

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

CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2021 and 2020

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CONTENTS

INDEPENDENT AUDITOR'S REPORT	1
CONSOLIDATED FINANCIAL STATEMENTS	
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION.....	3
CONSOLIDATED STATEMENTS OF ACTIVITIES	4
CONSOLIDATED STATEMENTS OF CASH FLOWS	5
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	6
SUPPLEMENTARY FINANCIAL INFORMATION	
CONSOLIDATING STATEMENT OF FINANCIAL POSITION.....	21
CONSOLIDATING STATEMENT OF ACTIVITIES	23
CONSOLIDATING STATEMENT OF CASH FLOWS	25
CONSOLIDATING STATEMENTS OF GENERAL AND ADMINISTRATIVE EXPENSE - NATURAL CLASSIFICATION	26
CONSOLIDATING STATEMENT OF FINANCIAL POSITION – CAR BIS	28
CONSOLIDATING STATEMENT OF ACTIVITIES – CAR BIS.....	29
CONSOLIDATING STATEMENT OF CASH FLOWS – CAR BIS	31
CONSOLIDATING STATEMENTS OF GENERAL AND ADMINISTRATIVE EXPENSE – NATURAL CLASSIFICATION – CAR BIS	32

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, 2021 and 2020, 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, 2021 and 2020, 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

Chicago, Illinois
December 16, 2021

CHICAGO ASSOCIATION OF REALTORS® AND AFFILIATES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 7,780,926	\$ 6,753,366
Investments	6,371,642	5,869,978
Prepaid expenses and other current assets	375,790	284,667
Total current assets	<u>14,528,358</u>	<u>12,908,011</u>
Property, equipment and software		
Land	25,000	25,000
Building and improvements	160,298	153,548
Leasehold improvements	2,842,824	2,821,660
Furniture and office equipment	910,683	909,753
Computer and telephone equipment	621,838	612,280
Computer software	739,349	550,675
	<u>5,299,992</u>	<u>5,072,916</u>
Less accumulated depreciation	<u>(2,845,378)</u>	<u>(2,362,834)</u>
Property, equipment and software, net	2,454,614	2,710,082
Right to use office space	1,035,875	1,208,993
Right to use office equipment	262,152	340,051
	<u>\$ 18,280,999</u>	<u>\$ 17,167,137</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 266,688	\$ 306,905
Accrued expenses	520,008	519,856
Due to National and State Associations	146,306	65,998
Deferred revenue		
Dues	3,031,576	2,790,242
User fees	2,738,064	2,175,035
Other	166,476	240,290
Lease liability for right to use assets - short term	393,340	381,019
Total current liabilities	<u>7,262,458</u>	<u>6,479,345</u>
Lease liability for right to use assets - long term	1,854,374	2,247,713
Total liabilities	<u>9,116,832</u>	<u>8,727,058</u>
Net assets		
Without donor restrictions		
Designated	150,273	150,273
Undesignated	8,847,005	8,183,045
Total without donor restrictions	<u>8,997,278</u>	<u>8,333,318</u>
With donor restrictions	166,889	106,761
Total net assets	<u>9,164,167</u>	<u>8,440,079</u>
	<u>\$ 18,280,999</u>	<u>\$ 17,167,137</u>

See accompanying notes to consolidated financial statements.

CHICAGO ASSOCIATION OF REALTORS® AND AFFILIATES
CONSOLIDATED STATEMENTS OF ACTIVITIES
Years Ended September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Activities without donor restrictions		
Operating Activities		
Revenue		
Local dues and fees	\$ 5,112,007	\$ 4,773,888
Listing services	5,615,843	5,030,550
Member professional development	993,052	1,040,019
Application and other fees	1,229,420	1,222,415
Public Relations	-	19,600
Member events	513,922	313,101
Other member services	238,593	166,955
Contributions	333,109	211,917
Net assets released from restriction	32,498	63,186
Total revenue	14,068,444	12,841,631
Expenses		
Program		
Member services	1,533,727	1,318,307
Listing services	5,441,606	4,896,728
Member professional development	1,617,001	1,886,329
Other member services	92,367	55,705
Member events	2,115,442	1,832,385
Government affairs	461,296	304,971
State and National Association meetings	72,643	130,865
Public relations	1,090,875	1,066,656
Contributions and grants	205,513	100,488
Total program	12,630,470	11,592,434
General and administrative	27,093	9,244
Association governance	1,137,472	902,302
Total expenses	13,795,035	12,503,980
Increase in net assets from operating activities	273,409	337,651
Nonoperating revenue (expense)		
Interest and dividend income	112,268	152,999
Gain on investments	443,494	90,147
Other expense	(42,883)	(40,169)
Income tax expense	(122,328)	(150,139)
Nonoperating revenue, net	390,551	52,838
Change in net assets without donor restrictions	663,960	390,489
Activities with donor restrictions		
Contributions	92,626	129,396
Release from restriction	(32,498)	(63,186)
Change in net assets with donor restrictions	60,128	66,210
Change in total net assets	724,088	456,699
Total net assets		
Beginning of year	8,440,079	7,983,380
End of year	<u>\$ 9,164,167</u>	<u>\$ 8,440,079</u>

See accompanying notes to consolidated financial statements.

CHICAGO ASSOCIATION OF REALTORS® AND AFFILIATES
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended September 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Change in net assets	\$ 724,088	\$ 456,699
Adjustment to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization	486,320	471,026
Net gain on investments	(443,494)	(90,147)
Non-cash rent expense	(130,001)	(116,532)
Changes in:		
Prepaid expenses and other assets	(91,123)	102,882
Accounts, dues, and other payables	40,091	(27,213)
Accrued expenses	152	217,998
Deferred revenue	730,549	(781,573)
Net cash from operating activities	<u>1,316,582</u>	<u>233,140</u>
Cash flows from investing activities		
Purchase of property, equipment, and software	(230,851)	(92,576)
Purchase of investments	(58,171)	(95,420)
Net cash from investing activities	<u>(289,022)</u>	<u>(187,996)</u>
Net change in cash and cash equivalents	1,027,560	45,144
Cash and cash equivalents		
Beginning of year	<u>6,753,366</u>	<u>6,708,222</u>
End of year	<u>\$ 7,780,926</u>	<u>\$ 6,753,366</u>
Supplemental disclosure		
Cash paid for operating leases	\$ 531,297	\$ 522,498
Non-cash investing activity		
Right to use office space	\$ 251,017	\$ 15,326
Lease liability for office space	\$ (381,018)	\$ (131,858)

See accompanying notes to consolidated financial statements.

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 17,900 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, 2020, audited financial statements of MRED reported approximately \$12.5 million in common unit members' equity. CAR's portion of MRED's common unit equity is approximately \$1.75 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
September 30, 2021 and 2020

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, 2021 and 2020, there are \$166,889 and \$106,761, respectively, of net assets with donor restrictions for charitable, educational scholarships and events. All remaining net assets are without donor restrictions.

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Operations: Operating results in the statements of activities reflect all transactions increasing or decreasing net assets without donor restrictions except those activities associated with investing activities and income tax expense.

Revenue Recognition: Revenue is reported as an increase in net assets without donor restrictions, unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions, unless their use is restricted by explicit donor restriction or by law. Expirations of the donor-imposed restrictions that simultaneously increase one class of net assets and decrease another are reported as reclassifications between applicable classes of net assets. Contributions with donor restrictions are classified as without donor restrictions if the restrictions are satisfied in the same period in which the contributions are received.

Exchange Transactions

Membership dues, including special assessments, are derived from services the Organization provides to its members. The Organization recognizes revenue for membership services over the applicable membership period. Membership dues received in advance of services are reported as deferred revenue in the consolidated balance sheet.

Other revenue derived from exchange transactions includes sales and services of listing services, publications, products, product services, events, educational courses and meetings, advertising, and subscriptions. The Organization recognizes revenue for other exchange transactions either at the point in time of delivery that a sale occurs or over time as services are rendered. Revenue related to other revenue received in advance of sales and services are reported as deferred revenue in the consolidated balance sheet.

The Organization's receivables represent unconditional rights to consideration from its contracts with its members and customers. Credit terms for customers are generally net 30 days. The Organization carries its accounts receivable at cost less a possible allowance for doubtful accounts.

The Organization's contract liabilities are presented as deferred revenue in the consolidated balance sheet. Deferred revenue in any period represent the excess of membership dues and other exchange transaction revenue received over amounts recognized as revenue on the statement of activities. The Organization's membership programs have starting and ending dates that generally coincide with its fiscal year end. Therefore, at year end, deferred revenue represents revenue for future sales and services to be performed during the following fiscal year.

The Organization had no costs that were capitalized to obtain or to fulfill a contract with a customer.

Contributions

Private gifts and grants that are not considered exchange transactions, including pledges, are recognized in the period received. Conditional gifts, with a barrier and right of return, are not recognized until the conditions on which they depend are substantially met or explicitly waived by the donor. Contributions of assets other than cash are recorded at estimated fair value. Contributions to be received after one year are discounted at an appropriate rate commensurate with the risks involved. Amortization of discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions. An allowance for uncollectible pledges receivable is provided based upon management's judgment, including such factors as prior collection history, type of contribution, and nature of fund-raising

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CHICAGO ASSOCIATION OF REALTORS® AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2021 and 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

activity. Verbal pledges are not recognized until the pledge is acknowledged by the donor in writing or when the contribution is physically received.

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.

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. Prepaids 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 realized and unrealized gains and losses reported in the statement of activities. CAR's investment in MLSNI is recorded at its historical cost basis 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.

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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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Subsequent Events: Subsequent events have been evaluated at December 16, 2021, which is the date the financial statements were available to be issued. Subsequent to year end, MLSNI converted from a corporation to a limited liability company to create more flexibility of ownership and allow other organizations to join. CAR maintained its percentage of ownership and joined the new limited liability corporation as a Joining Member.

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 2021 and 2020.

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, 2021 and 2020.

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 2021 or 2020.

The tax returns for all Organizations for the years ended September 30, 2018 through 2020, are open years for purposes of any future IRS or State of Illinois examinations.

Cash Flows: Income taxes of approximately \$126,700 and \$142,100 were paid during the years ended September 30, 2021 and 2020, 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 \$111,000 and \$115,000 for the years ended September 30, 2021 and 2020, respectively.

(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Adoption of New Accounting Standards: 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 Organization adopted this ASU on July 1, 2020.

The Organization implemented ASU 2014-09 using a full retrospective method of application. The adoption of ASU 2014-09 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 2014-09. As a result, no cumulative effect adjustment was recorded upon adoption.

COVID-19 Risk Factors: A novel strain of coronavirus surfaced and has spread around the world, with resulting business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. The operations and business results of the Organization could be materially adversely affected. The extent to which the coronavirus (or any other disease or epidemic) may impact business activity and investment returns will depend on future developments. These future developments are uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions required to contain the coronavirus or treat its impact, among others.

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 \$234,689 and \$714,305 at September 30, 2021 and 2020, respectively. At September 30, 2021, the Organization had no deposit account in excess of FDIC limits, and two deposit accounts at September 30, 2020. 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.

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CHICAGO ASSOCIATION OF REALTORS® AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2021 and 2020

NOTE 4 - INVESTMENTS AND FAIR VALUE (Continued)

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).

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, 2021
<u>2021</u>				
Mutual funds:				
Money Market	\$ 679,402	\$ -	\$ -	\$ 679,402
Large Cap Growth	956,076	-	-	956,076
Large Cap Value	800,300	-	-	800,300
Small/Mid Cap Growth	205,621	-	-	205,621
Small/Mid Cap Value	354,820	-	-	354,820
International Equity	376,172	-	-	376,172
Equities Blend	24,595	-	-	24,595
Alternative Investments - Commodity	216,284	-	-	216,284
Long-term Bond	491,838	-	-	491,838
Intermediate-term Bond	339,445	-	-	339,445
Short-term Bond	982,644	-	-	982,644
Fixed Income Blend	10,877	-	-	10,877
Corporate bonds	-	628,587	-	628,587
U.S. Treasury bills	-	304,981	-	304,981
	<u>\$ 5,438,074</u>	<u>\$ 933,568</u>	<u>\$ -</u>	<u>\$ 6,371,642</u>

(Continued)

CHICAGO ASSOCIATION OF REALTORS® AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2021 and 2020

NOTE 4 - INVESTMENTS AND FAIR VALUE (Continued)

	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	-	878,125	-	878,125
	<u>\$ 4,164,063</u>	<u>\$ 1,705,915</u>	<u>\$ -</u>	<u>\$ 5,869,978</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, 2021 and 2020. 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, 2021 and 2020, receivables included \$1,087 and \$4,528, 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, 2021 and 2020

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 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, 2021:

	<u>Office Space</u>	<u>Equipment</u>	<u>Total</u>
Right of use asset	\$ 1,035,875	\$ 262,152	\$ 1,298,027
Lease liability	(1,985,562)	(262,152)	(2,247,714)

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)

(Continued)

CHICAGO ASSOCIATION OF REALTORS® AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2021 and 2020

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>
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
Total cash payments	1,951,619	263,920	2,215,539
Less discount	33,943	(1,768)	32,175
Lease liability	<u>\$ 1,985,562</u>	<u>\$ 262,152</u>	<u>\$ 2,247,714</u>

Total rent expense was approximately \$443,000 and \$449,000 in 2021 and 2020, respectively.

NOTE 8 - COMMITMENTS

CAR has an employment agreement with its Chief Executive Officer (CEO) that continues through April 15, 2024. 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 six months after termination for a reason other than cause or good reason, as defined.

NOTE 9 - REVOLVING CREDIT CARD AGREEMENT

CAR has a \$250,000 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, 2021 and 2020. At September 30, 2021 and 2020, CAR owed approximately \$84,000 and \$59,100, 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, 2021 and 2020, CAR and NIREIN recorded imputed interest revenue and expense of \$923 and \$5,635, respectively. This interest is eliminated in consolidation.

(Continued)

CHICAGO ASSOCIATION OF REALTORS® AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2021 and 2020

NOTE 11 - RELATED ORGANIZATIONS

The Organization remitted fees for multiple listing services through CAR MLS to MRED totaling \$4,708,207 and \$4,137,397 for the years ended September 30, 2021 and 2020, respectively.

NOTE 12 - INCOME TAXES

CAR's income tax expense for the years ending September 30, 2021 and 2020, 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>2021</u>	<u>2020</u>
CAR BIS		
CAR MLS tax expense	\$ 136,363	\$ 156,606
NIREIN net operating loss generated	(8,100)	(10,277)
CAR unrelated business income tax	<u>(5,935)</u>	<u>3,810</u>
Total income tax expense	<u>\$ 122,328</u>	<u>\$ 150,139</u>

For the years ended September 30, 2021 and 2020, CAR MLS generated a net taxable income of approximately \$478,000 and \$549,398, respectively, resulting in estimated income tax expense of approximately \$136,200 and \$156,600, respectively. CAR MLS has no material temporary tax differences.

NIREIN generated approximately \$19,000 and \$37,000 in net operating loss during the years ended September 30, 2021 and 2020, 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, 2021 and 2020, 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, 2021 and 2020

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, 2021.

	Program Activities	Supporting Activities		
	<u>Total</u>	<u>Management & General</u>	<u>Association Governance</u>	<u>Total</u>
Employee costs	\$ 3,080,831	\$ 1,207,206	\$ 528,474	\$ 4,816,511
Professional fees	95,988	305,190	-	401,178
Facilities and related	95,544	417,425	-	512,969
Depreciation	-	486,320	-	486,320
Office operations	24,531	388,271	112	412,914
Bank and credit card fees	339,100	28,097	-	367,197
Advertising and marketing	122,605	9,119	-	131,724
Direct program costs	<u>6,356,363</u>	<u>-</u>	<u>309,858</u>	<u>6,666,221</u>
Total expenses	<u>\$ 10,114,962</u>	<u>\$ 2,841,629</u>	<u>\$ 838,444</u>	<u>\$ 13,795,035</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, 2021 and 2020

NOTE 13 - PROGRAM EXPENSES BY NATURE (Continued)

The table below presents these functional expenses by their natural classification for the year ended September 30, 2020.

	Activities <u>Total</u>	Supporting Activities		<u>Total</u>
		<u>Management & General</u>	<u>Association Governance</u>	
Employee costs	\$ 3,110,334	\$ 1,096,914	\$ 448,950	\$ 4,656,198
Professional fees	74,736	306,515	-	381,251
Facilities and related	95,704	443,628	-	539,332
Depreciation	-	471,025	-	471,025
Office operations	18,793	399,320	-	418,113
Bank and credit card fees	282,821	25,711	-	308,532
Advertising and 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>

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, 2021 and 2020

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>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 7,780,926	\$ 6,753,366
Investments	6,371,642	5,869,978
Less designated and restricted net assets	<u>(317,162)</u>	<u>(257,034)</u>
	<u>\$ 13,835,406</u>	<u>\$ 12,366,310</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, 2021
(with comparative totals for 2020)

	2021						2020
	<u>CAR</u>	<u>CAR BIS</u>	<u>Subtotal</u>	<u>Foundation</u>	<u>PAC</u>	<u>Eliminations</u>	<u>Consolidated</u>
ASSETS							
Current assets							
Cash and cash equivalents	\$ 2,376,637	\$ 4,870,645	\$ 7,247,282	\$ 447,504	\$ 86,140	\$ -	\$ 6,753,366
Investments	3,995,705	1,550,303	5,546,008	825,634	-	-	5,869,978
Accounts receivable, intercompany	670,544	-	670,544	-	-	(670,544)	-
Prepaid expenses and other current assets	312,395	61,731	374,126	1,664	-	-	284,667
Total current assets	7,355,281	6,482,679	13,837,960	1,274,802	86,140	(670,544)	12,908,011
Property, equipment, and software							
Land	25,000	-	25,000	-	-	-	25,000
Buildings and improvements	160,298	-	160,298	-	-	-	153,548
Leasehold improvements	2,842,824	-	2,842,824	-	-	-	2,821,660
Furniture and office equipment	910,683	-	910,683	-	-	-	909,753
Computer and telephone equipment	621,838	-	621,838	-	-	-	612,280
Computer software	739,349	-	739,349	-	-	-	550,675
	5,299,992	-	5,299,992	-	-	-	5,072,916
Less accumulated depreciation	(2,845,378)	-	(2,845,378)	-	-	-	(2,362,834)
Property, equipment, and software, net	2,454,614	-	2,454,614	-	-	-	2,710,082
Right to use office space	1,035,875	-	1,035,875	-	-	-	1,208,993
Right to use office equipment	262,152	-	262,152	-	-	-	340,051
	<u>\$ 11,107,922</u>	<u>\$ 6,482,679</u>	<u>\$ 17,590,601</u>	<u>\$ 1,274,802</u>	<u>\$ 86,140</u>	<u>\$ (670,544)</u>	<u>\$ 17,167,137</u>

(Continued)

CHICAGO ASSOCIATION OF REALTORS®
AND AFFILIATES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
September 30, 2021
(with comparative totals for 2020)

	2021						2020
	CAR	CAR BIS	Subtotal	Foundation	PAC	Eliminations	Consolidated
LIABILITIES AND NET ASSETS							
Current liabilities							
Accounts payable	\$ 265,518	\$ 1,170	\$ 266,688	\$ -	\$ -	\$ -	\$ 306,905
Intercompany payable	-	670,544	670,544	-	-	(670,544)	-
Accrued income taxes	-	(3,916)	(3,916)	-	-	-	29,764
Accrued expenses	488,926	1,181	490,107	33,817	-	-	490,092
Due to National and State Associations	146,306	-	146,306	-	-	-	65,998
Deferred revenue							
Dues	2,771,116	260,460	3,031,576	-	-	-	2,790,242
User fees	-	2,738,064	2,738,064	-	-	-	2,175,035
Other	162,076	4,400	166,476	-	-	-	240,290
Lease liability for right to use assets - short term	393,340	-	393,340	-	-	-	381,019
Total current liabilities	4,227,282	3,671,903	7,899,185	33,817	-	(670,544)	6,479,345
Lease liability for right to use assets - long term	1,854,374	-	1,854,374	-	-	-	2,247,713
Total liabilities	6,081,656	3,671,903	9,753,559	33,817	-	(670,544)	8,727,058
Net assets							
Without donor restrictions							
Designated	150,273	-	150,273	-	-	-	150,273
Undesignated	4,875,993	2,810,776	7,686,769	1,074,096	86,140	-	8,183,045
Total without donor restrictions	5,026,266	2,810,776	7,837,042	1,074,096	86,140	-	8,333,318
With donor restrictions	-	-	-	166,889	-	-	106,761
Total net assets	5,026,266	2,810,776	7,837,042	1,240,985	86,140	-	8,440,079
	<u>\$ 11,107,922</u>	<u>\$ 6,482,679</u>	<u>\$ 17,590,601</u>	<u>\$ 1,274,802</u>	<u>\$ 86,140</u>	<u>\$ (670,544)</u>	<u>\$ 17,167,137</u>

See accompanying Independent Auditor's Report.

CHICAGO ASSOCIATION OF REALTORS®
AND AFFILIATES
CONSOLIDATING STATEMENT OF ACTIVITIES
Year Ended September 30, 2021
(with comparative totals for 2020)

	2021						2020	
	<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	\$ 4,616,094	\$ 495,913	\$ 5,112,007	\$ -	\$ -	\$ -	\$ 5,112,007	\$ 4,773,888
Listing services	-	5,615,843	5,615,843	-	-	-	5,615,843	5,030,550
Member professional development	993,052	-	993,052	-	-	-	993,052	1,040,019
Application and other fees	1,114,481	114,939	1,229,420	-	-	-	1,229,420	1,222,415
Administrative fees	74,301	-	74,301	-	-	(74,301)	-	-
Member events	478,439	22,540	500,979	12,943	-	-	513,922	332,701
Other member services	238,593	-	238,593	-	-	-	238,593	166,955
Contributions	162,820	-	162,820	294,954	35,335	(160,000)	333,109	211,917
Net assets released from restriction	-	-	-	32,498	-	-	32,498	63,186
Total revenue	7,677,780	6,249,235	13,927,015	340,395	35,335	(234,301)	14,068,444	12,841,631
Expenses								
Program								
Member services	1,492,392	41,335	1,533,727	-	-	-	1,533,727	1,318,307
Listing services	-	5,441,606	5,441,606	-	-	-	5,441,606	4,896,728
Member professional development	1,617,001	-	1,617,001	-	-	-	1,617,001	1,886,329
Other member services	92,367	-	92,367	-	-	-	92,367	55,705
Member events	1,928,581	154,692	2,083,273	32,169	-	-	2,115,442	1,832,385
Government affairs	461,296	-	461,296	-	-	-	461,296	304,971
State and National Association meetings	72,643	-	72,643	-	-	-	72,643	130,865
Public relations	1,018,602	72,273	1,090,875	-	-	-	1,090,875	1,066,656
Contributions and grants	60,000	100,000	160,000	191,013	14,500	(160,000)	205,513	100,488
Total program	6,742,882	5,809,906	12,552,788	223,182	14,500	(160,000)	12,630,470	11,592,434
General and administrative	-	-	-	91,346	10,048	(74,301)	27,093	9,244
Association governance	1,134,125	-	1,134,125	3,347	-	-	1,137,472	902,302
Total expenses	7,877,007	5,809,906	13,686,913	317,875	24,548	(234,301)	13,795,035	12,503,980
Increase (decrease) in net assets								
from operating activities	\$ (199,227)	\$ 439,329	\$ 240,102	\$ 22,520	\$ 10,787	\$ -	\$ 273,409	\$ 337,651

(Continued)

CHICAGO ASSOCIATION OF REALTORS®
AND AFFILIATES
CONSOLIDATING STATEMENT OF ACTIVITIES
Year Ended September 30, 2021
(with comparative totals for 2020)

	2021						2020	
	CAR	CAR BIS	Subtotal	Foundation	PAC	Eliminations	Total	Consolidated
Nonoperating revenue (expenses)								
Interest and dividend income	\$ 65,558	\$ 30,865	\$ 96,423	\$ 15,831	\$ 14	\$ -	\$ 112,268	\$ 152,999
Gain on investments	302,247	74,003	376,250	67,244	-	-	443,494	90,147
Other expense	(24,273)	(11,661)	(35,934)	(6,949)	-	-	(42,883)	(40,169)
Income tax expense	5,935	(128,263)	(122,328)	-	-	-	(122,328)	(150,139)
Nonoperating revenue (expense), net	349,467	(35,056)	314,411	76,126	14	-	390,551	52,838
Change in net assets without donor restrictions	150,240	404,273	554,513	98,646	10,801	-	663,960	390,489
Activities with donor restrictions								
Contributions	-	-	-	92,626	-	-	92,626	129,396
Release from restriction	-	-	-	(32,498)	-	-	(32,498)	(63,186)
Change in net assets with donor restrictions	-	-	-	60,128	-	-	60,128	66,210
Change in total net assets	150,240	404,273	554,513	158,774	10,801	-	724,088	456,699
Total net assets								
Beginning of year	4,876,026	2,406,503	7,282,529	1,082,211	75,339	-	8,440,079	7,983,380
End of year	\$ 5,026,266	\$ 2,810,776	\$ 7,837,042	\$ 1,240,985	\$ 86,140	\$ -	\$ 9,164,167	\$ 8,440,079

See accompanying Independent Auditor's Report.

CHICAGO ASSOCIATION OF REALTORS®
AND AFFILIATES
CONSOLIDATING STATEMENT OF CASH FLOWS
Year Ended September 30, 2021
(with comparative totals for 2020)

	2021						2020
	<u>CAR</u>	<u>CAR BIS</u>	<u>Subtotal</u>	<u>Foundation</u>	<u>PAC</u>	<u>Eliminations</u>	<u>Consolidated</u>
Cash flows from operating activities							
Change in net assets	\$ 150,240	\$ 404,273	\$ 554,513	\$ 158,774	\$ 10,801	\$ -	\$ 456,699
Adjustment to reconcile change in net assets to net cash from operating activities:							
Depreciation and amortization	486,320	-	486,320	-	-	-	471,026
Net gain on investments	(302,247)	(74,003)	(376,250)	(67,244)	-	-	(90,147)
Non-cash rent expense	(381,018)	-	(381,018)	-	-	-	(116,532)
Changes in:							
Prepaid expenses and other assets	141,798	(38,997)	102,801	1,490	-	55,603	102,882
Accounts, dues, and other payables	44,581	54,813	99,394	(3,700)	-	(55,603)	(27,213)
Accrued expenses	64,386	(32,499)	31,887	(31,735)	-	-	217,998
Deferred revenue	151,898	578,651	730,549	-	-	-	(781,573)
Net cash from operating activities	355,958	892,238	1,248,196	57,585	10,801	-	233,140
Cash flows from investing activities							
Purchase of property, equipment, and software	(230,852)	-	(230,852)	-	-	-	(92,576)
Purchase of investments	(28,021)	(20,896)	(48,917)	(9,253)	-	-	(95,420)
Net cash from investing activities	(258,873)	(20,896)	(279,769)	(9,253)	-	-	(187,996)
Net change in cash and cash equivalents	97,085	871,342	968,427	48,332	10,801	-	45,144
Cash and cash equivalents							
Beginning of year	2,279,552	3,999,303	6,278,855	399,172	75,339	-	6,708,222
End of year	\$ 2,376,637	\$ 4,870,645	\$ 7,247,282	\$ 447,504	\$ 86,140	\$ -	\$ 6,753,366

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, 2021

	<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	\$ 4,064,114	\$ 478,672	\$ 4,542,786	\$ -	\$ -	\$ -	\$ 4,542,786
Temporary help	74,883	22,384	97,267	-	-	-	97,267
Staff services allocation	-	-	-	71,730	2,571	(74,301)	-
Total employee costs	<u>4,138,997</u>	<u>501,056</u>	<u>4,640,053</u>	<u>71,730</u>	<u>2,571</u>	<u>(74,301)</u>	<u>4,640,053</u>
Staff training and employee related	133,932	8,878	142,810	367	-	-	143,177
Advertising and marketing	122,605	-	122,605	9,118	-	-	131,723
Bank and credit card charges	199,440	159,071	358,511	5,356	3,330	-	367,197
Computer supplies and related expense	186,957	21,797	208,754	-	-	-	208,754
Depreciation and amortization	434,873	51,447	486,320	-	-	-	486,320
Dues and subscriptions	34,728	555	35,283	-	-	-	35,283
Insurance	40,576	7,670	48,246	-	-	-	48,246
Maintenance and repairs	33,754	3,900	37,654	-	-	-	37,654
Office supplies and related expense	11,100	1,299	12,399	-	-	-	12,399
Postage and delivery	29,081	796	29,877	11	-	-	29,888
Printing and photocopying	1,465	166	1,631	-	-	-	1,631
Professional fees	334,739	57,528	392,267	4,764	4,147	-	401,178
Rent, utilities, and real estate tax	434,959	40,356	475,315	-	-	-	475,315
Telephone	100,527	11,470	111,997	-	-	-	111,997
	<u>6,237,733</u>	<u>865,989</u>	<u>7,103,722</u>	<u>91,346</u>	<u>10,048</u>	<u>(74,301)</u>	<u>7,130,815</u>
Less expenses allocated to specific programs	<u>(6,237,733)</u>	<u>(865,989)</u>	<u>(7,103,722)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,103,722)</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 91,346</u>	<u>\$ 10,048</u>	<u>\$ (74,301)</u>	<u>\$ 27,093</u>

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	<u>3,849,340</u>	<u>572,492</u>	<u>4,421,832</u>	<u>42,944</u>	<u>1,286</u>	<u>(44,230)</u>	<u>4,421,832</u>
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
	<u>5,973,285</u>	<u>940,650</u>	<u>6,913,935</u>	<u>54,931</u>	<u>7,994</u>	<u>(53,681)</u>	<u>6,923,179</u>
Less expenses allocated to specific programs	<u>(5,973,285)</u>	<u>(940,650)</u>	<u>(6,913,935)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,913,935)</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54,931</u>	<u>\$ 7,994</u>	<u>\$ (53,681)</u>	<u>\$ 9,244</u>

See accompanying Independent Auditor's Report.

CHICAGO ASSOCIATION OF REALTORS® AND AFFILIATES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION – CAR BIS
September 30, 2021
(With comparative totals for 2020)

	<u>CAR BIS</u>	<u>MLS</u>	<u>NIREIN</u>	<u>Eliminations</u>	<u>CAR BIS Consolidated</u>	<u>2020 Consolidated</u>
ASSETS						
Current assets						
Cash and cash equivalents	\$ -	\$ 4,870,645	\$ -	\$ -	\$ 4,870,645	\$ 3,999,303
Investments	-	1,550,303	-	-	1,550,303	1,455,404
Prepaid expenses and other current assets	-	11,393	50,338	-	61,731	22,734
Total current assets	-	6,432,341	50,338	-	6,482,679	5,477,441
	<u>\$ -</u>	<u>\$ 6,432,341</u>	<u>\$ 50,338</u>	<u>\$ -</u>	<u>\$ 6,482,679</u>	<u>\$ 5,477,441</u>
LIABILITIES AND NET ASSETS						
Current liabilities						
Accounts payable	\$ -	\$ -	\$ 1,170	\$ -	\$ 1,170	\$ 1,960
Intercompany payable	-	-	670,544	-	670,544	614,941
Accrued income taxes	-	(1,445)	(2,471)	-	(3,916)	29,764
Accrued Expenses	-	-	1,181	-	1,181	-
Due to National and State Associations	-	-	-	-	-	-
Deferred revenue						
Dues	-	227,970	32,490	-	260,460	221,938
User fees	-	2,738,064	-	-	2,738,064	2,175,035
Other	-	4,400	-	-	4,400	27,300
Total current liabilities	-	2,968,989	702,914	-	3,671,903	3,070,938
Total liabilities	-	2,968,989	702,914	-	3,671,903	3,070,938
Net assets						
Without donor restrictions	-	3,463,352	(652,576)	-	2,810,776	2,406,503
With donor restrictions	-	-	-	-	-	-
Total net assets	-	3,463,352	(652,576)	-	2,810,776	2,406,503
	<u>\$ -</u>	<u>\$ 6,432,341</u>	<u>\$ 50,338</u>	<u>\$ -</u>	<u>\$ 6,482,679</u>	<u>\$ 5,477,441</u>

See accompanying Independent Auditor's Report.

CHICAGO ASSOCIATION OF REALTORS® AND AFFILIATES
CONSOLIDATING STATEMENT OF ACTIVITIES – CAR BIS
Year Ended September 30, 2021
(with comparative totals for 2020)

	2021					2020
	<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	\$ -	\$ 438,990	\$ 56,923	\$ -	\$ 495,913	\$ 495,650
Listing services	-	5,516,498	99,345	-	5,615,843	5,030,550
Application and other fees	-	114,939	-	-	114,939	141,296
Member events	-	22,540	-	-	22,540	5,243
Total revenue	-	6,092,967	156,268	-	6,249,235	5,672,739
Expenses						
Program						
Member services	-	-	41,335	-	41,335	60,839
Listing services	-	5,370,816	70,790	-	5,441,606	4,896,728
Member events	-	92,475	62,217	-	154,692	193,802
Public Relations	-	72,273	-	-	72,273	-
Contributions and grants	-	100,000	-	-	100,000	40,000
Total program	-	5,635,564	174,342	-	5,809,906	5,191,369
General and administrative	-	-	-	-	-	-
Total expenses	-	5,635,564	174,342	-	5,809,906	5,191,369
Increase (decrease) in net assets						
from operating activities	\$ -	\$ 457,403	\$ (18,074)	\$ -	\$ 439,329	\$ 481,370

(Continued)

CHICAGO ASSOCIATION OF REALTORS® AND AFFILIATES
CONSOLIDATING STATEMENT OF ACTIVITIES – CAR BIS
Year Ended September 30, 2021
(with comparative totals for 2020)

	2021					2020
	<u>CAR BIS</u>	<u>MLS</u>	<u>NIREIN</u>	<u>Eliminations</u>	<u>CAR BIS Consolidated</u>	<u>Consolidated</u>
Nonoperating revenue (expenses)						
Interest and dividend income (expense)	\$ -	\$ 31,788	\$ (923)	\$ -	\$ 30,865	\$ 40,657
Gain on investments	-	74,003	-	-	74,003	22,816
Other expense	-	(11,661)	-	-	(11,661)	(10,643)
Income tax expense	-	(136,363)	8,100	-	(128,263)	(146,329)
Nonoperating expense, net	-	(42,233)	7,177	-	(35,056)	(93,499)
Net income (loss)	-	415,170	(10,897)	-	404,273	387,871
Total net assets						
Beginning of year	-	3,040,082	(633,579)	-	2,406,503	2,018,632
Capital contributions	-	8,100	-	(8,100)	-	-
Distributions	-	-	(8,100)	8,100	-	-
Net income (loss)	-	415,170	(10,897)	-	404,273	387,871
End of year	\$ -	\$ 3,463,352	\$ (652,576)	\$ -	\$ 2,810,776	\$ 2,406,503

See accompanying Independent Auditor's Report.

CHICAGO ASSOCIATION OF REALTORS® AND AFFILIATES
CONSOLIDATING STATEMENT OF CASH FLOWS– CAR BIS
Year Ended September 30, 2021
(with comparative totals for 2020)

	2021					2020
	<u>CAR BIS</u>	<u>MLS</u>	<u>NIREIN</u>	<u>Eliminations</u>	<u>CAR BIS Consolidated</u>	<u>Consolidated</u>
Cash flows from operating activities						
Change in net assets	\$ -	\$ 423,270	\$ (18,997)	\$ -	\$ 404,273	\$ 387,871
Adjustment to reconcile change in net assets to net cash from operating activities:						
Net (gain) on investments	-	(74,003)	-	-	(74,003)	(22,816)
Changes in:						
Prepaid expenses and other assets	-	10,832	(49,829)	-	(38,997)	(3,852)
Accounts, dues, and other payables	-	(1,580)	56,393	-	54,813	33,980
Accrued expenses	-	(33,680)	1,181	-	(32,499)	8,189
Deferred revenue	-	567,399	11,252	-	578,651	(510,334)
Net cash from operating activities	-	892,238	-	-	892,238	(106,962)
Cash flows from investing activities						
Purchase of investments	-	(20,896)	-	-	(20,896)	(30,932)
Net cash from investing activities	-	(20,896)	-	-	(20,896)	(30,932)
Net change in cash and cash equivalents	-	871,342	-	-	871,342	(137,894)
Cash and cash equivalents						
Beginning of year	-	3,999,303	-	-	3,999,303	4,137,197
End of year	\$ -	\$ 4,870,645	\$ -	\$ -	\$ 4,870,645	\$ 3,999,303

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, 2021

	2020				
	<u>CAR BIS</u>	<u>MLS</u>	<u>NIREIN</u>	<u>Eliminations</u>	<u>CAR BIS Consolidated</u>
Salaries and wages	\$ -	\$ 417,450	\$ 61,222	\$ -	\$ 478,672
Temporary help	-	22,384	-	-	22,384
Total employee costs	-	439,834	61,222	-	501,056
Staff training and employee related	-	7,561	1,317	-	8,878
Advertising and marketing	-	-	-	-	-
Bank and credit card charges	-	153,479	5,592	-	159,071
Computer supplies and related expense	-	19,041	2,756	-	21,797
Depreciation and amortization	-	44,923	6,524	-	51,447
Dues and subscriptions	-	480	75	-	555
Insurance	-	6,743	927	-	7,670
Maintenance and repairs	-	3,411	489	-	3,900
Office supplies and related expense	-	1,147	152	-	1,299
Postage and delivery	-	699	97	-	796
Printing and photocopying	-	146	20	-	166
Professional fees	-	40,155	17,373	-	57,528
Rent, utilities and real estate tax	-	35,265	5,091	-	40,356
Telephone	-	9,989	1,481	-	11,470
	-	762,873	103,116	-	865,989
Less expenses allocated to specific programs	-	(762,873)	(103,116)	-	(865,989)
	<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, 2020

	2020				
	<u>CAR BIS</u>	<u>MLS</u>	<u>NIREIN</u>	<u>Eliminations</u>	<u>CAR BIS 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>

See accompanying Independent Auditor's Report.