

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

CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2022 and 2021

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements***Opinion***

We have audited the consolidated financial statements of Chicago Association of REALTORS® and Affiliates (CAR), which comprise the consolidated statements of financial position as of September 30, 2022 and 2021, and the related consolidated statements of activities, and cash flows for the years then ended, and the related consolidated notes to the financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Chicago Association of REALTORS® and Affiliates as of September 30, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of CAR and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about CAR's ability to continue as a going concern for one year from the date the consolidated financial statements are available to be issued.

(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 CAR's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about CAR's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Supplementary Information

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 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
February 20, 2023

CHICAGO ASSOCIATION OF REALTORS® AND AFFILIATES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
September 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 6,828,045	\$ 7,780,926
Investments	5,688,073	6,371,642
Prepaid expenses and other current assets	278,239	375,790
Total current assets	<u>12,794,357</u>	<u>14,528,358</u>
Property, equipment and software		
Land	25,000	25,000
Building and improvements	153,548	160,298
Leasehold improvements	2,859,111	2,842,824
Furniture and office equipment	913,116	910,683
Computer and telephone equipment	384,907	621,838
Computer software	994,230	739,349
	<u>5,329,912</u>	<u>5,299,992</u>
Less accumulated depreciation	<u>(3,077,388)</u>	<u>(2,845,378)</u>
Property, equipment and software, net	2,252,524	2,454,614
Right to use office space	857,995	1,035,875
Right to use office equipment	190,554	262,152
	<u>\$ 16,095,430</u>	<u>\$ 18,280,999</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 291,690	\$ 266,688
Accrued expenses	486,661	520,008
Due to National and State Associations	136,889	146,306
Deferred revenue		
Dues	2,953,610	3,031,576
User fees	2,430,630	2,738,064
Other	134,583	166,476
Lease liability for right to use assets - short term	406,246	393,340
Total current liabilities	<u>6,840,309</u>	<u>7,262,458</u>
Lease liability for right to use assets - long term	1,448,128	1,854,374
Total liabilities	<u>8,288,437</u>	<u>9,116,832</u>
Net assets		
Without donor restrictions		
Designated	150,273	150,273
Undesignated	7,537,483	8,847,005
Total without donor restrictions	<u>7,687,756</u>	<u>8,997,278</u>
With donor restrictions	119,237	166,889
Total net assets	<u>7,806,993</u>	<u>9,164,167</u>
	<u>\$ 16,095,430</u>	<u>\$ 18,280,999</u>

See accompanying notes to consolidated financial statements.

CHICAGO ASSOCIATION OF REALTORS® AND AFFILIATES
CONSOLIDATED STATEMENTS OF ACTIVITIES
Years Ended September 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Activities without donor restrictions		
Operating Activities		
Revenue		
Local dues and fees	\$ 5,518,777	\$ 5,112,007
Listing services	6,054,945	5,615,843
Member professional development	1,040,607	993,052
Application and other fees	1,125,971	1,229,420
Governance	3,000	-
Member events	931,067	513,922
Other member services	182,354	238,593
Contributions	309,943	333,109
Net assets released from restriction	51,302	32,498
Total revenue	15,217,966	14,068,444
Expenses		
Program		
Member services	1,897,555	1,533,727
Listing services	5,840,705	5,441,606
Member professional development	1,845,456	1,617,001
Other member services	-	92,367
Member events	2,976,086	2,115,442
Government affairs	373,559	461,296
State and National Association meetings	333,030	72,643
Public relations	1,080,881	1,090,875
Contributions and grants	94,686	205,513
Total program	14,441,958	12,630,470
General and administrative	21,605	27,093
Association governance	1,296,049	1,137,472
Total expenses	15,759,612	13,795,035
Change in net assets from operating activities	(541,646)	273,409
Nonoperating (expense) revenue		
Interest and dividend income	140,226	112,268
(Loss) gain on investments	(750,177)	443,494
Other expense	(44,505)	(42,883)
Income tax expense	(113,420)	(122,328)
Nonoperating (expense) revenue, net	(767,876)	390,551
Change in net assets without donor restrictions	(1,309,522)	663,960
Activities with donor restrictions		
Contributions	3,650	92,626
Release from restriction	(51,302)	(32,498)
Change in net assets with donor restrictions	(47,652)	60,128
Change in total net assets	(1,357,174)	724,088
Total net assets		
Beginning of year	9,164,167	8,440,079
End of year	\$ 7,806,993	\$ 9,164,167

See accompanying notes to consolidated financial statements.

CHICAGO ASSOCIATION OF REALTORS® AND AFFILIATES
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended September 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Change in net assets	\$ (1,357,174)	\$ 724,088
Adjustment to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization	504,740	486,320
Net loss (gain) on investments	750,177	(443,494)
Right of use asset amortization	249,478	251,017
Changes in:		
Prepaid expenses and other assets	98,030	(91,123)
Accounts, dues, and other payables	15,550	40,091
Accrued expenses	(33,791)	152
Deferred revenue	(417,293)	730,549
Lease liability	(393,340)	(381,018)
Net cash from operating activities	<u>(583,623)</u>	<u>1,316,582</u>
Cash flows from investing activities		
Purchase of property, equipment, and software	(302,650)	(230,852)
Purchase of investments	<u>(66,608)</u>	<u>(58,170)</u>
Net cash from investing activities	<u>(369,258)</u>	<u>(289,022)</u>
Net change in cash and cash equivalents	(952,881)	1,027,560
Cash and cash equivalents		
Beginning of year	<u>7,780,926</u>	<u>6,753,366</u>
End of year	<u><u>\$ 6,828,045</u></u>	<u><u>\$ 7,780,926</u></u>

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 17,800 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 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 1000 shares 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 seven common units out of ten authorized 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, 2022, audited financial statements of MRED reported approximately \$16.1 million in common unit members' equity. CAR's portion of MRED's common unit equity is approximately \$2.3 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.

In October 2021, MLSNI converted its corporate structure to Multiple Listing Service of Northern Illinois, LLC (MLSNILLC), a limited liability company. The seven founding associations (Founding Members) were granted each 1,000 Class A Units while any qualified new joining associations (Joining Members) will be issued Class B Units. There were no new Joining Members during fiscal year 2022.

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

(Continued)

NOTE 1 - NATURE OF OPERATIONS (Continued)

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 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 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 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 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.

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2022 and 2021, there are \$119,237 and \$166,889, respectively, of net assets with donor restrictions for charitable, educational scholarships and events. All remaining net assets are without donor restrictions. The Organization had no donor restrictions of a permanent nature as of September 30, 2022 and 2021.

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.

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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 MLSNILLC (MLSNI in 2021) 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.

(Continued)

CHICAGO ASSOCIATION OF REALTORS® AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2022 and 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Subsequent Events: Subsequent events have been evaluated at February 201, 2023, 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 2022 and 2021.

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 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 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, 2022 and 2021.

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 2022 or 2021.

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The tax returns for all Organizations for the years ended September 30, 2019 through 2021, are open years for purposes of any future IRS or State of Illinois examinations.

Cash Flows: Income taxes of approximately \$74,000 and \$126,700 were paid during the years ended September 30, 2022 and 2021, 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 \$143,000 and \$111,000 for the years ended September 30, 2022 and 2021, respectively.

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 \$230,171 and \$234,689 at September 30, 2022 and 2021, respectively. At September 30, 2022 and 2021, the Organization had no deposit account in excess of FDIC limits. 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).

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CHICAGO ASSOCIATION OF REALTORS® AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2022 and 2021

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, 2022
<u>2022</u>				
Mutual funds:				
Money Market	\$ 507,113	\$ -	\$ -	\$ 507,113
Large Cap Growth	782,458	-	-	782,458
Large Cap Value	735,458	-	-	735,458
Small/Mid Cap Growth	163,169	-	-	163,169
Small/Mid Cap Value	365,358	-	-	365,358
International Equity	331,041	-	-	331,041
Equities Blend	27,255	-	-	27,255
Alternative Investments - Commoditiy	222,756	-	-	222,756
Long-term Bond	263,530	-	-	263,530
Intermediate-term Bond	159,101	-	-	159,101
Short-term Bond	1,153,320	-	-	1,153,320
Fixed Income Blend	133,568	-	-	133,568
Corporate bonds	-	596,641	-	596,641
U.S. Treasury bills	-	247,305	-	247,305
	<u>\$ 4,844,127</u>	<u>\$ 843,946</u>	<u>\$ -</u>	<u>\$ 5,688,073</u>

(Continued)

CHICAGO ASSOCIATION OF REALTORS® AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2022 and 2021

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, 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>

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, 2022 and 2021. 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, 2022 and 2021, receivables included \$4,478 and \$1,087, 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, 2022 and 2021

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 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 statement of financial position for September 30, 2022:

	<u>Office Space</u>	<u>Equipment</u>	<u>Total</u>
Right of use asset	\$ 857,995	\$ 190,554	\$ 1,048,549
Lease liability	(1,663,820)	(190,554)	(1,854,374)

The following components are recognized in the consolidated statement of financial position 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)

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>
2023	\$ 480,331	\$ 65,668	\$ 545,999
2024	495,043	65,668	560,711
2025	<u>510,194</u>	<u>60,196</u>	<u>570,390</u>
Total cash payments	1,485,568	191,532	1,677,100
Less premium (discount)	<u>178,252</u>	<u>(978)</u>	<u>177,274</u>
Lease liability	<u>\$ 1,663,820</u>	<u>\$ 190,554</u>	<u>\$ 1,854,374</u>

Total rent expense was approximately \$477,000 and \$443,000 in 2022 and 2021, respectively.

(Continued)

CHICAGO ASSOCIATION OF REALTORS® AND AFFILIATES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
September 30, 2022 and 2021

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, 2022 and 2021. At September 30, 2022 and 2021, CAR owed approximately \$106,768 and \$84,000, 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, 2022 and 2021, CAR and NIREIN recorded imputed interest revenue and expense of \$9,437 and \$923, respectively. This interest is eliminated in consolidation.

NOTE 11 - RELATED ORGANIZATIONS

The Organization remitted fees for multiple listing services through CAR MLS to MRED totaling \$5,284,778 and \$4,708,207 for the years ended September 30, 2022 and 2021, respectively.

NOTE 12 - INCOME TAXES

CAR's income tax expense for the years ending September 30, 2022 and 2021, 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 CAR BIS income tax expense consist of taxable income generated by 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>2022</u>	<u>2021</u>
CAR BIS		
CAR MLS tax expense	\$ 119,394	\$ 136,363
NIREIN net operating loss generated	(8,994)	(8,100)
CAR unrelated business income tax	<u>3,020</u>	<u>(5,935)</u>
Total income tax expense	<u>\$ 113,420</u>	<u>\$ 122,328</u>

(Continued)

NOTE 12 - INCOME TAXES (Continued)

For the years ended September 30, 2022 and 2021, CAR MLS generated a net taxable income of approximately \$419,000 and \$478,000, respectively, resulting in estimated income tax expense of approximately \$119,000 and \$136,000, respectively. CAR MLS has no material temporary tax differences.

NIREIN generated approximately \$23,000 and \$19,000 in net operating loss during the years ended September 30, 2022 and 2021, 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, 2022 and 2021, 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, 2022 and 2021

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, 2022.

	Program Activities <u>Total</u>	<u>Supporting Activities</u>		
		<u>Management & General</u>	<u>Association Governance</u>	<u>Total</u>
Employee costs	\$ 3,390,423	\$ 1,356,787	\$ 493,883	\$ 5,241,093
Professional fees	111,397	335,028	-	446,425
Facilities and related	104,500	444,006	-	548,506
Depreciation	-	504,740	-	504,740
Office operations	12,220	505,228	44	517,492
Bank and credit card fees	360,346	22,229	-	382,575
Advertising and marketing	163,186	6,643	-	169,829
Direct program costs	<u>7,513,901</u>	<u>-</u>	<u>435,051</u>	<u>7,948,952</u>
Total expenses	<u>\$ 11,655,973</u>	<u>\$ 3,174,661</u>	<u>\$ 928,978</u>	<u>\$ 15,759,612</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, 2022 and 2021

NOTE 13 - PROGRAM EXPENSES BY NATURE (Continued)

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 <u>Total</u>	Supporting Activities Management & General	Association Governance	<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, 2022 and 2021

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>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 6,828,045	\$ 7,780,926
Investments	5,688,073	6,371,642
Less designated and restricted net assets	<u>(269,510)</u>	<u>(317,162)</u>
	<u>\$ 12,246,608</u>	<u>\$ 13,835,406</u>

As part of 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 minimum operating reserves equal to 50% of operating expenses.

SUPPLEMENTARY FINANCIAL INFORMATION

CHICAGO ASSOCIATION OF REALTORS®
AND AFFILIATES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
September 30, 2022
(with comparative totals for 2021)

	2022						2021
	<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	\$ 1,443,781	\$ 4,846,370	\$ 6,290,151	\$ 432,850	\$ 105,044	\$ -	\$ 7,780,926
Investments	3,550,399	1,404,725	4,955,124	732,949	-	-	6,371,642
Accounts receivable, intercompany	670,065	-	670,065	-	-	(670,065)	-
Prepaid expenses and other current assets	<u>225,533</u>	<u>50,891</u>	<u>276,424</u>	<u>1,815</u>	<u>-</u>	<u>-</u>	<u>375,790</u>
Total current assets	5,889,778	6,301,986	12,191,764	1,167,614	105,044	(670,065)	14,528,358
Property, equipment, and software							
Land	25,000	-	25,000	-	-	-	25,000
Buildings and improvements	153,548	-	153,548	-	-	-	160,298
Leasehold improvements	2,859,111	-	2,859,111	-	-	-	2,842,824
Furniture and office equipment	913,116	-	913,116	-	-	-	910,683
Computer and telephone equipment	384,907	-	384,907	-	-	-	621,838
Computer software	<u>994,230</u>	<u>-</u>	<u>994,230</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>739,349</u>
	5,329,912	-	5,329,912	-	-	-	5,299,992
Less accumulated depreciation	<u>(3,077,388)</u>	<u>-</u>	<u>(3,077,388)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,845,378)</u>
Property, equipment, and software, net	2,252,524	-	2,252,524	-	-	-	2,454,614
Right to use office space	857,995	-	857,995	-	-	-	1,035,875
Right to use office equipment	<u>190,554</u>	<u>-</u>	<u>190,554</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>262,152</u>
	<u>\$ 9,190,851</u>	<u>\$ 6,301,986</u>	<u>\$ 15,492,837</u>	<u>\$ 1,167,614</u>	<u>\$ 105,044</u>	<u>\$ (670,065)</u>	<u>\$ 18,280,999</u>

See accompanying Independent Auditor's Report.

CHICAGO ASSOCIATION OF REALTORS®
AND AFFILIATES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
September 30, 2022
(with comparative totals for 2021)

	2022							2021
	CAR	CAR BIS	Subtotal	Foundation	PAC	Eliminations	Total	Consolidated
LIABILITIES AND NET ASSETS								
Current liabilities								
Accounts payable	\$ 289,660	\$ 1,300	\$ 290,960	\$ 730	\$ -	\$ -	\$ 291,690	\$ 266,688
Intercompany payable	-	670,065	670,065	-	-	(670,065)	-	-
Accrued expenses	410,815	35,555	446,370	40,291	-	-	486,661	520,008
Due to National and State Associations	136,854	35	136,889	-	-	-	136,889	146,306
Deferred revenue								
Dues	2,719,235	234,375	2,953,610	-	-	-	2,953,610	3,031,576
User fees	-	2,430,630	2,430,630	-	-	-	2,430,630	2,738,064
Other	134,583	-	134,583	-	-	-	134,583	166,476
Lease liability for right to use assets - short term	406,246	-	406,246	-	-	-	406,246	393,340
Total current liabilities	4,097,393	3,371,960	7,469,353	41,021	-	(670,065)	6,840,309	7,262,458
Lease liability for right to use assets - long term	1,448,128	-	1,448,128	-	-	-	1,448,128	1,854,374
Total liabilities	5,545,521	3,371,960	8,917,481	41,021	-	(670,065)	8,288,437	9,116,832
Net assets								
Without donor restrictions								
Designated	150,273	-	150,273	-	-	-	150,273	150,273
Undesignated	3,495,057	2,930,026	6,425,083	1,007,356	105,044	-	7,537,483	8,847,005
Total without donor restrictions	3,645,330	2,930,026	6,575,356	1,007,356	105,044	-	7,687,756	8,997,278
With donor restrictions	-	-	-	119,237	-	-	119,237	166,889
Total net assets	3,645,330	2,930,026	6,575,356	1,126,593	105,044	-	7,806,993	9,164,167
	<u>\$ 9,190,851</u>	<u>\$ 6,301,986</u>	<u>\$ 15,492,837</u>	<u>\$ 1,167,614</u>	<u>\$ 105,044</u>	<u>\$ (670,065)</u>	<u>\$ 16,095,430</u>	<u>\$ 18,280,999</u>

See accompanying Independent Auditor's Report.

CHICAGO ASSOCIATION OF REALTORS®
AND AFFILIATES
CONSOLIDATING STATEMENT OF ACTIVITIES
Year Ended September 30, 2022
(with comparative totals for 2021)

	2022						2021
	<u>CAR</u>	<u>CAR BIS</u>	<u>Subtotal</u>	<u>Foundation</u>	<u>PAC</u>	<u>Eliminations</u>	<u>Consolidated</u>
Activities without donor restrictions							
Operating activities							
Revenue							
Local dues and fees	\$ 5,023,092	\$ 495,685	\$ 5,518,777	\$ -	\$ -	\$ -	\$ 5,518,777
Listing services	-	6,054,945	6,054,945	-	-	-	6,054,945
Member professional development	1,042,107	-	1,042,107	-	-	(1,500)	993,052
Application and other fees	1,023,381	102,590	1,125,971	-	-	-	1,229,420
Governance	87,648	-	87,648	-	-	(84,648)	3,000
Member events	692,811	223,406	916,217	14,850	-	-	931,067
Other member services	182,354	-	182,354	-	-	-	238,593
Contributions	70,491	-	70,491	244,610	32,842	(38,000)	333,109
Net assets released from restriction	-	-	-	51,302	-	-	51,302
Total revenue	8,121,884	6,876,626	14,998,510	310,762	32,842	(124,148)	14,068,444
Expenses							
Program							
Member services	1,840,362	57,193	1,897,555	-	-	-	1,897,555
Listing services	-	5,840,705	5,840,705	-	-	-	5,840,705
Member professional development	1,845,456	-	1,845,456	-	-	-	1,845,456
Other member services	-	-	-	-	-	-	-
Member events	2,440,693	484,943	2,925,636	50,450	-	-	2,976,086
Government affairs	373,559	-	373,559	-	-	-	373,559
State and National Association meetings	333,030	-	333,030	-	-	-	333,030
Public relations	995,647	85,234	1,080,881	-	-	-	1,080,881
Contributions and grants	-	38,000	38,000	86,186	8,500	(38,000)	94,686
Total program	7,828,747	6,506,075	14,334,822	136,636	8,500	(38,000)	14,441,958
General and administrative	-	-	-	101,894	5,859	(86,148)	21,605
Association governance	1,249,136	-	1,249,136	46,913	-	-	1,296,049
Total expenses	9,077,883	6,506,075	15,583,958	285,443	14,359	(124,148)	15,759,612
Change in net assets from operating activities	\$ (955,999)	\$ 370,551	\$ (585,448)	\$ 25,319	\$ 18,483	\$ -	\$ (541,646)

See accompanying Independent Auditor's Report.

CHICAGO ASSOCIATION OF REALTORS®
AND AFFILIATES
CONSOLIDATING STATEMENT OF ACTIVITIES
Year Ended September 30, 2022
(with comparative totals for 2021)

	2022						2021	
	CAR	CAR BIS	Subtotal	Foundation	PAC	Eliminations	Total	Consolidated
Nonoperating revenue (expenses)								
Interest and dividend income	\$ 85,176	\$ 37,357	\$ 122,533	\$ 17,272	\$ 421	\$ -	\$ 140,226	\$ 112,268
(Loss) gain on investments	(481,900)	(166,152)	(648,052)	(102,125)	-	-	(750,177)	443,494
Other expense	(25,193)	(12,106)	(37,299)	(7,206)	-	-	(44,505)	(42,883)
Income tax expense	(3,020)	(110,400)	(113,420)	-	-	-	(113,420)	(122,328)
Nonoperating (expense) revenue, net	(424,937)	(251,301)	(676,238)	(92,059)	421	-	(767,876)	390,551
Change in net assets without donor restrictions	(1,380,936)	119,250	(1,261,686)	(66,740)	18,904	-	(1,309,522)	663,960
Activities with donor restrictions								
Contributions	-	-	-	3,650	-	-	3,650	92,626
Release from restriction	-	-	-	(51,302)	-	-	(51,302)	(32,498)
Change in net assets with donor restrictions	-	-	-	(47,652)	-	-	(47,652)	60,128
Change in total net assets	(1,380,936)	119,250	(1,261,686)	(114,392)	18,904	-	(1,357,174)	724,088
Total net assets								
Beginning of year	5,026,266	2,810,776	7,837,042	1,240,985	86,140	-	9,164,167	8,440,079
End of year	\$ 3,645,330	\$ 2,930,026	\$ 6,575,356	\$ 1,126,593	\$ 105,044	\$ -	\$ 7,806,993	\$ 9,164,167

See accompanying Independent Auditor's Report.

CHICAGO ASSOCIATION OF REALTORS®
AND AFFILIATES
CONSOLIDATING STATEMENT OF CASH FLOWS
Year Ended September 30, 2022
(with comparative totals for 2021)

	2022						2021	
	<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>
Cash flows from operating activities								
Change in net assets	\$ (1,380,936)	\$ 119,250	\$ (1,261,686)	\$ (114,392)	\$ 18,904	\$ -	\$ (1,357,174)	\$ 724,088
Adjustment to reconcile change in net assets to net cash from operating activities:								
Depreciation and amortization	504,740	-	504,740	-	-	-	504,740	486,320
Net loss (gain) on investments	481,900	166,152	648,052	102,125	-	-	750,177	(443,494)
Right of use asset amortization	249,478	-	249,478	-	-	-	249,478	251,017
Changes in:								
Prepaid expenses and other assets	87,341	10,840	98,181	(151)	-	-	98,030	(91,123)
Accounts, dues, and other payables	14,690	130	14,820	730	-	-	15,550	40,091
Accrued expenses	(78,111)	37,846	(40,265)	6,474	-	-	(33,791)	152
Deferred revenue	(79,374)	(337,919)	(417,293)	-	-	-	(417,293)	730,549
Lease liability	(393,340)	-	(393,340)	-	-	-	(393,340)	(381,018)
Net cash from operating activities	(593,612)	(3,701)	(597,313)	(5,214)	18,904	-	(583,623)	1,316,582
Cash flows from investing activities								
Purchase of property, equipment, and software	(302,650)	-	(302,650)	-	-	-	(302,650)	(230,852)
Purchase of investments	(36,594)	(20,574)	(57,168)	(9,440)	-	-	(66,608)	(58,170)
Net cash from investing activities	(339,244)	(20,574)	(359,818)	(9,440)	-	-	(369,258)	(289,022)
Net change in cash and cash equivalents	(932,856)	(24,275)	(957,131)	(14,654)	18,904	-	(952,881)	1,027,560
Cash and cash equivalents								
Beginning of year	2,376,637	4,870,645	7,247,282	447,504	86,140	-	7,780,926	6,753,366
End of year	\$ 1,443,781	\$ 4,846,370	\$ 6,290,151	\$ 432,850	\$ 105,044	\$ -	\$ 6,828,045	\$ 7,780,926

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, 2022

	<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	\$ 4,466,270	\$ 450,557	\$ 4,916,827	\$ -	\$ -	\$ -	\$ 4,916,827
Temporary help	70,991	27,636	98,627	-	-	-	98,627
Staff services allocation	-	-	-	82,828	1,820	(84,648)	-
Total employee costs	<u>4,537,261</u>	<u>478,193</u>	<u>5,015,454</u>	<u>82,828</u>	<u>1,820</u>	<u>(84,648)</u>	<u>5,015,454</u>
Staff training and employee related	164,096	9,646	173,742	892	-	-	174,634
Advertising and marketing	163,601	-	163,601	6,643	-	-	170,244
Bank and credit card charges	217,676	158,109	375,785	3,812	2,979	-	382,576
Computer supplies and related expense	262,455	22,977	285,432	-	-	-	285,432
Depreciation and amortization	458,928	45,812	504,740	-	-	-	504,740
Dues and subscriptions	50,030	975	51,005	-	-	-	51,005
Insurance	37,135	6,106	43,241	-	-	-	43,241
Maintenance and repairs	34,810	3,420	38,230	-	-	-	38,230
Office supplies and related expense	20,687	2,390	23,077	-	-	-	23,077
Postage and delivery	19,905	857	20,762	14	-	-	20,776
Printing and photocopying	382	34	416	-	-	-	416
Professional fees	391,682	45,977	437,659	7,705	1,060	-	446,424
Rent, utilities, and real estate tax	473,747	38,029	511,776	-	-	(1,500)	510,276
Telephone	161,704	15,748	177,452	-	-	-	177,452
	<u>6,994,099</u>	<u>828,273</u>	<u>7,822,372</u>	<u>101,894</u>	<u>5,859</u>	<u>(86,148)</u>	<u>7,843,977</u>
Less expenses allocated to specific programs	<u>(6,994,099)</u>	<u>(828,273)</u>	<u>(7,822,372)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,822,372)</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 101,894</u>	<u>\$ 5,859</u>	<u>\$ (86,148)</u>	<u>\$ 21,605</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, 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 FINANCIAL POSITION – CAR BIS
September 30, 2022
(With comparative totals for 2021)

	<u>CAR BIS</u>	<u>MLS</u>	<u>NIREIN</u>	<u>Eliminations</u>	<u>CAR BIS Consolidated</u>	<u>2021 Consolidated</u>
ASSETS						
Current assets						
Cash and cash equivalents	\$ -	\$ 4,846,370	\$ -	\$ -	\$ 4,846,370	\$ 4,870,645
Investments	-	1,404,725	-	-	1,404,725	1,550,303
Prepaid expenses and other current assets	-	20,479	30,412	-	50,891	61,731
Total current assets	-	6,271,574	30,412	-	6,301,986	6,482,679
	<u>\$ -</u>	<u>\$ 6,271,574</u>	<u>\$ 30,412</u>	<u>\$ -</u>	<u>\$ 6,301,986</u>	<u>\$ 6,482,679</u>
LIABILITIES AND NET ASSETS						
Current liabilities						
Accounts payable	\$ -	\$ -	\$ 1,300	\$ -	\$ 1,300	\$ 1,170
Intercompany payable	-	-	670,065	-	670,065	670,544
Accrued Expenses	-	38,026	(2,471)	-	35,555	(2,735)
Due to National and State Associations	-	-	35	-	35	-
Deferred revenue						
Dues	-	197,685	36,690	-	234,375	260,460
User fees	-	2,430,630	-	-	2,430,630	2,738,064
Other	-	-	-	-	-	4,400
Total current liabilities	-	2,666,341	705,619	-	3,371,960	3,671,903
Total liabilities	-	2,666,341	705,619	-	3,371,960	3,671,903
Net assets						
Without donor restrictions	-	3,605,233	(675,207)	-	2,930,026	2,810,776
With donor restrictions	-	-	-	-	-	-
Total net assets	-	3,605,233	(675,207)	-	2,930,026	2,810,776
	<u>\$ -</u>	<u>\$ 6,271,574</u>	<u>\$ 30,412</u>	<u>\$ -</u>	<u>\$ 6,301,986</u>	<u>\$ 6,482,679</u>

See accompanying Independent Auditor's Report.

CHICAGO ASSOCIATION OF REALTORS® AND AFFILIATES
CONSOLIDATING STATEMENT OF ACTIVITIES – CAR BIS
Year Ended September 30, 2022
(with comparative totals for 2021)

	2022					2021
	<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	\$ -	\$ 438,285	\$ 57,400	\$ -	\$ 495,685	\$ 495,913
Listing services	-	5,999,701	55,244	-	6,054,945	5,615,843
Application and other fees	-	102,590	-	-	102,590	114,939
Member events	-	213,806	9,600	-	223,406	22,540
Total revenue	-	6,754,382	122,244	-	6,876,626	6,249,235
Expenses						
Program						
Member services	-	-	57,193	-	57,193	41,335
Listing services	-	5,840,705	-	-	5,840,705	5,441,606
Member events	-	406,698	78,245	-	484,943	154,692
Public Relations	-	85,234	-	-	85,234	72,273
Contributions and grants	-	38,000	-	-	38,000	100,000
Total program	-	6,370,637	135,438	-	6,506,075	5,809,906
General and administrative	-	-	-	-	-	-
Total expenses	-	6,370,637	135,438	-	6,506,075	5,809,906
Change in net assets						
from operating activities	\$ -	\$ 383,745	\$ (13,194)	\$ -	\$ 370,551	\$ 439,329

See accompanying Independent Auditor's Report.

CHICAGO ASSOCIATION OF REALTORS® AND AFFILIATES
CONSOLIDATING STATEMENT OF ACTIVITIES – CAR BIS
Year Ended September 30, 2022
(with comparative totals for 2021)

	2022				2021	
	<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)	\$ -	\$ 46,794	\$ (9,437)	\$ -	\$ 37,357	\$ 30,865
(Loss) gain on investments	-	(166,152)	-	-	(166,152)	74,003
Other expense	-	(12,106)	-	-	(12,106)	(11,661)
Income tax expense	-	(119,394)	8,994	-	(110,400)	(128,263)
Nonoperating expense, net	-	(250,858)	(443)	-	(251,301)	(35,056)
Change in net assets	-	132,887	(13,637)	-	119,250	404,273
Total net assets						
Beginning of year	-	3,463,352	(652,576)	-	2,810,776	2,406,503
Capital contributions	-	8,994	-	(8,994)	-	-
Distributions	-	-	(8,994)	8,994	-	-
Change in net assets	-	132,887	(13,637)	-	119,250	404,273
End of year	<u>\$ -</u>	<u>\$ 3,605,233</u>	<u>\$ (675,207)</u>	<u>\$ -</u>	<u>\$ 2,930,026</u>	<u>\$ 2,810,776</u>

See accompanying Independent Auditor's Report.

CHICAGO ASSOCIATION OF REALTORS® AND AFFILIATES
CONSOLIDATING STATEMENT OF CASH FLOWS – CAR BIS
Year Ended September 30, 2022
(with comparative totals for 2021)

	2022					2021
	<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	\$ -	\$ 141,881	\$ (22,631)	\$ -	\$ 119,250	\$ 404,273
Adjustment to reconcile change in net assets to net cash from operating activities:						
Net loss (gain) on investments	-	166,152	-	-	166,152	(74,003)
Changes in:						
Prepaid expenses and other assets	-	(9,086)	19,926	-	10,840	(38,997)
Accounts, dues, and other payables	-	-	130	-	130	54,813
Accrued expenses	-	39,471	(1,625)	-	37,846	(32,499)
Deferred revenue	-	(342,119)	4,200	-	(337,919)	578,651
Net cash from operating activities	-	(3,701)	-	-	(3,701)	892,238
Cash flows from investing activities						
Purchase of investments	-	(20,574)	-	-	(20,574)	(20,896)
Net cash from investing activities	-	(20,574)	-	-	(20,574)	(20,896)
Net change in cash and cash equivalents	-	(24,275)	-	-	(24,275)	871,342
Cash and cash equivalents						
Beginning of year	-	4,870,645	-	-	4,870,645	3,999,303
End of year	<u>\$ -</u>	<u>\$ 4,846,370</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,846,370</u>	<u>\$ 4,870,645</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, 2022

	2022				
	<u>CAR BIS</u>	<u>MLS</u>	<u>NIREIN</u>	<u>Eliminations</u>	<u>CAR BIS Consolidated</u>
Salaries and wages	\$ -	\$ 401,101	\$ 49,456	\$ -	\$ 450,557
Temporary help	-	27,547	89	-	27,636
Total employee costs	-	428,648	49,545	-	478,193
Staff training and employee related	-	8,345	1,301	-	9,646
Advertising and marketing	-	-	-	-	-
Bank and credit card charges	-	152,407	5,702	-	158,109
Computer supplies and related expense	-	20,550	2,427	-	22,977
Depreciation and amortization	-	40,999	4,813	-	45,812
Dues and subscriptions	-	873	102	-	975
Insurance	-	5,321	785	-	6,106
Maintenance and repairs	-	3,060	360	-	3,420
Office supplies and related expense	-	2,171	219	-	2,390
Postage and delivery	-	768	89	-	857
Printing and photocopying	-	30	4	-	34
Professional fees	-	40,327	5,650	-	45,977
Rent, utilities and real estate tax	-	33,974	4,055	-	38,029
Telephone	-	14,103	1,645	-	15,748
	-	751,576	76,697	-	828,273
Less expenses allocated to specific programs	-	(751,576)	(76,697)	-	(828,273)
	<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, 2021

	2021				
	<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.