4,725,753	2,406,503	7,132,256	975,450	75,339	-	8,183,045	7,809,679	
Total without donor restrictions	4,876,026	2,406,503	7,282,529	975,450	75,339	-	8,333,318	7,959,952	
With donor restrictions	-	-	-	106,761	-	-	106,761	23,428	
Total net assets	4,876,026	2,406,503	7,282,529	1,082,211	75,339	-	8,440,079	7,983,380	
	<u>\$ 11,077,835</u>	<u>\$ 5,477,441</u>	<u>\$ 16,555,276</u>	<u>\$ 1,151,463</u>	<u>\$ 75,339</u>	<u>\$ (614,941)</u>	<u>\$ 17,167,137</u>	<u>\$ 17,433,084</u>	

See accompanying Independent Auditor's Report.

**CHICAGO ASSOCIATION OF REALTORS®
AND AFFILIATES**
CONSOLIDATING STATEMENT OF ACTIVITIES
Year Ended September 30, 2020
(with comparative totals for 2019)

	2020						2019	
	<u>CAR</u>	<u>CAR BIS</u>	<u>Subtotal</u>	<u>Foundation</u>	<u>PAC</u>	<u>Eliminations</u>	<u>Total</u>	<u>Consolidated</u>
Activities without donor restrictions								
Operating activities								
Revenue								
Local dues and fees	\$ 4,278,238	\$ 495,650	\$ 4,773,888	\$ -	\$ -	\$ -	\$ 4,773,888	\$ 4,737,687
Listing services	-	5,030,550	5,030,550	-	-	-	5,030,550	4,898,609
Member professional development	1,049,470	-	1,049,470	-	-	(9,451)	1,040,019	993,207
Application and other fees	1,081,119	141,296	1,222,415	-	-	-	1,222,415	1,151,969
Administrative fees	44,230	-	44,230	-	-	(44,230)	-	-
Member events	325,690	5,243	330,933	1,768	-	-	332,701	680,497
Other member services	166,955	-	166,955	-	-	-	166,955	185,590
Contributions	78,693	-	78,693	165,485	50,616	(82,877)	211,917	212,796
Net assets released from restriction	-	-	-	63,186	-	-	63,186	71,233
Total revenue	7,024,395	5,672,739	12,697,134	230,439	50,616	(136,558)	12,841,631	12,931,588
Expenses								
Program								
Member services	1,257,468	60,839	1,318,307	-	-	-	1,318,307	1,204,322
Listing services	-	4,896,728	4,896,728	-	-	-	4,896,728	4,392,844
Member professional development	1,886,329	-	1,886,329	-	-	-	1,886,329	1,881,208
Other member services	55,705	-	55,705	-	-	-	55,705	169,918
Member events	1,713,340	118,943	1,832,283	102	-	-	1,832,385	2,202,019
Government affairs	304,971	-	304,971	-	-	-	304,971	301,757
State and National Association meetings	130,865	-	130,865	-	-	-	130,865	251,511
Public relations	991,797	74,859	1,066,656	-	-	-	1,066,656	915,857
Contributions	60,000	40,000	100,000	100,488	-	(100,000)	100,488	208,081
Total program	6,400,475	5,191,369	11,591,844	100,590	-	(100,000)	11,592,434	11,527,517
General and administrative	-	-	-	54,931	7,994	(53,681)	9,244	708,644
Association governance	900,340	-	900,340	1,962	-	-	902,302	675,192
Total expenses	7,300,815	5,191,369	12,492,184	157,483	7,994	(153,681)	12,503,980	12,911,353
Increase (decrease) in net assets from operating activities	\$ (276,420)	\$ 481,370	\$ 204,950	\$ 72,956	\$ 42,622	\$ 17,123	\$ 337,651	\$ 20,235

(Continued)

**CHICAGO ASSOCIATION OF REALTORS®
AND AFFILIATES**
CONSOLIDATING STATEMENT OF ACTIVITIES
Year Ended September 30, 2020
(with comparative totals for 2019)

	2020							2019	
	<u>CAR</u>	<u>CAR BIS</u>	<u>Subtotal</u>	<u>Foundation</u>	<u>PAC</u>	<u>Eliminations</u>	<u>Total</u>	<u>Consolidated</u>	
Nonoperating revenue (expenses)									
Interest and dividend income	\$ 91,823	\$ 40,657	\$ 132,480	\$ 20,471	\$ 48	\$ -	\$ 152,999	\$ 162,148	
Gain on investments	45,250	22,816	68,066	22,081	-	-	90,147	63,455	
Other expense	(23,346)	(10,643)	(33,989)	(6,180)	-	-	(40,169)	(31,187)	
Income tax expense	(3,810)	(146,329)	(150,139)	-	-	-	(150,139)	(103,774)	
Nonoperating revenue (expense), net	<u>109,917</u>	<u>(93,499)</u>	<u>16,418</u>	<u>36,372</u>	<u>48</u>	<u>-</u>	<u>52,838</u>	<u>90,642</u>	
Change in net assets without donor restrictions	(166,503)	387,871	221,368	109,328	42,670	17,123	390,489	110,877	
Activities with donor restrictions									
Contributions	-	-	-	146,519	-	(17,123)	129,396	80,993	
Release from restriction	-	-	-	(63,186)	-	-	(63,186)	(71,233)	
Change in net assets with donor restrictions	<u>-</u>	<u>-</u>	<u>-</u>	<u>83,333</u>	<u>-</u>	<u>(17,123)</u>	<u>66,210</u>	<u>9,760</u>	
Change in total net assets	(166,503)	387,871	221,368	192,661	42,670	-	456,699	120,637	
Total net assets									
Beginning of year	<u>5,042,529</u>	<u>2,018,632</u>	<u>7,061,161</u>	<u>889,550</u>	<u>32,669</u>	<u>-</u>	<u>7,983,380</u>	<u>7,862,743</u>	
End of year	<u>\$ 4,876,026</u>	<u>\$ 2,406,503</u>	<u>\$ 7,282,529</u>	<u>\$ 1,082,211</u>	<u>\$ 75,339</u>	<u>\$ -</u>	<u>\$ 8,440,079</u>	<u>\$ 7,983,380</u>	

See accompanying Independent Auditor's Report.

**CHICAGO ASSOCIATION OF REALTORS®
AND AFFILIATES**
CONSOLIDATING STATEMENT OF CASH FLOWS
Year Ended September 30, 2020
(with comparative totals for 2019)

	<u>CAR</u>	<u>CAR BIS</u>	<u>Subtotal</u>	<u>Foundation</u>	<u>PAC</u>	<u>Eliminations</u>	<u>Total</u>	2019 Consolidated
Cash flows from operating activities								
Change in net assets	\$ (166,503)	\$ 387,871	\$ 221,368	\$ 192,661	\$ 42,670	\$ -	\$ 456,699	\$ 120,637
Adjustment to reconcile change in net assets to net cash from operating activities:								
Depreciation and amortization	471,026	-	471,026	-	-	-	471,026	457,305
Net gain on investments	(45,250)	(22,816)	(68,066)	(22,081)	-	-	(90,147)	(63,455)
Non-cash rent expense	(116,532)	-	(116,532)	-	-	-	(116,532)	(103,461)
Changes in:								
Prepaid expenses and other assets	55,406	(3,852)	51,554	17,988	-	33,340	102,882	(78,211)
Accounts, dues, and other payables	(31,553)	33,980	2,427	3,700	-	(33,340)	(27,213)	7,831
Accrued expenses	188,770	8,189	196,959	21,039	-	-	217,998	921
Deferred revenue	(271,239)	(510,334)	(781,573)	-	-	-	(781,573)	1,782,420
Net cash from operating activities	84,125	(106,962)	(22,837)	213,307	42,670	-	233,140	2,123,987
Cash flows from investing activities								
Purchase of property, equipment, and software	(92,576)	-	(92,576)	-	-	-	(92,576)	(237,948)
Purchase of investments	(50,822)	(30,932)	(81,754)	(13,666)	-	-	(95,420)	(609,125)
Proceeds from maturity of certificates of deposit	-	-	-	-	-	-	-	518,118
Net cash from investing activities	(143,398)	(30,932)	(174,330)	(13,666)	-	-	(187,996)	(328,955)
Net change in cash and cash equivalents	(59,273)	(137,894)	(197,167)	199,641	42,670	-	45,144	1,795,032
Cash and cash equivalents								
Beginning of year	2,338,825	4,137,197	6,476,022	199,531	32,669	-	6,708,222	4,913,190
End of year	\$ 2,279,552	\$ 3,999,303	\$ 6,278,855	\$ 399,172	\$ 75,339	\$ -	\$ 6,753,366	\$ 6,708,222

See accompanying Independent Auditor's Report.

CHICAGO ASSOCIATION OF REALTORS® AND AFFILIATES
CONSOLIDATING STATEMENT OF GENERAL AND ADMINISTRATIVE
EXPENSE – NATURAL CLASSIFICATION
Year Ended September 30, 2020

	<u>CAR</u>	<u>CAR BIS</u>	<u>Subtotal</u>	<u>Foundation</u>	<u>PAC</u>	<u>Eliminations</u>	<u>Total</u>
Salaries, taxes and benefits	\$ 3,803,782	\$ 560,538	\$ 4,364,320	\$ -	\$ -	\$ -	\$ 4,364,320
Temporary help	45,558	11,954	57,512	-	-	-	57,512
Staff services allocation	-	-	-	42,944	1,286	(44,230)	-
Total employee costs	3,849,340	572,492	4,421,832	42,944	1,286	(44,230)	4,421,832
Staff training and employee related	180,485	14,253	194,738	591	-	-	195,329
Advertising and marketing	148,252	-	148,252	476	-	-	148,728
Bank and credit card charges	177,586	122,927	300,513	6,115	1,904	-	308,532
Computer supplies and related expense	163,132	24,132	187,264	-	-	-	187,264
Depreciation and amortization	410,913	60,112	471,025	-	-	-	471,025
Dues and subscriptions	37,863	1,174	39,037	-	-	-	39,037
Insurance	45,186	10,602	55,788	-	-	-	55,788
Maintenance and repairs	45,198	6,622	51,820	-	-	-	51,820
Office supplies and related expense	38,998	5,181	44,179	-	-	-	44,179
Postage and delivery	20,540	695	21,235	-	-	-	21,235
Printing and photocopying	799	118	917	-	-	-	917
Professional fees	323,185	48,457	371,642	4,805	4,804	-	381,251
Rent, utilities, and real estate tax	436,868	60,095	496,963	-	-	(9,451)	487,512
Telephone	94,940	13,790	108,730	-	-	-	108,730
	5,973,285	940,650	6,913,935	54,931	7,994	(53,681)	6,923,179
Less expenses allocated to specific programs	(5,973,285)	(940,650)	(6,913,935)	-	-	-	(6,913,935)
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54,931</u>	<u>\$ 7,994</u>	<u>\$ (53,681)</u>	<u>\$ 9,244</u>

(Continued)

CHICAGO ASSOCIATION OF REALTORS® AND AFFILIATES
CONSOLIDATING STATEMENT OF GENERAL AND ADMINISTRATIVE
EXPENSE – NATURAL CLASSIFICATION
Year Ended September 30, 2019

	<u>CAR</u>	<u>CAR BIS</u>	<u>Subtotal</u>	<u>Foundation</u>	<u>PAC</u>	<u>Eliminations</u>	<u>Total</u>
Salaries, taxes and benefits	\$ 3,344,602	\$ 572,174	\$ 3,916,776	\$ -	\$ -	\$ -	\$ 3,916,776
Temporary help	70,250	18,339	88,589	-	-	-	88,589
Staff services allocation	-	-	-	16,100	2,348	(18,448)	-
Total employee costs	3,414,852	590,513	4,005,365	16,100	2,348	(18,448)	4,005,365
Staff training and employee related	173,386	13,931	187,317	214	-	-	187,531
Advertising and marketing	163,923	3,000	166,923	851	-	-	167,774
Bank and credit card charges	198,189	152,105	350,294	3,242	1,915	-	355,451
Computer supplies and related expense	175,488	25,724	201,212	-	-	-	201,212
Depreciation and amortization	390,643	66,662	457,305	-	-	-	457,305
Dues and subscriptions	27,839	931	28,770	-	-	-	28,770
Insurance	42,849	9,565	52,414	-	-	-	52,414
Maintenance and repairs	38,368	6,156	44,524	-	-	-	44,524
Membership promotion	43,410	-	43,410	-	-	-	43,410
Office supplies and related expense	27,109	4,345	31,454	-	-	-	31,454
Postage and delivery	15,223	1,139	16,362	-	-	-	16,362
Printing and photocopying	2,563	790	3,353	-	-	-	3,353
Professional fees	324,749	52,713	377,462	4,045	4,006	-	385,513
Rent, utilities, and real estate tax	428,816	80,198	509,014	-	-	(22,800)	486,214
Telephone	86,354	14,910	101,264	-	-	-	101,264
	5,553,761	1,022,682	6,576,443	24,452	8,269	(41,248)	6,567,916
Less expenses allocated to specific programs	(5,553,761)	(305,511)	(5,859,272)	-	-	-	(5,859,272)
	\$ -	\$ 717,171	\$ 717,171	\$ 24,452	\$ 8,269	\$ (41,248)	\$ 708,644

See accompanying Independent Auditor's Report.

CHICAGO ASSOCIATION OF REALTORS® AND AFFILIATES
 CONSOLIDATING STATEMENT OF FINANCIAL POSITION – CAR BIS
 September 30, 2020
 (with comparative totals for 2019)

	2020					2019
	<u>CAR BIS</u>	<u>MLS</u>	<u>NIREIN</u>	<u>Eliminations</u>	<u>CAR BIS Consolidated</u>	<u>Consolidated</u>
ASSETS						
Current assets						
Cash and cash equivalents	\$ -	\$ 3,999,303	\$ -	\$ -	\$ 3,999,303	\$ 4,137,197
Certificates of deposit	-	-	-	-	-	-
Investments	-	1,455,404	-	-	1,455,404	1,401,657
Prepaid expenses and other current assets		22,225	509	-	22,734	18,881
Total current assets		<u>5,476,932</u>	<u>509</u>	<u>-</u>	<u>5,477,441</u>	<u>5,557,735</u>
	<u>\$ -</u>	<u>\$ 5,476,932</u>	<u>\$ 509</u>	<u>\$ -</u>	<u>\$ 5,477,441</u>	<u>\$ 5,557,735</u>

(Continued)

CHICAGO ASSOCIATION OF REALTORS® AND AFFILIATES
 CONSOLIDATING STATEMENT OF FINANCIAL POSITION – CAR BIS
 September 30, 2020
 (with comparative totals for 2019)

	2020					2019	
	<u>CAR BIS</u>	<u>MLS</u>	<u>NIREIN</u>	<u>Eliminations</u>	<u>CAR BIS Consolidated</u>	<u>Consolidated</u>	
LIABILITIES AND NET ASSETS							
Current liabilities							
Accounts payable	\$ -	\$ 1,580	\$ 380	\$ -	\$ 1,960	\$ 1,320	
Intercompany payable	-	-	614,941	-	614,941	581,601	
Accrued income taxes	-	32,235	(2,471)	-	29,764	21,575	
Due to National and State Associations	-	-	-	-	-	-	
Deferred revenue							
Dues	-	200,700	21,238	-	221,938	229,710	
User fees	-	2,175,035	-	-	2,175,035	2,701,897	
Other	-	27,300	-	-	27,300	3,000	
Total current liabilities	<u>-</u>	<u>2,436,850</u>	<u>634,088</u>	<u>-</u>	<u>3,070,938</u>	<u>3,539,103</u>	
Total liabilities	<u>-</u>	<u>2,436,850</u>	<u>634,088</u>	<u>-</u>	<u>3,070,938</u>	<u>3,539,103</u>	
Net assets							
Without donor restrictions	-	3,040,082	(633,579)	-	2,406,503	2,018,632	
With donor restrictions	-	-	-	-	-	-	
Total net assets	<u>-</u>	<u>3,040,082</u>	<u>(633,579)</u>	<u>-</u>	<u>2,406,503</u>	<u>2,018,632</u>	
	<u>\$ -</u>	<u>\$ 5,476,932</u>	<u>\$ 509</u>	<u>\$ -</u>	<u>\$ 5,477,441</u>	<u>\$ 5,557,735</u>	

See accompanying Independent Auditor's Report.

CHICAGO ASSOCIATION OF REALTORS® AND AFFILIATES
 CONSOLIDATING STATEMENT OF ACTIVITIES – CAR BIS
 Year Ended September 30, 2020
 (with comparative totals for 2019)

	2020					2019	
	<u>CAR BIS</u>	<u>MLS</u>	<u>NIREIN</u>	<u>Eliminations</u>	<u>CAR BIS Consolidated</u>	<u>Consolidated</u>	
Activities without donor restrictions							
Operating activities							
Revenue							
Local dues and fees	\$ -	\$ 434,775	\$ 60,875	\$ -	\$ 495,650	\$ 501,620	
Listing services	- -	4,990,489	40,061	- -	5,030,550	4,898,609	
Application and other fees	- -	141,296	- -	- -	141,296	151,470	
Member events	- -	5,243	- -	- -	5,243	179,898	
Total revenue	- -	5,571,803	100,936	- -	5,672,739	5,731,597	
Expenses							
Program							
Member services	- -	- -	60,839	- -	60,839	74,058	
Listing services	- -	4,866,631	30,097	- -	4,896,728	4,392,844	
Member events	- -	152,761	41,041	- -	193,802	228,944	
Contributions and grants	- -	40,000	- -	- -	40,000	30,000	
Total program	- -	5,059,392	131,977	- -	5,191,369	4,725,846	
General and administrative	- -	- -	- -	- -	- -	717,171	
Total expenses	- -	5,059,392	131,977	- -	5,191,369	5,443,017	
Increase (decrease) in net assets from operating activities	\$ -	\$ 512,411	\$ (31,041)	\$ -	\$ 481,370	\$ 288,580	

(Continued)

CHICAGO ASSOCIATION OF REALTORS® AND AFFILIATES
 CONSOLIDATING STATEMENT OF ACTIVITIES – CAR BIS
 Year Ended September 30, 2020
 (with comparative totals for 2019)

	2020					2019	
	<u>CAR BIS</u>	<u>MLS</u>	<u>NIREIN</u>	<u>Eliminations</u>	<u>CAR BIS Consolidated</u>	<u>2019 Consolidated</u>	
Nonoperating revenue (expenses)							
Interest and dividend income (expense)	\$ -	\$ 46,292	\$ (5,635)	\$ -	\$ 40,657	\$ 32,764	
Gain (loss) on investments	- -	22,816	- -	- -	22,816	16,455	
Other expense	- -	(10,643)	- -	- -	(10,643)	(10,068)	
Income tax expense	- -	<u>(156,606)</u>	<u>10,277</u>	- -	<u>(146,329)</u>	<u>(89,764)</u>	
Nonoperating expense, net	- -	<u>(98,141)</u>	<u>4,642</u>	- -	<u>(93,499)</u>	<u>(50,613)</u>	
Net income (loss)	- -	414,270	(26,399)	- -	387,871	237,967	
Total net assets							
Beginning of year	- -	2,615,535	(596,903)	- -	2,018,632	1,780,665	
Capital contributions	- -	10,277	- -	(10,277)	- -	- -	
Distributions	- -	- -	(10,277)	10,277	- -	- -	
Net income (loss)	- -	<u>414,270</u>	<u>(26,399)</u>	- -	<u>387,871</u>	<u>237,967</u>	
End of year	<u>\$ - -</u>	<u>\$ 3,040,082</u>	<u>\$ (633,579)</u>	<u>\$ - -</u>	<u>\$ 2,406,503</u>	<u>\$ 2,018,632</u>	

See accompanying Independent Auditor's Report.

CHICAGO ASSOCIATION OF REALTORS® AND AFFILIATES
 CONSOLIDATING STATEMENT OF CASH FLOWS—CAR BIS
 Year Ended September 30, 2020
 (with comparative totals for 2019)

	2020					CAR BIS		2019			
	<u>CAR BIS</u>	<u>MLS</u>	<u>NIREIN</u>	<u>Eliminations</u>	<u>Consolidated</u>	<u>CAR BIS</u>	<u>Consolidated</u>				
Cash flows from operating activities											
Change in net assets	\$ -	\$ 424,547	\$ (36,676)	\$ -	\$ 387,871	\$ -	\$ 237,967				
Adjustment to reconcile change in net assets to net cash from operating activities:											
Net (gain) loss on investments	-	(22,816)	-	-	(22,816)	-	(16,455)				
Changes in:											
Prepaid expenses and other assets	-	(3,740)	(112)	-	(3,852)	-	(3,274)				
Accounts, dues, and other payables	-	400	33,580	-	33,980	-	37,442				
Accrued expenses	-	8,189	-	-	8,189	-	(3,807)				
Deferred revenue	- <u> </u>	(513,542)	3,208	-	(510,334)	-	1,006,519				
Net cash from operating activities	- <u> </u>	(106,962)	-	-	(106,962)	-	1,258,392				
Cash flows from investing activities											
Purchase of investments	- <u> </u>	(30,932)	-	-	(30,932)	-	(282,513)				
Proceeds from maturity of certificates of deposit	- <u> </u>	-	-	-	-	-	253,501				
Net cash from investing activities	- <u> </u>	(30,932)	-	-	(30,932)	-	(29,012)				
Net change in cash and cash equivalents											
Cash and cash equivalents											
Beginning of year	- <u> </u>	<u>4,137,197</u>	-	-	<u>4,137,197</u>	-	<u>2,907,817</u>				
End of year	<u>\$ -</u>	<u>\$ 3,999,303</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,999,303</u>	<u>\$ -</u>	<u>\$ 4,137,197</u>				

See accompanying Independent Auditor's Report.

CHICAGO ASSOCIATION OF REALTORS® AND AFFILIATES
 CONSOLIDATING STATEMENT OF GENERAL AND ADMINISTRATIVE EXPENSE –
 NATURAL CLASSIFICATION - CAR BIS
 Year Ended September 30, 2020

	2020					
	<u>CAR BIS</u>	<u>MLS</u>	<u>NIREIN</u>	<u>Eliminations</u>	<u>CAR BIS</u>	<u>Consolidated</u>
Salaries and wages	\$ -	\$ 496,483	\$ 64,055	\$ -	\$ 560,538	
Temporary help	- -	11,954	-	-	11,954	
Total employee costs	- -	508,437	64,055	-	572,492	
Staff training and employee related	- -	11,918	2,335	-	14,253	
Advertising and marketing	- -	-	-	-	-	
Bank and credit card charges	- -	119,399	3,528	-	122,927	
Computer supplies and related expense	- -	21,350	2,782	-	24,132	
Depreciation and amortization	- -	53,208	6,904	-	60,112	
Dues and subscriptions	- -	815	359	-	1,174	
Insurance	- -	9,530	1,072	-	10,602	
Maintenance and repairs	- -	5,888	734	-	6,622	
Office supplies and related expense	- -	4,564	617	-	5,181	
Postage and delivery	- -	488	207	-	695	
Printing and photocopying	- -	105	13	-	118	
Professional fees	- -	42,277	6,180	-	48,457	
Rent, utilities and real estate tax	- -	54,306	5,789	-	60,095	
Telephone	- -	12,189	1,601	-	13,790	
	- -	844,474	96,176	-	940,650	
Less expenses allocated to specific programs	- -	(844,474)	(96,176)	-	(940,650)	
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying Independent Auditor's Report.

CHICAGO ASSOCIATION OF REALTORS® AND AFFILIATES
 CONSOLIDATING STATEMENT OF GENERAL AND ADMINISTRATIVE EXPENSE –
 NATURAL CLASSIFICATION - CAR BIS
 Year Ended September 30, 2019

	2019					
	<u>CAR BIS</u>	<u>MLS</u>	<u>NIREIN</u>	<u>Eliminations</u>	<u>CAR BIS</u>	<u>Consolidated</u>
Salaries and wages	\$ -	\$ 519,861	\$ 52,313	\$ -	\$ 572,174	
Temporary help	- -	18,058	281	- -	18,339	
Total employee costs	- -	537,919	52,594	- -	590,513	
Staff training and employee related	- -	12,532	1,399	- -	13,931	
Advertising and marketing	- -	3,000	- -	- -	3,000	
Bank and credit card charges	- -	149,040	3,065	- -	152,105	
Computer supplies and related expense	- -	23,371	2,353	- -	25,724	
Depreciation and amortization	- -	60,531	6,131	- -	66,662	
Dues and subscriptions	- -	728	203	- -	931	
Insurance	- -	8,680	885	- -	9,565	
Maintenance and repairs	- -	5,556	600	- -	6,156	
Office supplies and related expense	- -	3,947	398	- -	4,345	
Postage and delivery	- -	504	635	- -	1,139	
Printing and photocopying	- -	334	456	- -	790	
Professional fees	- -	49,314	3,399	- -	52,713	
Rent, utilities and real estate tax	- -	74,930	5,268	- -	80,198	
Telephone	- -	13,552	1,358	- -	14,910	
	- -	943,938	78,744	- -	1,022,682	
Less expenses allocated to specific programs	- -	(226,767)	(78,744)	- -	(305,511)	
	<u>\$ -</u>	<u>\$ 717,171</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 717,171</u>	

See accompanying Independent Auditor's Report.