



Board of Directors Handouts Fall 2023

Board of Directors Meeting Agenda

Spring 2023 Board of Directors Meeting Minutes

Executive Committee Meeting Minutes

District Briefing Groups

State Director Nominations

2025 Treasurer Candidates (Election)

2022 Audit Report

2023 Year-to-Date Financial Report

Membership Reports

Investment Analysis & Reserve Report

2024 Budget Proposal & Highlights

Your Membership Dues Working for You

Financial Policies Presidential Advisory Group Report and
Recommendations

2024 Missouri REALTORS® & NAR Events



BOARD OF DIRECTORS MEETING AGENDA
September 21, 2023 | 10:00am
Oasis Hotel & Convention Center | Springfield, MO

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- | | | |
|-----|--|---|
| 1. | Call to Order | <i>Andrea Sheridan</i>
<i>President</i> |
| 2. | Pledge of Allegiance | <i>Leah Petras</i> |
| 3. | Inspirational Message | <i>Matt Muren</i> |
| 4. | Approval of W. B. "Bart" Tichenor, JD, PRP as Parliamentarian | <i>Andrea Sheridan</i> |
| 5. | Approval of Agenda | <i>Andrea Sheridan</i> |
| 6. | Approval of Board of Director Meeting Minutes – April 13, 2023 | <i>Andrea Sheridan</i> |
| 7. | CEO Report | <i>Breanna Vanstrom</i>
<i>Chief Executive Officer</i> |
| 8. | Credentials Report | <i>Breanna Vanstrom</i> |
| 9. | Induction of New Missouri REALTORS® Directors | <i>Derek Schriewer</i>
<i>President-Elect</i> |
| 10. | Elections | <i>Andrea Sheridan</i> |
| 11. | Presentations | <i>Andrea Sheridan</i> |
| 12. | President's Report | <i>Andrea Sheridan</i> |
| 13. | Financial and Membership Report | <i>Bobbi Howe</i>
<i>Treasurer</i> |
| 14. | Executive Committee Report/Motions | <i>Andrea Sheridan</i> |
| 15. | Committee Reports/Motions | <i>Andrea Sheridan</i> |
| 16. | New Business | <i>Andrea Sheridan</i> |
| 17. | Adjournment | <i>Andrea Sheridan</i> |

*The Board of Directors will reconvene on January 18, 2024
at the St. Louis Union Station Hotel in St. Louis, MO*

ANTI-TRUST POLICY

As members of the Executive Committee or Board of Directors of Missouri REALTORS®, or participants in any Missouri REALTORS® meeting, all persons affiliated with the real estate industry need to be mindful of the constraints of anti-trust laws. There shall be no discussions of agreements or concerted actions that may restrain competition. This prohibition includes the exchange of information concerning individual REALTOR® commissions, market practices or any other competitive aspect of an individual REALTORS® operation. Each Missouri REALTORS® Executive Committee member, Board of Director's member or meeting participant is obligated to speak up immediately for the purpose of preventing any discussion falling outside the bounds indicated.

Missouri REALTORS®
Board of Directors Meeting
April 13, 2023
Holiday Inn Executive Center | Columbia, MO

Minutes

Call to Order

President Andrea Sheridan called the meeting to order at 10:00am

Pledge of Allegiance

Members were invited to stand and join in the Pledge of Allegiance led by Rene Brauner of St. Louis REALTORS®.

Inspirational Message

Christopher Looney of the Central Missouri Board of REALTORS® shared an inspirational message with members.

Approval of Parliamentarian

By Unanimous Consent, motion to approve W.B. "Bart" Tichenor as Parliamentarian for the meeting was adopted.

Approval of Agenda

By Unanimous Consent, motion to approve the agenda was adopted.

Approval of Minutes

By Unanimous Consent motion was made to approve the minutes of the January 19, 2023, meeting was adopted.

CEO Report

CEO Breanna Vanstrom shared an association update with members.

Credentials Report

CEO Breanna Vanstrom announced the approval of credentials for Life Member applicants Sherry (Lynn) Farrell of Bagnell Dam Association of REALTORS® and Nancy Rogers of Lake of the Ozarks Board of REALTORS®. She announced the credentials for NAR Director candidates Matt Becker, Katie Berry, Justin Farrell, Jim Gamble, Isabelle Jimenez Walker, and Kayla Johnson. She also referred members to the names of members being nominated as new State Directors. A motion was made to approve the certification of Life Member applicants, NAR Director candidates, and new Directors. Motion approved.

Induction of New Missouri REALTORS® Directors

President-Elect Derek Schriewer inducted the new State Directors.

Election | NAR Directors

NAR Director Candidates Matt Becker, Katie Berry, Justin Farrell, Jim Gamble, Isabelle Jimenez Walker, and Kayla Johnson were each given three minutes to make a presentation to the Board of Directors. With there being two projected open positions, Directors were asked to make up to two candidate selections. The election was held via online ballot. By majority vote, Jim Gamble and Justin Farrell were elected to fill the NAR Director positions. Matt Becker will serve as the alternate should an increase in Missouri REALTORS® membership allow us an additional allocated Director position.

Presentations

Rebecca Prohm, Chair of the Missouri YPN Advisory Board shared a YPN update. She recognized the YPN sponsored business conference scholarship recipients for this conference.

Sarah Bell with the Missouri Women's Council of REALTORS® shared a Women's Council Update.

Lina Robertson, President of the Missouri REALTORS® Educational Foundation shared a foundation update.

Liz Smith, Chair of the Advocacy Investment Output Group shared the Robert W. Borgmann RPAC Auction raised over \$101,000 for RPAC.

Michelle Walker, Chair of the Strategic Planning Committee, invited everyone to attend the Show-Me Emerging Issues Real Estate Summit, July 17-18, 2023, at Margaritaville. This event will feature NAR's Riding with the Brand campaign.

Sherry (Lynn) Farrell and Nancy Rogers were presented with their Life Membership award.

President Sheridan recognized Ann Amrhein, Senior Accountant, Tristan Asbury, Director, Strategic Communications, and Jessi Jordan, Vice President, Finance and Operations, for five years of service to Missouri REALTORS®. She then recognized Chad Hrdina, Director, Membership for 25 years of service to Missouri REALTORS®.

President's Report

President Andrea Sheridan stated that it has been an incredible week with all activities associated with the business conference. She recognized members who have carried her theme of *Shine Your Light* with the presentation of a challenge coin. She acknowledged Home Warranty, USA Mortgage, Columbia Board of REALTORS®, Navy Federal Credit Union, and Continental Title Company as the main Spring Business Conference event sponsors.

Financial and Membership Report

Treasurer Bobbi Howe presented highlights from the draft audit report as well as a financial and membership report.

Committee Report/Motions

Bylaws & Policy Committee Report and Motions

Chair Michael Jacques brought forward the following motion:

Motion #1

To adopt the amendment to Policy 401 as provided. Motion approved.

Motion #2

To adopt the proposed Policy 289 as provided. Motion approved.

Motion #3

To adopt the proposed Policy 472 as provided. Motion approved.

Motion #4

To adopt the amendments to Policy 456 as provided. Executive Committee Motion moved, seconded, and adopted to refer Motion # 4 back to committee.

New Business

No new business was brought forth.

President Sheridan called on Matthew Emerick of Home Warranty forward to present the conference's grand prize winner.

Adjournment

There being no further business, President Sheridan adjourned the meeting at 11:10am.

Missouri REALTORS®
Executive Committee Meeting
April 11, 2023
Holiday Inn Executive Center | Columbia, MO
Minutes

Call to Order & Roll Call

President Andrea Sheridan called the meeting to order at 8:00am.

Committee members present: Donny Allen, Kim Cameron, Edwina Conley, Jennifer Dick, Jim Gamble, Bobbi Howe, Brian Jared, Larry Keating, Rachele Maczuk, John Mayfield, Brent Sager, Derek Schriewer, Dave Soto, Andrea Sheridan, and Breanna Vanstrom

Staff present: Steve Graham, Cara Harmon, Erin Hervey, and Jessi Jordan

Approval of Agenda

A motion was made to approve the agenda. *Motion approved.*

Approval of Minutes

A motion was made to approve the minutes from the January 18, 2023, meeting. *Motion approved.*

Leadership Team Report

Andrea Sheridan welcomed the committee to Columbia and shared her excitement for the Spring Business Conference. She gave an update on the status of the organizational assessment, the Financial Policies PAG, and her experience attending MIPIIM last month in Cannes, France. Sheridan also shared a reminder about the Executive Committee Retreat, scheduled for July 27-28, 2023, at the Lodge of Four Seasons.

CEO Breanna Vanstrom shared association updates on staffing, PEO onboarding, an employee manual refresh, and the kickoff of the Building Task Force.

Treasurer's Report

President-Elect Derek Schriewer shared that the Finance & Budget Committee will meet Tuesday, April 11, 2023, to review a draft of the 2022 Audit and highlights from the 2023 Draft Financial Statements.

Review of Life Membership Applications

To approve members Sherry (Lynn) Farrell of the Bagnell Dam Association of REALTORS® and Nancy Rogers of Lake of the Ozarks Board of REALTORS® as a Missouri REALTORS® Life Members. *Motion approved.*

New Business

No new business presented.

Adjournment

There being no further business, President Sheridan adjourned the meeting at 8:30am.

Missouri REALTORS®
Executive Committee Meeting
April 12, 2023
Holiday Inn Executive Center | Columbia, MO
Minutes

Call to Order & Roll Call

President Andrea Sheridan called the meeting to order at 4:30pm.

Committee members present: Donny Allen, Kim Cameron, Edwina Conley, Jennifer Dick, Jim Gamble, Bobbi Howe, Brian Jared, Larry Keating, Rachele Maczuk, John Mayfield, Brent Sager, Derek Schriewer, Dave Soto, Andrea Sheridan, and Breanna Vanstrom

Staff present: Steve Graham, Cara Harmon, Erin Hervey, and Jessi Jordan

Approval of Agenda

A motion was made and seconded to approve the agenda. *Motion adopted.*

Approval of Minutes

A motion was made and seconded to approve the minutes from the April 11, 2023, meeting. *Motion adopted.*

Leadership Team Update

President Andrea Sheridan reported that is has been a busy week and the conference is going very well.

Treasurer's Update

Treasurer Bobbi Howe reported there are no updates or changes since the Treasurer's Report during Wednesday's Executive Committee meeting.

Committee Reports/Motions

Bylaws & Policy Committee: Michael Jacques, Bylaws & Policy Committee Vice Chair, reported on the activity of the committee.

Executive Committee Action:

MOTION #1

To adopt the amendment to Policy 401 as provided. *Approved to be presented to the Board of Directors.*

MOTION #2

To adopt the proposed Policy 289 as provided. *Approved to be presented to the Board of Directors.*

MOTION #3

To adopt the proposed Policy 472 as provided. *Approved to be presented to the Board of Directors.*

MOTION #4

To adopt the amendments to Policy 456 as provided. *Motion made, seconded, and carried: That the Executive Committee recommends Motion # 4 be referred back to committee.*

Advocacy Committee: Jennifer Langston Justus, Advocacy Committee Chair, reported on the activity of the Advocacy Action, Advocacy Investment, Commercial, and Economic Development Output Groups.

Executive Committee Action:

MOTION #5

To fund the St. Louis Issues Mobilization request for \$8,300.00. *Approved by the Executive Committee.*

Member Engagement Committee: Forrest Stodghill, Member Engagement Committee Chair, reported on the activity of the Communications, Consumer Education, Leadership Development, and Specialty Groups Output Groups.

Executive Committee Action:

MOTION #6

That Missouri REALTORS® fund up to \$2,000 to host a REALTOR® Volunteer Days campaign promoting offices and Local Board/Associations across the state to plan a volunteer activity, June 3-11, 2023. *Approved by the Executive Committee.*

Risk Management Committee: Gerrie Moore, Risk Management Committee Chair, reported on the activity of the Residential Forms Committee, Risk Awareness & Best Practices Output Group, Professional Development Output Group, and Commercial Forms Committee.

Executive Committee Action:

MOTION #7

That Missouri REALTORS® fund up to \$1,000 to fund the purchase of Kahoot! for a one-year term. *Approved by the Executive Committee.*

New Business

No new business presented.

Adjournment

There being no further business, President Sheridan adjourned the meeting at 5:00pm.



2023 Executive Committee Meeting Minutes

Thursday, July 27–Friday, July 28, 2023

The Lodge of Four Seasons, Lake Ozark, MO

The meeting was called to order at 12:53 p.m., on Thursday, July 27. ***A quorum was present.***

President Andrea Sheridan gave opening remarks and an overview of the meetings. ***It was moved, seconded, and passed to approve the meeting minutes from April 12, 2023.***

Association staff shared highlights from their departments, including successes year-to-date, then an open forum was held to discuss current and upcoming topics and initiatives.

Recommendations from other committees were discussed and the following actions were taken:

- ***As recommended by the Missouri REALTORS® Educational Foundation Board of Trustees, the Executive Committee approved the proposed bylaws changes to Section 5.5 Election and Terms of Office (a) and (b), and further adopted the amended bylaws.***
- ***As recommended by the Building Task Force, the Executive Committee approved extending the existing lease for the Columbia office through August 31, 2027; and further ratified the selection of SOA architects and REALTOR® Paul Land to assist with the development of a forthcoming proposal for a new Columbia office space.***
- ***As recommended by the Finance and Budget Committee, the Executive Committee approved the following recommendations from the Financial Policies PAG:***
 - *Set the dues amount to be the same for Designated REALTORS® and REALTORS® to simplify the dues billing and collection process.*
 - *Conduct an external review of the Investment Policy Statement through multiple firms, separate from or in connection with the next investment firm review.*
 - *Allocate up to 5% of the Issues Reserve Fund balance annually to offset a portion of the budget for the advocacy program, in accordance with permitted uses under Policy 105. (Note: The Finance & Budget Committee will include this in future budget proposals, which would then come before the Board for review and approval.)*

Recommendations were presented from the Finance and Budget Committee and the following motions were adopted:

- ***That, as recommended by the Finance & Budget Committee, the Executive Committee recommends to the Board of Directors, adoption of the 2022 audit report.***
- ***That, as recommended by the Finance & Budget Committee, the Executive Committee recommends to the Board of Directors, a donation of \$50,000 to the National Association of REALTORS® Relief Foundation, to be funded from Unrestricted Net Assets in 2023 be approved.***
- ***That, as recommended by the Finance & Budget Committee, the Executive Committee recommends to the Board of Directors, adoption of the following Financial Policies PAG recommendations:***
 - *Update the Operations Reserve Fund Target and Fund Floor to a months in reserve calculation—12 months and 6 months, respectively—versus a set dollar amount; and further, approve an allocation from Unrestricted Net Assets to bring the Operating Reserve Fund to 12 months of operating expenses. (Note: The specific amount will be noted in the motion brought forth to the Board of Directors, roughly \$4,117,000 based on April 30 balances.)*
 - *Update the Strategic Initiatives Reserve Fund withdrawal approval process to include the Executive Committee, matching the processes of the Association’s other reserve funds, and to clarify the fund’s purpose.*
 - *A new CPI-Based Dues Policy to provide a process to analyze and recommend the amount of dues and fees each year.*
 - *Changes to Travel Policy 444, to clarify and update practices related to travel and expense reimbursements.*
 - *Changes to Article XII, Section 4 for the Issues Reserve fund, to allow the Target to be reset every five years based on inflation, and a recommendation to increase the Target to \$12.5 million effective immediately.*
- ***That, as recommended by the Finance and Budget Committee, the Executive Committee recommends to the Board of Directors, approval of the 2024 budget proposal, with membership dues of \$157 for both Designated REALTOR® and REALTOR®/REALTOR® Associate members.***

The meeting was adjourned at 9:49 a.m. on Friday, July 28.

Minutes prepared by Breanna Vanstrom, Chief Executive Officer, Missouri REALTORS®



District Briefing Groups

Central District

Liaison: Larry Keating

Meeting Room: Kalahari

Bagnell Dam
Jefferson City Area
Lake of the Ozarks
Lebanon
Ozarks
Pulaski County
South Central
West Central

Eastern District

Liaison: Edwina Conley

Meeting Room: Coco

St. Louis

Northern District

Liaison: Jennifer Dick

Meeting Room: Sahara B

Central Missouri
Columbia
East Central
Heart of Missouri
Mark Twain
Northeast Central
Randolph County

Southern District

Liaison: Dave Soto

Meeting Room: Maui

Four Corners
Greater Springfield
Ozark Gateway
Ozark Trail
Southwest Missouri
Tri-Lakes
West Plains

South Eastern District

Liaison: Rachele Maczuk

Meeting Room: Sahara A

Bootheel Regional
Franklin County
Mineral Area
Southeast Missouri
Southern Gateway
St. Charles
Three Rivers

Western District

Liaison: Donny Allen

Meeting Room: Fiji

Kansas City Regional
Five County Chapter of Kansas City
Regional
Midwest Missouri Chapter of Kansas City
Regional
Northwest Chapter of Kansas City Regional
St. Joseph Chapter of Kansas City Regional

**Missouri REALTORS®
DIRECTOR NOMINATIONS
September 21, 2023**

Kansas City

Dedra Nickell

St. Louis

Brandon Balk

Will Springer



2025 Treasurer Election

All Board of Directors members are encouraged to vote. **You may choose one candidate.**



Will Klein

St. Charles REALTORS®



Brent Sager

Tri-Lakes Board of REALTORS®

Candidate Forum
Wednesday 3:15 - 3:45 PM
GRAND BALLROOM



Audit Report

12/31/2022



FINANCIAL REPORT OF
MISSOURI ASSOCIATION OF REALTORS®
(D/B/A/ MISSOURI REALTORS®)
COLUMBIA, MISSOURI
DECEMBER 31, 2022

MISSOURI ASSOCIATION OF REALTORS®
(D/B/A MISSOURI REALTORS®)

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Professional Corporation
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Missouri Association of REALTORS®
(d/b/a Missouri REALTORS®)
Columbia, Missouri

Opinion

We have audited the accompanying financial statements of Missouri Association of REALTORS® (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Missouri Association of REALTORS® as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted by the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United State of America. 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 Missouri Association of REALTORS® 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 these 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 financial statements that are free from material misstatement, whether due to fraud or error.

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PARTNERS EMERITI

Robert A. Gerding

Fred W. Korte, Jr.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Missouri Association of REALTORS®'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 generally accepted auditing standards 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 Missouri Association of REALTORS®'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 financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Missouri Association of REALTORS®'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.

April 27, 2023

Gerding, Korte & Chitwood

Gerding, Korte and Chitwood
Certified Public Accountants
Columbia, Missouri

MISSOURI REALTORS®
STATEMENT OF FINANCIAL POSITION
December 31, 2022

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 6,432,465
Cash restricted for Region IX activities	124,389
Cash restricted for professional standards	2,750
Cash restricted for property management section	12,211
Cash restricted for appraisal section	4,307
Certificate of Deposits	573,786
Investments	8,601,358
Accounts receivable	97,198
Receivable from related parties	2,386
Prepaid expenses	217,478
Accrued interest	35,837
Total Current Assets	<u>16,104,165</u>

PROPERTY AND EQUIPMENT:

Finance lease right of use asset	18,963
Property and equipment, net of accumulated depreciation	<u>182,679</u>
Total property and equipment	<u>201,642</u>

OTHER ASSETS:

Custodial accounts	1,037,741
Operating lease right of use asset	616,302
Prepaid operating lease rent	2,526
Investment in REach Ventures 2018 LP	<u>189,812</u>
	<u>1,846,381</u>

TOTAL ASSETS	<u>\$ 18,152,188</u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accounts payable	\$ 188,493
Payable to related parties	19,888
Accrued payroll costs	21,854
Accrued compensated absences	82,206
Custodial accounts	1,037,741
Deferred membership dues	1,514,602
Other deferred revenue	495,700
Current portion of loan payable	6,537
Current portion of operating lease liability	161,549
Current portion of finance lease liability	<u>13,778</u>
Total Current Liabilities	<u>3,542,348</u>

LONG TERM LIABILITIES:

Loan Payable	26,130
Less: current portion of loan payable	(6,537)
Operating lease liability	618,828
Less: current portion of operating lease liability	(161,549)
Finance lease liability	19,654
Less: current portion of finance lease liability	<u>(13,778)</u>
Total Long Term Liabilities	<u>482,748</u>

TOTAL LIABILITIES	<u>4,025,096</u>
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NET ASSETS:

Net Assets Without Donor or Other Restrictions	13,979,435
Net Assets With Donor or Other Restrictions	<u>147,657</u>
Total Net Assets	<u>14,127,092</u>

TOTAL LIABILITIES AND NET ASSETS	<u>\$ 18,152,188</u>
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See Notes to Financial Statements

MISSOURI REALTORS®
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Operating Activities	Issues Reserve	All Activities
SUPPORT AND REVENUES:			
Dues	\$ 4,378,733	\$ -	\$ 4,378,733
Member assessments	-	1,104,420	1,104,420
Registrations	238,340	-	238,340
Forms sales	31,813	-	31,813
Sponsorships	111,050	-	111,050
Event co-host contributions	30,000	-	30,000
Management fees and reimb.	54,283	-	54,283
Investment income	284,516	-	284,516
Room rental income	388	-	388
Other miscellaneous income	685	-	685
Ethics violation income	1,000	-	1,000
Advertising income	3,948	-	3,948
Total Support and Revenues	<u>5,134,756</u>	<u>1,104,420</u>	<u>6,239,176</u>
EXPENSES:			
Advocacy	966,154	-	966,154
Member engagement	560,044	-	560,044
Risk management	594,226	-	594,226
Communications	170,606	-	170,606
Operations	1,275,494	-	1,275,494
Governance	1,205,057	-	1,205,057
Association management svcs.	6,589	-	6,589
Total Expenses	<u>4,778,169</u>	<u>-</u>	<u>4,778,169</u>
EXCESS/(DEFICIT) OF SUPPORT AND REVENUES OVER EXPENSES	356,587	1,104,420	1,461,007
OTHER FINANCIAL ACTIVITY:			
Investment Losses & Fees	(1,206,321)	-	(1,206,321)
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	<u><u>\$ (849,734)</u></u>	<u><u>\$ 1,104,420</u></u>	<u><u>\$ 254,686</u></u>

See Notes to Financial Statements

MISSOURI REALTORS®
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Program Services			Supporting Services			Management & General	
	Advocacy	Member Engagement	Risk Management	Governance	Communications	Assoc. Mgmt Services	Operations	Total
EXPENSES:								
Staff salaries, payroll taxes and benefits	\$ 465,056	\$ 366,632	\$ 435,077	\$ 241,689	\$ -	\$ -	\$ 457,726	\$ 1,966,180
Professional services and bank fees	178,242	16,115	63,113	106,986	87,264	3,645	207,701	663,066
Technology Programs	-	-	-	-	38,962	-	118,391	157,353
Telephone & Internet	2,258	-	-	-	-	-	42,210	44,468
Utilities	5,609	-	-	-	-	-	7,466	13,075
Office expenses	3,339	-	-	1,193	275	78	20,829	25,714
Property & equipment maintenance	-	-	-	-	-	-	3,200	3,200
Corporate insurance	-	-	-	-	-	-	16,422	16,422
Property taxes	-	-	-	-	-	-	2,312	2,312
Auto loan interest	-	-	-	-	-	-	211	211
Auto expenses	-	-	-	-	-	-	5,085	5,085
Postage and shipping	2,837	392	31	675	39	306	2,725	7,005
Printing and artwork	3,204	1,950	-	17,420	436	-	1,603	24,613
Depreciation	-	-	-	-	-	-	36,171	36,171
Dues and subscriptions	17,140	1,563	22,333	12,057	34,975	-	32,417	120,485
Legal counsel	3,000	-	-	-	-	-	3,309	6,309
Reserve funding	39,465	-	-	-	-	-	-	39,465
Rent Expense	51	-	-	-	-	-	199	250
Speaker expense	-	21,998	4,690	44,941	-	-	-	71,629
Meeting supplies	1,112	4,611	904	61,463	5,405	-	879	74,374
Meeting facilities	-	3,130	250	25,464	-	-	-	28,844
Audio/video	2,058	2,570	345	185,512	-	-	-	190,485
Food functions	55,071	48,353	4,583	203,975	-	-	603	312,585
Meeting entertainment	-	9,565	-	12,854	-	-	1,881	24,300
Recognition items	28,476	22,087	-	587	-	-	458	51,608
Education	-	-	390	60	-	-	100	550
Travel	66,110	24,308	19,341	235,013	-	2,560	55,476	402,808
Contributions	46,994	390	-	31,750	1,500	-	187,245	267,879
Staff education & appreciation	-	-	-	8	-	-	24,392	24,400
Operating lease expense:								
Rent/lease payments:								
Office space	27,788	21,913	26,002	14,100	-	-	27,694	117,497
Triple Net Payments:								
Insurance	882	696	825	448	-	-	879	3,730
Utilities	2,719	2,144	2,545	1,380	-	-	2,710	11,498
Real estate tax	5,533	4,364	5,178	2,808	-	-	5,515	23,398
Operating lease interest expense	4,536	3,577	4,245	2,302	-	-	4,521	19,181
Finance lease interest expense	217	171	203	110	-	-	216	917
Finance lease amortization expense	4,457	3,515	4,171	2,262	-	-	4,442	18,847
Miscellaneous	-	-	-	-	1,750	-	506	2,256
Total Expenses	<u>\$ 966,154</u>	<u>\$ 560,044</u>	<u>\$ 594,226</u>	<u>\$ 1,205,057</u>	<u>\$ 170,606</u>	<u>\$ 6,589</u>	<u>\$ 1,275,494</u>	<u>\$ 4,778,169</u>

See Notes to the Financial Statements

MISSOURI REALTORS®
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022

	Without Donor or Other Restrictions							With Donor or Other Restrictions						Total With Donor or Other Restrictions	Total
	General Funds		Board Designated Funds					Total Without Donor Donor or Other Restrictions	Region IX	Professional Standards	Properly Management Section	Appraisal Section			
	Unappro- priated	Property and Equipment	Operating Reserve	Repair and Replacement Reserve	Legal Reserve	Strategic Initiative Reserve	Issues Reserve								
NET ASSETS WITHOUT DONOR OR OTHER RESTRICTIONS, BEGINNING OF YEAR	\$5,122,270	\$ 218,850	\$1,002,696	\$ 1,875,000	\$349,160	\$446,632	\$4,740,407	\$ 13,755,015	\$ 98,123	\$ 2,750	\$ 12,211	\$ 4,307	\$ 117,391	\$ 13,872,406	
Change in net assets without donor restrictions from operating activities	(849,734)	-	-	-	-	-	1,104,420	254,686	-	-	-	-	-	254,686	
Investment income allocation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Authorized transfers from general funds	(51,106)	-	-	-	840	20,000	-	(30,266)	30,266	-	-	-	30,266	-	
Authorized expenditures from designated funds	39,465	-	-	-	-	-	(39,465)	-	-	-	-	-	-	-	
Excess/(deficit) of revenues over expenses	(861,375)	-	-	-	840	20,000	1,064,955	224,420	30,266	-	-	-	30,266	254,686	
Purchase/Sales property and equipment and depreciation transfers	36,171	(36,171)	-	-	-	-	-	-	-					-	
Net increase/(decrease) in net assets operating activities	(825,204)	(36,171)	-	-	840	20,000	1,064,955	224,420	30,266	-	-	-	30,266	254,686	
NET ASSETS WITHOUT DONOR OR OTHER RESTRICTIONS, END OF YEAR	\$4,297,066	\$ 182,679	\$1,002,696	\$ 1,875,000	\$350,000	\$466,632	\$5,805,362	\$ 13,979,435	\$128,389	\$ 2,750	\$ 12,211	\$ 4,307	\$ 147,657	\$ 14,127,092	

See Notes to the Financial Statements

MISSOURI REALTORS®
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

		Property and Equipment	Total
OPERATING ACTIVITIES:			
Excess/(deficit) of support and revenues over expenses	\$ 254,686	\$ -	\$ 254,686
Adjustments to reconcile excess/(deficit) of revenues over expenses to net cash provided by/(used in) operating activities:			
Depreciation	-	36,171	36,171
Interest and dividend income reinvested, net fees	(183,470)	-	(183,470)
Unrealized and realized (gains)/losses on investments	1,206,321	-	1,206,321
Changes in operating assets and liabilities:			
Increase in accounts receivable	(42,983)	-	(42,983)
Increase in accrued interest	(8,657)	-	(8,657)
Increase in prepaid expenses	(27,703)	-	(27,703)
Increase in receivable from related parties	(2,055)	-	(2,055)
Increase in operating lease right of use asset	158,649		158,649
Decrease in finance lease right of use asset	18,612		
Increase in prepaid operating lease rent	(2,526)		(2,526)
Decrease in accounts payable	(14,436)	-	(14,436)
Decrease in accrued payroll costs and compensated absences	(46)	-	(46)
Increase in deferred revenue	139,312	-	139,312
Increase in accounts payable to related party	12,435	-	12,435
Decrease in operating lease liability	(156,123)		(156,123)
Total Adjustments	1,097,330	36,171	1,133,501
Net Cash Provided By/(Used In) Operating Activities	1,352,016	36,171	1,388,187
INVESTING ACTIVITIES:			
Proceeds from sale of REACH Investment Acquisition	406	-	406
Proceeds from maturity of certificate of deposits	261,410		261,410
Purchases of investments	(1,500,000)	-	(1,500,000)
Net Cash Provided By/(Used In) Investing Activities	(1,238,184)	-	(1,238,184)
FINANCING ACTIVITIES:			
Principal paid on loan payable	(6,246)	-	(6,246)
Principal paid on finance leases	(17,921)		(17,921)
Net Cash Provided By/(Used In) Financing Activities	(24,167)	-	(24,167)
TRANSFERS	36,171	(36,171)	-
NET INCREASE/(DECREASE) IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	125,836	-	125,836
CASH, CASH EQUIVALENTS AND RESTRICTED CASH BEGINNING OF YEAR	6,450,286	-	6,450,286
CASH, CASH EQUIVALENTS AND RESTRICTED CASH END OF YEAR	\$ 6,576,122	\$ -	\$ 6,576,122

Supplemental Cash Flow Disclosures:

Noncash Investing/Financing Transactions:	
Net unrealized gain/(loss) on investments	\$ (1,149,600)
Cash basis interest paid	\$ 1,348
Cash basis taxes paid	\$ -

See Notes to Financial Statements

MISSOURI ASSOCIATION OF REALTORS®
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Missouri Association of REALTORS® (The Association) (doing business as Missouri REALTORS®) is a nonprofit trade association organized for the collective benefit of REALTORS® in the state of Missouri. The Association provides educational, legal, lobbying, standardized form sales and other services for its members. Revenues are earned predominately from dues and registrations.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Financial Statements Presentation

The financial statements of the Association have been prepared on the accrual basis of accounting. Revenues are recognized when earned and expenses when incurred. The format of the financial statements follows the recommendations of the American Institute of Certified Public Accountants in its industry audit guide, "Audits of Certain Nonprofit Organizations."

Functional Expenses

During 2022, all Association employees that worked across administrative, support, and program functions completed an annual time study to determine the amount of time spent working in an administrative, support or program capacity. Based on the time study, each employee's direct labor costs (wages, payroll taxes, pension, health insurance and worker's compensation insurance) were adjusted to reflect the time spent working in an administrative, support or program capacity. The costs associated with both buildings were charged to administrative and programs based on the costs associated with each function.

Fund Accounting

To ensure observance of limitations and restrictions placed on the use of resources available to the Association, the accounts of the Association are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds established according to their nature and purposes. Separate accounts are maintained for each fund and reported in detail under fund group headings.

MISSOURI ASSOCIATION OF REALTORS®
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Accounting (Continued)

The assets, liabilities, and fund balances of the Association are reported in self-balancing fund groups as follows:

- General Funds represent the portion of expendable funds that are available for support of operations.
- Designated Funds represent resources designated by the Board of Directors for use under a specific set of circumstances
- Restricted Funds represent resources with external restrictions for use for specific purposes.

The purpose of each designated fund balance is as follows:

Operating Reserve Fund

The purpose of the Operating Reserve Fund is to provide funds in the event of an emergency that would curtail the normal income of the Association or require unbudgeted expenditures by the Association. The Operations Reserve Fund shall maintain a \$1,000,000 Reserve Fund target and a \$750,000 Reserve Fund floor. Unless otherwise determined by the Board of Directors, the annual budget in the calendar year following a Reserve Fund target deficit shall include an allocation of \$25,000 or such lesser amount that would be necessary to replenish the Operations Reserve up to the target.

Repair and Replacement Reserve Fund

The Building/Facilities Repair and Replacement Reserve Fund (BFRR) represents resources restricted for major repair, replacements or additions to the Association's property. The BFRR shall maintain a \$250,000 Reserve Fund target and a \$200,000 Reserve Fund floor. Unless otherwise determined by the Board of Directors, the annual budget shall include an allocation of \$10,000 or such lesser amount that would be necessary to replenish the BFRR up to the target.

Legal Reserve Fund

The Legal Reserve Fund represents resources restricted for the prosecution or defense of lawsuits brought by or against the Association or its officers, or when determined appropriate by the Board of Directors and one or more members of the Association. The Legal Reserve Fund shall maintain a \$350,000 Reserve Fund target and a \$300,000 Reserve Fund floor. Unless otherwise determined by the Board of Directors, the annual budget shall include an allocation of \$25,000 or such lesser amount that would be necessary to replenish the Legal Reserve Fund up to the target.

MISSOURI ASSOCIATION OF REALTORS®
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Strategic Initiatives Reserve Fund

The Strategic Initiatives Reserve Fund represents resources restricted for strategically important programs, initiatives, purchases or events that are not otherwise included in the annual budget. The Strategic Initiatives Reserve Fund shall maintain a \$500,000 Reserve Fund Target and a \$250,000 Reserve Fund Floor. Unless otherwise determined by the Board of Directors, the annual budget shall include an allocation of \$20,000, or such lesser amount, that would be necessary to replenish the Strategic Initiatives Reserve Fund up to the Target.

Issues Reserve Fund

The Issues Reserve Fund represents resources restricted for supporting or opposing State or local issues that impact real property and real property owners in Missouri. Unless otherwise determined by the Board of Directors each annual budget shall allocate \$40 per member towards the Issues Reserve Fund, until the balance of the fund equals or exceeds \$8,000,000.

Region IX Fund

The Region IX Fund represents resources restricted for use by the State Associations of Region IX, which consists of Arkansas, Kansas, Missouri and Oklahoma. Each State is obligated to contribute \$7,500 to the Fund each year and expenditures are for initiatives to support the overall Regional efforts. In 2015, the representatives of Region IX requested that the Association manage these funds and stipulated all activity must be accounted for under the EIN of the custodial organization. All activity is maintained in a separate program so these funds can be tracked separately from all other Missouri REALTORS® activity.

Restricted funds consisted of the following:

- Region IX Funds
- Professional Standards Funds
- Property Management Section Funds
- Appraisal Section Funds

MISSOURI ASSOCIATION OF REALTORS®
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue and Revenue Recognition

The Association recognizes revenue from member dues over the membership period, which is generally one year. The performance obligation consists of providing members continuous access to online resources, including forms, education, and member community; legal resources, including the legal line; and advocacy for real property rights, and is recognized ratably as services are simultaneously received and consumed by the members. New members joining during a membership year may have their dues prorated based upon their joining date. The dues are used to cover the costs of providing services for its members.

Association dues paid in advance are deferred to the membership period to which they relate. All other amounts paid in advance are deferred to the period in which the underlying sale or event takes place. Due to the nature and timing of the performance and/or transfer of services and products, substantially all contract liabilities at December 31 of each year are recognized in the following year.

Revenues derived from membership events and sales are recognized as the events are held or as goods are delivered to the members.

Revenues derived from association management services are recognized monthly each calendar year.

Revenues derived from advertising represent commissions collected from a third-party vendor for advertisements on the Association's website. Revenue is recognized on a calendar year quarter.

Investment income is used to fund operations as designated by the annual budget and any remaining balance simply becomes a part of the State Association's net assets without donor or other restrictions.

Accounts Receivable

Accounts receivables are stated at the amount management expects to collect from outstanding balances. An allowance for uncollectible receivables is provided for at year end, when necessary, based on an analysis of individual amounts owed. No allowance was deemed necessary by management at December 31, 2022.

Cash Equivalents

Cash equivalents, as presented in the statements of cash flows, are composed of all highly liquid investments with an original maturity of three months or less.

MISSOURI ASSOCIATION OF REALTORS®
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

The Association is exempt from income tax under Section 501(c)(6) of the U.S. Internal Revenue Code. The Association's federal Return of Organization Exempt from Income Tax Returns (Form 990) for all open tax years are subject to examination by the IRS, generally for three years after they were filed.

The Association has applied the provisions of the FASB's ASC 740-10, *Accounting for Uncertainty in Income Taxes*. Under ASC 740-10, nonpublic enterprises, including nonprofit organizations, are required to record a tax liability when substantial uncertainties exist as to whether certain income is exempt from federal, state, and local income tax.

As of December 31, 2022, the Association had no substantial uncertain income tax positions.

Depreciation

Substantially all equipment is depreciated on a straight-line basis. Depreciation rates are based upon the estimated useful lives of the assets, which range from 3 to 30 years.

Property and Equipment

Property and Equipment are stated at cost. Major renewals and improvements that significantly add to the productive capacity or extend the life of an asset are capitalized. Maintenance and repair costs are charged to expense. At the time property is sold, retired or otherwise disposed of, the costs and related accumulated depreciation are removed from the asset and accumulated depreciation accounts and any resulting profit or loss is reflected in income.

Uses of operating or designated funds for plant acquisitions are accounted for as transfers to the Property and Equipment Fund. Proceeds from the sale of plant assets are transferred to unappropriated fund balance.

Recently adopted accounting standards

In 2022, the Association adopted ASC 842, *Leases*, which requires lessees to recognize leases on the statement of financial position as right-of-use (ROU) assets and lease liabilities based on the value of the discounted future lease payments. In adopting ASC 842, the Association elected to use practical expedients, including but not limited to, not reassessing past lease accounting, and not recording assets or liabilities for leases with terms of one year or less. The Association determined implementation of the standard had no impact on beginning net assets. See Note 6 for additional information.

MISSOURI ASSOCIATION OF REALTORS®
NOTES TO THE FINANCIAL STATEMENTS

NOTE 2: LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash and cash equivalents	\$ 6,576,122
Less: restricted cash	(143,657)
Accounts receivable (included related parties)	99,584
Certificate of Deposits	573,786
Investments	8,601,358
Total	<u>\$ 15,707,193</u>

As part of the Association's liquidity management plan, the Association invests cash in excess of daily requirement in short-term investments, money market funds, and long-term investments. Occasionally, the Board designates portions of any operating surplus to its designated reserves which was \$500,000 as of December 31, 2022.

NOTE 3: INVESTMENTS

The Association reports its investments in accordance with Accounting Standards Codification 820-10, *Fair Value Measurements and Disclosures* (ASC 820-10). ASC 820-10 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements.

ASC 820-10 applies to reported balances that are required or permitted to be measured at fair value under existing accounting pronouncements; accordingly, the standard does not require any new fair value measurements of reported balances.

ASC 820-10 emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, ASC 820-10 establishes a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Levels 1 and 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable

MISSOURI ASSOCIATION OF REALTORS®
NOTES TO THE FINANCIAL STATEMENTS

NOTE 3: INVESTMENTS (continued)

inputs classified within Level 3 of the hierarchy). Investments consist of interest-bearing bank deposits, fixed income securities and equities. These investments are carried at fair value or at cost where fair values are not available.

The Association reports its interest in a limited partnership as an investment. The fair value of the REach Ventures 2018 LP Interest is based on the Association's share of the LP's ending capital account. The unobservable input places the investment within Level 3 of the hierarchy. During the year ended December 31, 2022, the Association received distributions from REach in the amount of \$57,768.

At December 31, investments consisted of the following:

	<u>Cost</u>	<u>Fair Value</u>
Money market	\$ 628,568	\$ 628,568
Fixed Income	6,357,838	5,840,606
Equities	1,807,379	2,132,184
REach Ventures LP Interest	200,000	189,812
Total Investments	<u>\$ 8,993,784</u>	<u>\$ 8,791,170</u>

At December 31, investment income consisted of the following:

Interest	\$ 143,856
Dividends	39,617
Unrealized gains/(losses)	(1,155,740)
Realized gains/(losses)	(14,997)
Change in accrued interest	8,658
Fees	(35,584)
REach Ventures 2018 LP Earnings	57,362
Total	<u>\$ (956,828)</u>

Interest earned on certificate of deposits totaled \$4,142 as of December 31, 2022. Interest earned on cash and cash equivalents totaled \$30,884 as of December 31, 2022. Of the interest earned, \$266 related to Region IX funds for December 31, 2022.

MISSOURI ASSOCIATION OF REALTORS®
NOTES TO THE FINANCIAL STATEMENTS

NOTE 3: INVESTMENTS (continued)

Level 3 Investment:

Beginning balance - fair value	\$ 190,218
Current year gains/(losses)	57,362
Purchases, sales, issues, settlements, and/or distributions	(57,768)
Transfers	-
Ending balance - fair value	<u>\$ 189,812</u>

Current year gains/(losses) for the Level 3 investment are included in investment income reported on the Statements of Activities.

NOTE 4: CASH, CASH EQUIVALENTS AND RESTRICTED CASH

At December 31, cash, cash equivalents and restricted cash consisted of the following:

Cash on hand	\$ 2,351
Checking accounts	494,987
Checking accounts - restricted cash	19,268
Money market and savings accounts	5,935,127
Money market and savings accounts - restricted cash	<u>124,389</u>
Total	<u>\$ 6,576,122</u>

Cash held at financial institutions exceeded federal insurance limits by \$6,450,096 at December 31, 2022.

NOTE 5: PROPERTY AND EQUIPMENT

At December 31, property and equipment consisted of the following:

Furniture and Equipment	\$ 108,680
Leasehold Improvements	162,492
Vehicle	<u>44,653</u>
Total Property and Equipment	315,825
Less: Accumulated Depreciation	<u>(133,146)</u>
Net Property and Equipment	<u>\$ 182,679</u>

Depreciation expense totaled \$36,171 as of December 31, 2022.

MISSOURI ASSOCIATION OF REALTORS®
NOTES TO THE FINANCIAL STATEMENTS

NOTE 6: LEASES

The Association leases certain office facilities and equipment at various terms under long-term non-cancelable operating lease and finance lease agreements. The leases expire at various dates through 2027 and provide for renewal options ranging from 5 to 10 years. We include in the determination of the right-of-use assets and lease liabilities any renewal options when the options are reasonably certain to be exercised. The operating leases provide for increases in future minimum annual rental payments. Additionally, the Columbia office facility lease requires the Association to pay real estate taxes, insurance, and repairs.

The weighted-average discount rate is based on the discount rate implicit in the lease. If the implicit rate is not readily determinable from the lease, the Association estimates an applicable incremental borrowing rate. The incremental borrowing rate is estimated using the Association's applicable borrowing rates and the contractual lease term.

The lease payments used to determine the lease liability and right-of-use assets include residual value guarantees the Association is probable of paying at the termination of the lease term.

The Association has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on the straight-line basis.

Total right-of-use assets and lease liabilities at December 31, 2022 are as follows:

Lease Assets - Classification in Statement of Financial Position

Operating right-of-use assets - Other assets	\$ 616,302
Finance right-of-use assets - Property and equipment, net	18,963
Total leased right-of-use assets	<u>\$ 635,265</u>

Lease Liabilities - Classification in Statement of Financial Position

Operating lease liabilities	\$ 618,828
Finance lease liabilities	19,654
Total lease liabilities	<u>\$ 638,482</u>

MISSOURI ASSOCIATION OF REALTORS®
NOTES TO THE FINANCIAL STATEMENTS

NOTE 6: LEASES (continued)

Total lease costs for the year ended December 31, 2022 is as follows:

Operating lease cost	\$ 176,221
Finance lease cost:	
Interest expense	918
Amortization of right-of-use assets	18,846

The following summarizes the weight-average discount rate:

Weighted-average discount rate:	
Operating leases	3.0%
Finance leases	2.2%

The future minimum lease payments under non-cancelable operating and finance leases with terms greater than one year (not including optional renewal periods), excluding property taxes and insurance, under these leases are as follows:

December 31,	Operating	Finance
2023	\$ 178,565	\$ 16,063
2024	129,044	7,710
2025	30,000	-
2026	30,000	-
2027	28,500	-
Thereafter	315,700	-
	<u>\$ 711,809</u>	<u>\$ 23,773</u>
Less: present value discount	<u>(92,981)</u>	<u>(4,119)</u>
Total lease liability	<u><u>\$ 618,828</u></u>	<u><u>\$ 19,654</u></u>

NOTE 7: RETIREMENT PLAN

In 1986, the Association established a defined contribution retirement plan for the benefit of its employees. The Association contributes 6% of the gross salaries of all employees having one or more years of service with the Association and who contribute a minimum of 1% of their gross salary. The Association's contributions were \$80,000 for the year ended December 31, 2022.

MISSOURI ASSOCIATION OF REALTORS®
NOTES TO THE FINANCIAL STATEMENTS

NOTE 8: RELATED PARTY TRANSACTIONS

The Association is affiliated with Missouri REALTORS Educational Foundation (MREF), a nonprofit organization. At December 31, 2022, the Association owed MREF for contributions collected on behalf of MREF totaling \$0. At December 31, 2022, MREF was liable to the Association for expenses paid by the Association on behalf of MREF totaling \$2,387.

The Association is also affiliated with Missouri REALTORS PAC, Inc (RPAC). At December 31, 2022, the Association owed RPAC for donations collected on behalf of RPAC totaling \$0. At December 31, 2022, RPAC was liable to the Association for expenses paid by the Association totaling \$0.

During 2022, the Association received management fees as follows:

	<u>Purpose</u>	<u>2022</u>
Missouri REALTORS® PAC, Inc.	administrative services	\$ 3,996

The Association is also affiliated with the Missouri REALTORS® Relief Foundation (the Foundation). The Association provides administrative support for the Foundation at no charge. The Foundation owed the Association for expenses paid on behalf of the Foundation in the amount of \$0 December 31, 2022. At December 31, 2022, the Association was liable to the Foundation for contributions received by the Association totaling \$0.

NOTE 9: CONCENTRATION OF REVENUES

The Association receives a significant portion of its revenues from members who are REALTORS® in the state of Missouri. The Association received approximately 98% of its revenues from its members for the year ended December 31, 2022.

MISSOURI ASSOCIATION OF REALTORS®
NOTES TO THE FINANCIAL STATEMENTS

NOTE 10: REVENUE FROM CONTRACTS WITH MEMBERS

The following table provides information about significant changes in the membership dues paid in advance for the year ended December 31, 2022:

Membership dues paid in advance, beginning of year	\$ 1,386,130
Revenue recognized that was included in membership dues at the beginning of year	(1,386,130)
Increase in dues paid in advance due to cash received during year	1,514,602
Membership dues paid in advance, end of year	<u>\$ 1,514,602</u>
Other contract liabilities, beginning of year	\$ 484,860
Revenue recognized that was included in other contract liabilities at the beginning of year	(484,860)
Increase in contract liabilities due to cash received during the period	495,700
Other contract liabilities, end of year	<u>\$ 495,700</u>

NOTE 11: COMMITMENTS AND SUBSEQUENT EVENTS

The Association has entered into contracts with various hotel facilities in various cities throughout the state of Missouri for its conferences and conventions to be held during the years 2023 and 2024. Each contract contains a provision for liquidated damages if in the convention is cancelled. The liquidation damages provision calls for a range of 40% to 100% of total cost with the percentage varying depending on the total convention revenue and the date cancelled. An exact estimate of the potential loss is not practical.

In February 2023, the Association signed a finance lease for a vehicle. The monthly lease payments will be \$710 through the lease term, which has an ending date of February 2026.

The preparation of financial statements in conformity with generally accepted accounting principles requires a review of subsequent events which could result in disclosure of events materially impacting these financial statements. Subsequent events have been evaluated through April 27, 2023, the date the financial statements were available to issue.



Financial Statements

8/31/2023



Statement of Financial Position

	8/31/2023	8/31/2022		8/31/2023	8/31/2022
Assets			Liabilities		
Cash and Cash Equivalents			Accounts Payable		
Checking	171,147.54	123,947.64	Accounts Payable	(11,799.89)	18,990.05
Loyalty Money Market Account	4,807,112.64	5,506,402.03	Accounts Payable Holding	(5,068.81)	24,376.48
Private Client Reserve	307,538.45	306,124.85	Total Accounts Payable	(16,868.70)	43,366.53
Northwest FCU	12,667.32	12,660.43			
Region IX Fund	147,064.68	128,229.20	Accrued Liabilities		
Professional Standards Escrow	2,750.00	2,750.00	Accrued Payroll Costs	0.00	0.00
Property Mgmt Section Checking	0.00	0.00	Total Accrued Liabilities	0.00	0.00
Appraisal Section Checking	0.00	0.00			
Petty Cash	1,671.75	2,054.74	Deferred Revenue		
Total Cash and Cash Equivalents	5,449,952.38	6,082,168.89	Deferred Revenue	19,289.00	22,040.50
			Total Deferred Revenue	19,289.00	22,040.50
Accounts Receivable					
Accounts Receivable	25,155.90	10,133.00	Other Liabilities		
Accounts Receivable Holding	24,354.50	30,026.53	NAR Local Dues Payable	20.34	(829.16)
Total Accounts Receivable	49,510.40	40,159.53	Custodial Funds	31,228.45	31,151.21
			Accrued Compensated Absences	82,205.81	84,191.96
Other Current Assets			Local Board Dues Payable	3,250.99	2,573.49
Custodial Accounts	31,228.45	31,151.21	Total Other Liabilities	116,705.59	117,087.50
Accrued Interest	0.00	0.00			
Total Other Current Assets	31,228.45	31,151.21	Intercompany Payable		
			RPAC Payable	188,814.60	141,941.07
Prepaid Expenses			Education Foundation Payable	(58.58)	(2,653.18)
Prepaid & Deferred Expenses	42,178.85	68,857.49	Relief Foundation Payable	1,141.50	(464.75)
Prepaid Insurance	3,309.60	2,999.67	Property Mgmt Payable	665.00	455.00
Prepaid Operating Lease Expense	2,526.02	0.00	Total Intercompany Payable	190,562.52	139,278.14
Total Prepaid Expenses	48,014.47	71,857.16			
Long-Term Investments			Total Loans Payable - Long Term	0.00	28,242.25
Investments	9,061,629.21	8,725,034.44	Operating Lease Liability	618,827.77	774,951.08
Certificate of Deposit	2,183,072.32	573,488.05	Financing Lease Liability	56,833.54	37,808.69
Investments - REach 2018 LP	189,812.00	190,218.00	Total Liabilities	985,349.72	1,162,774.69
Total Investments	11,434,513.53	9,488,740.49			
Property & Equipment			Net Assets by Reserve		
Furniture and Equipment	108,680.17	108,680.17	Unrestricted Fund Balance	5,236,729.34	5,771,241.54
Accumulated Depreciation	(152,249.20)	(121,361.20)	Operating Reserve Fund Balance	1,002,695.98	1,002,695.98
Lease Improvements	162,491.56	162,491.56	Repair/Replacement Reserve Fund Balance	250,000.00	250,000.00
Vehicle	0.00	44,653.00	Building/Facilities Reserve	1,625,000.00	1,625,000.00
Financing Lease - Right of Use	57,133.35	37,808.69	Legal Action Reserves Fund Balance	308,514.90	350,000.00
Financing Lease - Accumulated Depreciation	(18,845.51)	0.00	Issues Reserve Fund Balance	7,754,336.69	5,770,264.00
Operating Lease - Right of Use Asset	616,301.75	774,951.08	Strategic Initiatives Reserve Fund Balance	334,214.02	466,631.64
Total Property & Equipment	773,512.12	1,007,223.30	Property & Equipment Reserve Fund Balance	108,559.02	194,463.53
Total Assets	17,786,731.35	16,721,300.58	Region IX Fund Balance	181,331.68	128,229.20
			Total Net Assets by Reserve	16,801,381.63	15,558,525.89
			Total Liabilities and Net Assets by Reserve	17,786,731.35	16,721,300.58



**Statement of Activities- Operating & Non Operating
As of August 2023 DRAFT**

	Year To Date 8/31/2023				Year Ending 12/31/2023
	YTD Actual	2023 Budget	\$ Budget Variance	% Budget Variance	2023 Budget
Operating Revenue					
DR Dues	559,113.64	537,301.88	21,811.76	4.06 %	540,000.00
RRA Dues	3,379,179.77	3,263,600.00	115,579.77	3.54 %	3,271,000.00
Affiliate Dues	6,115.42	6,500.00	(384.58)	(5.92) %	6,500.00
New Mbr Fee	371,600.00	396,000.00	(24,400.00)	(6.16) %	582,000.00
Reinstatement Fee	4,800.00	6,800.00	(2,000.00)	(29.41) %	8,500.00
Registrations	212,227.30	204,526.66	7,700.64	3.77 %	222,300.00
Sponsorships	75,110.00	91,500.00	(16,390.00)	(17.91) %	104,500.00
Sales	2,250.00	2,800.00	(550.00)	(19.64) %	4,000.00
Management Fees	44,252.00	42,368.00	1,884.00	4.45 %	62,100.00
Miscellaneous Income	26,990.00	26,000.00	990.00	3.81 %	26,000.00
Advertising Revenue	792.13	1,875.00	(1,082.87)	(57.75) %	2,500.00
Total Operating Revenue	4,682,430.26	4,579,271.54	103,158.72	2.25 %	4,829,400.00
Operating Expenses					
Human Resources	1,443,967.60	1,569,914.00	(125,946.40)	(8.02) %	2,341,000.00
Temporary Help	0.00	500.00	(500.00)	(100.00) %	1,000.00
Professional Services	416,552.21	352,800.00	63,752.21	18.07 %	495,050.00
Bank Service Charges	65,597.83	62,000.00	3,597.83	5.80 %	106,000.00
Payroll Fees	16,668.06	3,560.00	13,108.06	368.20 %	5,200.00
Technology Programs	112,852.38	115,060.00	(2,207.62)	(1.92) %	160,000.00
Internet Service	7,858.23	7,540.00	318.23	4.22 %	11,300.00
Technology Lease	0.00	4,096.00	(4,096.00)	(100.00) %	6,000.00
Office Supplies	3,482.73	6,000.00	(2,517.27)	(41.95) %	9,000.00
Paper Supply	1,515.16	2,560.00	(1,044.84)	(40.81) %	3,836.00
Computer Supplies	15,204.03	17,450.00	(2,245.97)	(12.87) %	19,450.00
Copier Lease	9,216.25	8,776.00	440.25	5.02 %	13,164.00
Telephone	15,979.68	16,040.00	(60.32)	(0.38) %	24,000.00
Telephone Lease	6,960.58	6,200.00	760.58	12.27 %	9,300.00
Electricity	1,565.53	1,000.00	565.53	56.55 %	1,500.00
Gas	676.55	1,000.00	(323.45)	(32.35) %	1,500.00
Facility & Equipment Maintenance	2,718.96	4,428.00	(1,709.04)	(38.60) %	5,400.00
Janitorial	7,050.10	7,080.00	(29.90)	(0.42) %	10,300.00
General Insurance	8,705.06	8,982.00	(276.94)	(3.08) %	12,546.00
Workers Comp Insurance	2,679.26	2,520.00	159.26	6.32 %	2,750.00
Auto Insurance	3,699.92	3,136.00	563.92	17.98 %	4,704.00
Dues & Subscriptions	74,573.02	91,254.00	(16,680.98)	(18.28) %	109,500.00
Auto Lease	4,118.72	4,696.00	(577.28)	(12.29) %	7,700.00
Auto Gas	1,544.67	1,668.00	(123.33)	(7.39) %	2,500.00
Repairs & Maint	139.76	500.00	(360.24)	(72.05) %	500.00
Auto Loan Interest	105.83	1,000.00	(894.17)	(89.42) %	1,500.00
Auto Lease Payments (offset to liability)	8,735.93	0.00	8,735.93	100.00 %	0.00
Legal Counsel	16,904.00	7,000.00	9,904.00	141.49 %	7,000.00
Rent Expense	95,534.39	87,336.00	8,198.39	9.39 %	131,000.00
Utilities - Rent Expense	9,733.59	7,700.00	2,033.59	26.41 %	11,500.00
Common Area - Rent Expense	4,473.18	4,400.00	73.18	1.66 %	6,600.00
Postage	3,193.61	5,080.00	(1,886.39)	(37.13) %	9,700.00
Printing	16,785.37	25,400.00	(8,614.63)	(33.92) %	29,000.00
Speakers	114,810.15	106,961.75	7,848.40	7.34 %	146,300.00
Meeting Supplies	41,928.50	48,770.00	(6,841.50)	(14.03) %	60,600.00
Meeting Facilities	2,100.00	3,500.00	(1,400.00)	(40.00) %	11,750.00
Meeting Audio/Video	178,551.00	143,350.00	35,201.00	24.56 %	214,000.00
Meeting Meal Functions	226,797.99	318,860.00	(92,062.01)	(28.87) %	414,700.00
Meeting Entertainment	1,235.00	13,100.00	(11,865.00)	(90.57) %	16,350.00
Recognition & Incentives	30,261.61	55,650.00	(25,388.39)	(45.62) %	61,650.00
Education	4,219.20	2,300.00	1,919.20	83.44 %	2,300.00
Travel	254,959.73	308,480.50	(53,520.77)	(17.35) %	471,200.00
Staff Appreciation	9,687.99	7,000.00	2,687.99	38.40 %	17,000.00
Contributions	59,473.00	64,250.00	(4,777.00)	(7.44) %	64,250.00
Real Estate Tax	16,726.95	15,820.00	906.95	5.73 %	23,700.00
Property Tax	0.00	0.00	0.00	100.00 %	3,500.00
Bad Debt	0.00	200.00	(200.00)	(100.00) %	200.00
Misc	0.00	500.00	(500.00)	(100.00) %	500.00
Budget Buckets	0.00	52,500.00	(52,500.00)	(100.00) %	52,500.00
Total Operating Expenses	3,319,543.31	3,577,918.25	(258,374.94)	-7.22 %	5,120,000.00
Total Operating Net Income(Loss)	1,362,886.95	1,001,353.29	361,533.66	36.10 %	(290,600.00)

	Year To Date 8/31/2023				Year Ending 12/31/2023
	YTD Actual	2023 Budget	\$ Budget Variance	% Budget Variance	2023 Budget
Non Operating Income					
Issues Fee	1,067,320.00	990,000.00	77,320.00	7.81 %	1,000,000.00
Banking Interest	101,525.82	24,200.00	77,325.82	319.53 %	37,000.00
Investment Income(Loss)	424,433.79	0.00	424,433.79	(100.00) %	0.00
Total Non Operating Income	1,593,279.61	1,014,200.00	579,079.61	57.10 %	1,037,000.00
Non Operating Expenses					
Issues Transfers	1,067,320.00	990,000.00	77,320.00	7.81 %	1,000,000.00
Depreciation	19,103.56	24,804.00	(5,700.44)	(22.98) %	37,000.00
Total Non Operating Expenses	1,086,423.56	1,014,804.00	71,619.56	7.06 %	1,037,000.00
Total Non Operating Income(Loss)	506,856.05	(604.00)	507,460.05	(84,016.56) %	0.00
Total Operating & Non Operating Profit(Loss)	1,869,743.00	1,000,749.29	868,993.71	86.83 %	(290,600.00)
Reserve Activity					
Issues Activity					
Issues Expense	183,300.00	0.00	183,300.00	100.00 %	0.00
Total Issues Activity	183,300.00	0.00	183,300.00	100.00 %	0.00
Strategic Initiatives Expense					
Strategic Initiatives Expense	152,417.62	0.00	152,417.62	100.00 %	(61,500.00)
Total Strategic Initiatives Expense	152,417.62	0.00	152,417.62	0.00 %	(61,500.00)
Legal Action Expense					
Legal Action Expense	41,485.10	0.00	41,485.10	100.00 %	0.00
Total Legal Action Expense	41,485.10	0.00	41,485.10	0.00 %	0.00
Total Reserve Activity	377,202.72	0.00	224,785.10	100.00 %	(61,500.00)
Region IX Activity					
Region IX Revenue					
Region IX Contributions	22,500.00	30,000.00	(7,500.00)	(25.00) %	0.00
Region IX Interest	175.33	0.00	175.33	0.00 %	0.00
Total Region IX Revenue	22,675.33	30,000.00	(7,324.67)	100.00 %	0.00
Region IX Expenses					
Region IX Expenses	0.00	0.00	0.00	0.00 %	0.00
Total Region IX Expenses	0.00	0.00	0.00	0.00 %	0.00
Total Region IX Activity	22,675.33	30,000.00	(7,324.67)	100.00 %	0.00
Total Profit (Loss) Activity	1,515,215.61	1,030,749.29	636,883.94	61.79 %	(229,100.00)



Membership Reports

8/31/2023

Missouri REALTORS - Membership Count

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2012	18,714	17,949	17,718	17,890	18,038	18,078	18,026	18,031	18,076	18,062	18,072	17,837
2013	17,328	17,267	17,222	17,405	17,514	17,673	17,830	17,946	18,082	18,203	18,349	18,050
2014	17,604	17,655	17,616	18,009	18,188	18,318	18,434	18,576	18,646	18,609	18,620	18,369
2015	18,089	18,198	18,203	18,437	18,742	18,773	18,986	19,147	19,259	19,260	19,278	19,174
2016	18,848	18,857	18,867	19,152	19,445	19,609	19,746	19,873	20,030	20,098	20,135	20,041
2017	19,876	19,750	19,956	20,217	20,460	20,745	20,883	21,124	21,337	21,458	21,552	21,460
2018	21,346	21,401	21,126	21,460	21,704	21,877	22,020	22,229	22,413	22,391	22,428	22,176
2019	21,735	21,689	21,896	22,149	22,428	22,640	22,833	23,004	23,174	23,278	23,317	23,024
2020	22,514	22,553	22,574	22,661	22,771	22,899	23,196	23,385	23,661	23,921	23,928	23,782
2021	23,629	23,596	23,887	24,301	24,561	24,874	25,040	25,276	25,404	25,597	25,693	25,489
2022	25,408	25,087	25,270	25,468	25,698	25,911	26,015	26,155	26,172	26,158	26,172	26,015
2023	25,358	25,188	25,213	25,460	25,738	25,841	25,964	26,169				

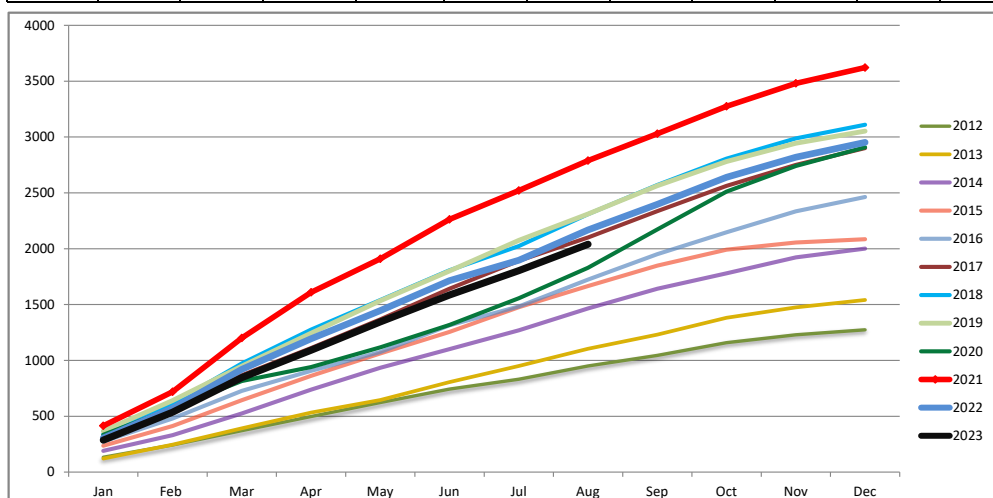
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2010		-2.93%	-1.79%	1.31%	0.56%	0.00%	-0.17%	0.49%	0.10%	-0.95%	-0.67%	-2.44%
2011	-0.68%	-4.11%	-0.51%	0.25%	0.30%	0.34%	0.74%	0.65%	0.07%	-0.82%	0.14%	-1.65%
2012	-0.93%	-4.09%	-1.29%	0.97%	0.83%	0.22%	-0.29%	0.03%	0.25%	-0.08%	0.06%	-1.30%
2013	-2.85%	-0.35%	-0.26%	1.06%	0.63%	0.91%	0.89%	0.65%	0.76%	0.67%	0.80%	-1.63%
2014	-2.47%	0.29%	-0.22%	2.23%	0.99%	0.71%	0.63%	0.77%	0.38%	-0.20%	0.06%	-1.35%
2015	-1.52%	0.60%	0.03%	1.29%	1.65%	0.17%	1.13%	0.85%	0.58%	0.01%	0.09%	-0.54%
2016	-1.70%	0.05%	0.05%	1.51%	1.53%	0.84%	0.70%	0.64%	0.79%	0.34%	0.18%	-0.47%
2017	-0.82%	-0.63%	1.04%	1.31%	1.20%	1.39%	0.67%	1.15%	1.01%	0.57%	0.44%	-0.43%
2018	-0.53%	0.26%	-1.28%	1.58%	1.14%	0.80%	0.65%	0.95%	0.83%	-0.10%	0.17%	-1.12%
2019	-1.99%	-0.21%	0.95%	1.16%	1.26%	0.95%	0.85%	0.75%	0.74%	0.45%	0.17%	-1.26%
2020	-2.22%	0.17%	0.09%	0.39%	0.49%	0.56%	1.30%	0.81%	1.18%	1.10%	0.03%	-0.61%
2021	-0.64%	-0.14%	1.23%	1.73%	1.07%	1.27%	0.67%	0.94%	0.51%	0.76%	0.38%	-0.79%
2022	-0.32%	-1.26%	0.73%	0.78%	0.90%	0.83%	0.40%	0.54%	0.06%	-0.05%	0.05%	-0.60%
2023	-2.53%	-0.67%	0.10%	0.98%	1.09%	0.40%	0.48%	0.79%				

Period Rate Change			Period Rate Change		
2012	Jan-Aug	-3.65%	2012	Aug-Aug	-6.70%
2013	Jan-Aug	3.57%	2013	Aug-Aug	-0.47%
2014	Jan-Aug	5.52%	2014	Aug-Aug	3.51%
2015	Jan-Aug	5.85%	2015	Aug-Aug	3.07%
2016	Jan-Aug	5.44%	2016	Aug-Aug	3.79%
2017	Jan-Aug	6.28%	2017	Aug-Aug	6.29%
2018	Jan-Aug	4.14%	2018	Aug-Aug	5.23%
2019	Jan-Aug	5.84%	2019	Aug-Aug	3.49%
2020	Jan-Aug	3.87%	2020	Aug-Aug	1.66%
2021	Jan-Aug	6.97%	2021	Aug-Aug	8.09%
2022	Jan-Aug	2.94%	2022	Aug-Aug	3.48%
2023	Jan-Aug	3.20%	2023	Aug-Aug	0.05%



Missouri REALTORS, NEW MEMBERS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2012	133	242	371	498	623	743	831	950	1045	1158	1229	1274
2013	121	246	391	533	645	806	950	1104	1231	1381	1474	1541
2014	190	330	525	739	934	1101	1269	1465	1641	1779	1922	2001
2015	236	413	643	862	1063	1255	1477	1666	1849	1992	2055	2085
2016	274	480	727	906	1076	1314	1482	1723	1952	2147	2335	2463
2017	313	558	866	1110	1368	1642	1892	2100	2336	2563	2750	2901
2018	338	617	973	1276	1541	1807	2024	2309	2570	2806	2988	3110
2019	367	641	949	1243	1534	1800	2075	2310	2564	2781	2944	3053
2020	334	572	816	940	1117	1318	1557	1829	2172	2512	2740	2908
2021	414	719	1201	1609	1909	2262	2521	2789	3030	3275	3480	3622
2022	305	569	919	1194	1446	1714	1896	2168	2398	2639	2819	2952
2023	286	536	845	1092	1344	1586	1803	2040				



R vs DR- 2023 New memberships

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
R/RA	283	526	828	1075	1325	1564	1776	2007				
DR	3	10	17	17	19	22	27	33				

Missouri REALTORS, Member Drops by Month

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2015	384	787	1010	1098	1149	1228	1392	1463	1544	1752	1843	2067
2016	387	810	1134	1183	1233	1317	1411	1522	1619	1790	1933	2175
2017	339	882	1102	1174	1251	1315	1422	1494	1589	1685	1780	1990
2018	425	718	1355	1405	1456	1538	1665	1775	1895	2156	2274	2420
2019	800	1170	1260	1385	1443	1522	1610	1706	1824	1973	2096	2373
2020	780	1197	1467	1526	1689	1771	1866	1978	2085	2222	2377	2560
2021	716	1043	1347	1778	1841	1938	2036	2150	2282	2407	2578	2890
2022	411	1028	1398	1488	1571	1651	1758	1898	2112	2324	2536	2844
2023	809	1239	1625	1708	1798	1924	2020	2145				



Investment Analysis

&

Reserve Report

8/31/2023



Reserve Fund & Cash Analysis

Reserve Fund Analysis

Fund Name	Balance 8/31/2023	%	% of Operating Expense Budget	Reserve Target	Fund Floor
Operating Reserve	1,002,696	6%	19%	1,000,000	750,000
Building R/R Reserve	250,000	1%	5%	250,000	200,000
Building/Facilities Reserve	1,625,000	9%			
Legal Action Reserve	308,515	2%	6%	350,000	300,000
Issues Reserve	7,754,337	45%		8,000,000	-
Strategic Initiatives	334,214	2%	6%	500,000	250,000
Gen Net Assets - Unrestricted	6,050,620	35%			
Total	17,325,382				
2023					
Operating Revenue - Budget	4,829,400				
Operating Expenses - Budget	5,157,000				

Fund Descriptions

Operations Reserve: The specific purpose of which shall be to maintain funds that can be accessed in the event of an emergency or other unexpected circumstance that either materially affects the normal income of the State Association or requires one or more unbudgeted expenditures.

Spending Authority: The Executive Committee shall have the authority to approve withdrawals from the Operations Reserve in furtherance of the above purpose as long as the balance of the Operations Reserve after such withdrawal is not less than **\$750,000** (the "Fund Floor").

Building R&R Reserve: the specific purpose of which shall be to provide a means to fund the repair or replacement of State Association real property, building(s), furniture (but excluding office and other production equipment), fixtures, and to provide for any necessary future expansion of the State Association building(s).

Spending Authority: The Executive Committee shall have the authority to approve withdrawals from the BFRR Reserve in furtherance of the above purpose as long as the balance of the BFRR Reserve after such withdrawal is not less than \$200,000 (the "Fund Floor").

Legal Action Reserve: the specific purpose of which shall be to provide a means to fund the implementation of the State Association's Legal Action Program as set forth in Policy 425. Receives an annual \$25,000 or such lesser amount replenish each calendar year.

Spending Authority: The Executive Committee shall have the authority to approve withdrawals from the LA Reserve in furtherance of Policy 425 as long as the balance of the LA Reserve after such withdrawal is not less than \$300,000 (the "Fund Floor").

Issues Reserve: the specific purpose of which shall be to provide a means to fund the Mobilization and Advocacy Program as set forth in Policy 105. b. Unless otherwise determined by the Board of Directors, each annual budget of the State Association shall include a minimum of \$40 per member that is allocated to the Issues Reserve until such time as the balance of the Issues Reserve equals or exceeds **\$8,000,000** ("Issues Reserve Target").

Spending Authority: Funds may be withdrawn from the Issues Reserve in furtherance of the above purpose only upon recommendation by two-thirds (2/3) vote of the Advocacy Committee and the approval by the Executive Committee. Funds may be withdrawn from the Issues Reserve for purposes other than those specified above only upon recommendation by a three-fourths (3/4) vote of the Executive Committee and a two-thirds (2/3) vote of the Board of Directors.

Strategic Initiatives: the specific purpose of which is to provide a means to fund strategically important programs, initiatives, purchases or events that are not otherwise included in the annual budget of the State Association. b. Funds may be withdrawn from the SIRF in furtherance of the above purpose only upon recommendation by the Strategic Planning Committee and approval by the Board of Directors. Receives an annual \$20,000 or such lesser amount replenish each calendar year.

Spending Authority: The Strategic Planning Committee shall have the authority to approve withdrawals from the SIRF in furtherance of the above purpose as long as the balance of the SIRF after such withdrawal is not less than \$250,000 (the "Fund Floor"). Funds may be withdrawn from the SIRF for purposes other than those specified above only upon recommendation by a three-fourths (3/4) vote of the Executive Committee and a two-thirds (2/3) vote of the Board of Directors.

Reserve Fund Investment Allocation

Investment Vehicle	Reserve \$	% of Reserve Funds	Total Cash & Investments	% of Cash & Investment
Cash (Prepaid)	7,588,857	43.80%	8,498,934	46.61%
Equities	2,788,676	16.10%	2,788,676	15.29%
Fixed Income	6,947,848	40.10%	6,947,848	38.10%
Total	17,325,382		18,235,458	
Total Excess Cash	910,077			



2024 Budget

Proposal

and

Highlights



2024 Budget Highlights

The Finance & Budget Committee met during the month of July 2023 to prepare, review and recommend for approval the attached 2024 Budget. The Committee reviewed all operating and program functions of Missouri REALTORS in detail and considered the impact of all programs in conjunction with our current Strategic Plan and the economy. The key take-aways from next years anticipated \$309,000 budget loss are:

- **Membership:** As of August 31, 2023, Missouri REALTORS had 26,169 members, which represents a 6.8% increase over our 24,500-membership budget for 2023. Due to this positive trend, but with unanticipated market inflation and slower increases with the new membership the last year, the 2024 Budget is based on 25,000 renewing member; therefore slightly increasing for 2024.
- **Dues Increase:** For this year's budget process we increased REALTOR Associates by \$9 and decreased Designated REALTOR by \$6.50 to match which brings the dues amount to \$157 for both REALTOR Associates and Designated REALTORS. Affiliate dues increase to \$225 — the first since 2012 since they moved from \$150 to \$190. While it's a significant jump percentage-wise, the increase in membership during that time has translated into greater exposure.
 - **Investment Income:** We did not add into the 2024 an investment income piece for our managed investments, due to market volatility. The investment income of \$73,000 relates to the cash related instruments and their expected return.
 - **Governance (Dept 40):** The combined net expense of these meetings is nearly \$800,000 — up approximately \$260,000 compared to 2023. This is primarily due to meetings in St. Louis and Kansas City, where rates for the venue, hotel, food and beverage are typically higher, as well as the addition of the Capitol Conference. However, this has been trending up since the pandemic, as hotels have increased their costs significantly across the state.
 - **Travel Costs:** Travel costs are budgeted based on the assumption that every member and staff member will be using the complete budgeted dollars to travel on behalf of the association; however several members won't ask for reimbursement, members/staff car pool together, use of credit card points, etc.

Below you will find key highlights related increase of changes from 2023 budget to 2024 budget.

- **Human Resources Expenses:** Increase reflects for 20 FTEs compared to 18 FTEs, with savings in 2023 due to open positions throughout the year. Healthcare premiums were projected to increase by 9.2%, but Tandem HR was able to provide alternate plans with slightly higher deductibles and the same level of coverage to limit the increase to 3.3%.

- **Regional Advocacy (Program 101):** Increase in expenses between 2022 and 2023 reflects travel and sponsorships for MIPIM and C5, but only planning for MIPIM in 2024, plus a new technology under Data Processing, RAP Index.
- **Advocacy Days (Program 102):** Increased expenses for Advocacy Days (aka REALTOR® Days at the Capitol or RDC) better reflect actual food, beverage, and travel costs from 2023, and use of local trolley to transfer members to and from the Capitol.
- **Federal Government Representation (Program 104):** Notable increase due to the Hall of Fame dinner during the NAR Legislative Meetings, because of the increase in inductees and chartering buses to transfer members to and from the conference center and Charlie Palmers Restaurant.
- **State Government Representation (Program 105):** Professional Services also reflects a new expense recommended to contract with Scott Charton to enhance our media/public relations and internal messaging related to state advocacy efforts.
- **Leadership Academy (Program 206):** Reflects a request to host a Leadership Academy Alumni Retreat annually, instead of every two years, with an increase in expenses of \$44,500, offset by an additional \$10,000 in registration fees (-\$34,500 net compared to 2023).
- **Professional Standards (Program 301):** Increased income reflects the year-over-year membership growth for those locals to which we provide pro standards services, and a proposed modest \$1 per member rate increase. A rate change has not occurred since at least 2014 and is recommended considering the expertise and higher level of service to be provided by the new Director of Forms and Professional Standards.
- **Risk Management (Program 303):** Increase primarily due to full year of expenses for two contract Legal Line attorneys in 2024 vs. 1.5 in 2023, to accommodate the increased volume of calls, as well as a rate increase.
- **Region IX (Program 408):** This will occur once every four years. Missouri REALTORS last hosted the Region IX conference this year with the next event occurring in 2026.
- **Technology (Program 504):** Notable changes in expenses from 2023 include the addition of MobileUp App and Podbean , plus estimated work needed to update the website and take on the market stats videos. Some of this will be offset by a decrease in consulting fees for The LANDING.
- **Association Management Services (Program 601):** These are program funds associated to the accounting and point of entry (membership database management) that the state association does on behalf of a local board association.

2024 Missouri REALTORS® Budget Proposal

For Board of Directors Review — updated July 28, 2023

Budget Overview	2022 Actual	2023 Budget	2023 YTD	2023 Projected	2024 Proposal	YOY Budget Change	
INCOME							
Dues and Fee Income							
Designated REALTOR® Dues	530,168	540,000	556,688	562,500	503,310	-6.8%	(36,690.36)
REALTOR®/REALTOR® Associate Dues	3,222,420	3,271,000	3,334,974	3,420,000	3,652,474	11.7%	381,473.53
Affiliate Dues	5,845	6,500	5,595	5,900	6,250	-3.8%	(250.00)
New Member Application Fees	612,100	582,000	276,800	525,000	424,573	-27.0%	(157,426.98)
Reinstatement Fees	8,200	8,500	3,600	7,500	7,500	-11.8%	(1,000.00)
TOTAL DUES AND FEE INCOME	4,378,733	4,408,000	4,177,657	4,520,900	4,594,106	4.2%	186,106.20
Other Income							
Branded Credit Card Income	-	-	-	-	2,500		2,500.00
Miscellaneous Income	57,997	1,000	1,420	2,000	1,000	0.0%	-
TOTAL OTHER INCOME	57,997	1,000	1,420	2,000	3,500	250.0%	2,500.00
Advocacy - Dept 10							
103-Capitol Receptions	7,890	-	-	-	-		-
105-State/Local Govt Representation	3,996	4,000	1,332	4,000	4,000	0.0%	-
205-Local Board Relations	1,100	2,000	50	500	500	-75.0%	(1,500.00)
Total Advocacy	12,986	6,000	1,382	4,500	4,500	-25.0%	(1,500.00)
Member Engagement - Dept 20							
203-Special Events	-	49,500	59,878	71,148	-	-100.0%	(49,500.00)
206-REALTOR® Leadership Academy	18,677	12,600	13,601	14,000	22,600	79.4%	10,000.00
210-Awards and Recognition Programs	2,500	-	2,500	2,500	3,500		3,500.00
217-YPN	13,670	1,500	4,155	6,500	1,500	0.0%	-
290-Member Engagement Committee	1,170	-	1,140	1,150	-		-
Total Member Engagement	34,847	63,600	80,134	94,148	27,600	-56.6%	(36,000.00)
Risk Management - Dept 30							
301-Professional Standards	110,876	116,000	125,803	126,000	132,300	14.1%	16,300.00
302-Standard Forms	25,000	25,000	15,000	25,000	25,000	0.0%	-
303-Risk Management	6,700	4,000	1,500	3,000	2,500	-37.5%	(1,500.00)
306-Education Courses	8,285	8,200	2,438	5,000	8,200	0.0%	-
307-Graduate REALTOR® Institute	9,882	14,000	6,513	10,000	11,600	-17.1%	(2,400.00)
390-Risk Management Committee	1,170	-	1,140	1,150	-		-
Total Risk Management	161,914	167,200	152,394	170,150	179,600	7.4%	12,400.00
Governance - Dept 40							
401-CEO	-	8,000	-	-	-	-100.0%	(8,000.00)
406-Business Conferences	113,366	115,000	85,161	110,000	115,000	0.0%	-
408-Region IX Activity	40,302	-	-	-	-		-
409-Q2 Training	75	-	-	-	-		-
Total Governance	153,743	123,000	85,161	110,000	115,000	-6.5%	(8,000.00)
Marketing & Communications - Dept 50							
502-Branding	2,912	-	394	1,500	-		-
504-Technology	1,036	2,500	-	-	-	-100.0%	(2,500.00)
Total Marketing & Communications	3,948	2,500	394	1,500	-	-100.0%	(2,500.00)
Association Management - Dept 60							
601-Association Management Services	50,287	58,100	32,388	58,100	59,500	2.4%	1,400.00
Total Association Management	50,287	58,100	32,388	58,100	59,500	2.4%	1,400.00
TOTAL PROGRAM INCOME	417,725	420,400	351,853	438,398	386,200	-8.1%	(34,200.00)
TOTAL INCOME	4,854,455	4,829,400	4,530,930	4,961,298	4,983,806	3.2%	154,406.20

Budget Overview	2022 Actual	2023 Budget	2023 YTD	2023 Projected	2024 Proposal	YOY Budget Change	
EXPENSES							
Advocacy - Dept 10							
101-Regional Advocacy Coordinators	102,561	108,050	74,116	116,000	144,400	33.6%	36,350.00
102-Advocacy Days	14,692	20,500	26,640	26,800	46,700	127.8%	26,200.00
103-Capitol Receptions	10,269	-	-	-	-		-
104-Federal Govt Representation	49,647	68,000	46,193	57,100	79,800	17.4%	11,800.00
105-State/Local Govt Representation	271,984	292,700	218,892	314,200	343,600	17.4%	50,900.00
190-Advocacy Committee & Ogs	-	15,000	-	15,000	15,000	0.0%	-
205-Local Board Relations	29,015	43,600	8,436	38,500	44,800	2.8%	1,200.01
Total Advocacy	478,167	547,850	374,277	567,600	674,300	23.1%	126,450.01
Member Engagement - Dept 20							
203-Special Events	-	111,000	22,634	134,700	-	-100.0%	(111,000.00)
206-REALTOR® Leadership Academy	73,654	69,200	27,729	70,000	113,700	64.3%	44,500.00
210-Awards and Recognition Programs	22,093	21,150	10,956	22,150	23,500	11.1%	2,350.00
217-YPN	16,464	7,500	6,159	9,200	7,500	0.0%	-
220-Affiliate Relations	1,346	1,500	193	1,000	1,000	-33.3%	(500.00)
290-Member Engagement Committee	4,662	15,000	5,304	16,150	15,000	0.0%	-
Total Member Engagement	118,219	225,350	72,975	253,200	160,700	-28.7%	(64,650.00)
Risk Management - Dept 30							
301-Professional Standards	18,756	25,500	7,433	25,400	28,600	12.2%	3,100.00
302-Standard Forms	27,846	26,000	23,868	30,050	29,500	13.5%	3,500.00
303-Risk Management	69,378	108,500	46,100	110,750	120,100	10.7%	11,600.00
306-Education Courses	4,851	5,300	2,841	3,700	6,700	26.4%	1,400.00
307-Graduate REALTOR® Institute	4,363	13,900	4,257	9,720	11,600	-16.5%	(2,300.00)
390-Risk Management Committee	-	15,000	2,518	15,000	15,000	0.0%	-
Total Risk Management	125,193	194,200	87,017	194,620	211,500	8.9%	17,300.00
Governance - Dept 40							
401-CEO	27,620	61,400	25,598	45,900	42,300	-31.1%	(19,100.00)
402-Leadership Team/Executive Committee	77,136	68,000	38,516	70,200	68,650	1.0%	650.00
404-Strategic Planning Committee	14,912	11,300	13,747	17,600	18,100	60.2%	6,800.00
405-Finance & Budget Committee	11,888	14,500	9,572	19,000	20,000	37.9%	5,500.00
406-Business Conferences	535,410	616,400	386,434	568,600	834,200	35.3%	217,800.01
407-National Association	58,654	131,000	50,009	95,600	132,000	0.8%	1,000.00
408-Region IX Activity	104,730	7,500	8,819	8,850	7,500	0.0%	-
409-O2 Training	44,726	70,500	668	60,000	68,900	-2.3%	(1,600.00)
Total Governance	875,075	980,600	533,363	885,750	1,191,650	21.5%	211,050.00
Marketing & Communications - Dept 50							
502-Marketing & Communications	49,539	56,400	23,173	50,000	51,500	-8.7%	(4,900.00)
504-Technology	123,390	116,000	66,502	118,400	110,500	-4.7%	(5,500.00)
Total Marketing & Communications	172,930	172,400	89,675	168,400	162,000	-6.0%	(10,400.00)
Association Management - Dept 60							
601-Association Management Services	6,589	7,400	296	7,300	7,600	2.7%	200.00
Total Association Management	6,589	7,400	296	7,300	7,600	2.7%	200.00
TOTAL PROGRAM EXPENSES	1,776,172	2,127,800	1,157,602	2,076,870	2,407,750	13.2%	279,950.01
Operating Expenses							
General & Administrative	879,058	635,700	356,665	654,570	673,800	6.0%	38,100.00
Staffing & Professional Development	2,027,581	2,480,845	1,137,562	2,326,675	2,733,945	10.2%	253,100.00
TOTAL OPERATING EXPENSES	2,906,639	3,116,545	1,494,227	2,981,245	3,407,745	9.3%	291,200.00
TOTAL EXPENSES	4,682,811	5,244,345	2,651,829	5,058,115	5,815,495	10.9%	571,150.02
NET PROFIT (LOSS) FROM OPERATIONS	171,644	(414,945)	1,879,101	(96,817)	(831,689)	100.4%	(416,743.82)
Unrestricted Net Asset Allocation							
Reserve Fund Allocations	-	160,000	-	210,000	450,000	181.3%	290,000.00
Investment Income (Loss)	(979,433)	37,000	294,465	357,000	73,000	97.3%	36,000.00
TOTAL PROFIT (LOSS)	(807,789)	(217,945)	2,173,566	470,183	(308,689)	41.6%	(90,743.82)
Issues Reserve Fund Income	1,065,720	1,000,000	1,035,100	1,100,000	1,000,000	0.0%	-

Your Membership Dues Working for You

When proposing dues for the upcoming year, the Finance & Budget Committee seeks to ensure Missouri REALTORS® has the resources necessary to support the strategic priorities in our Advocacy, Risk Management, and Member Engagement programs.

Looking ahead to 2024, the budget includes a modest increase of \$9.00 for REALTORS® to maintain the current level of service for our most popular programs and benefits—including **TechHelpline**, **LegalLine**, and our **Business Conferences**—in addition to resources to enhance our legislative communications and REALTOR® Days at the Capitol, and new educational content for standard forms and professional standards.

This proposal also includes a one-time dues decrease of \$6.50 for Designated REALTORS® so the amount matches what REALTOR® members are assessed and simplifies the dues billing process.

Finally, the Board of Directors will be asked to review a new CPI-Based Dues Policy. It aims to provide a new metric for analyzing dues and fees each year, with the goal of adjusting them regularly and, presumably, at lower levels than would otherwise be necessary if done every few years.

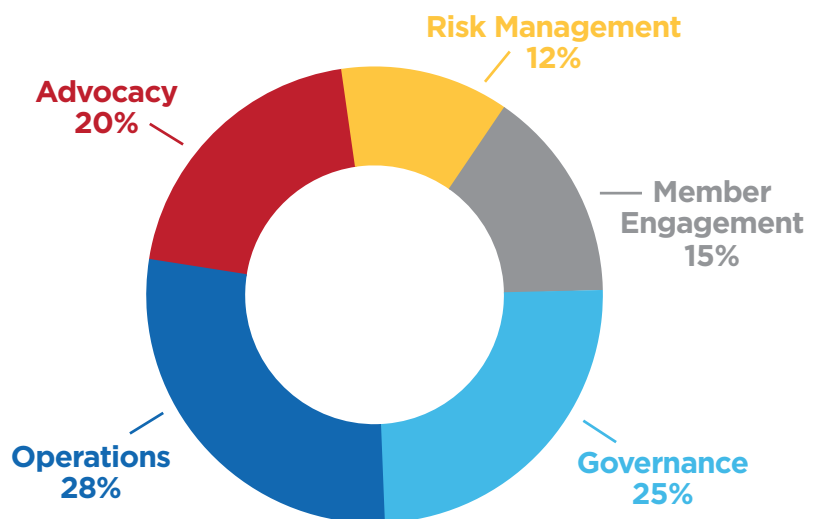
Read more about this recommendation in the 2023 Financial Policies PAG Report on THE LANDING.

If approved, this dues adjustment will be reflected in the state portion of your dues invoice provided by your Local Board/Association, and the policies will be incorporated into Missouri REALTORS® Bylaws and Policies Manual.

Questions may be directed to:

Bobbi Howe
2023 Missouri REALTORS®
Treasurer

Jessi Jordan
Vice President,
Finance and Operations





Financial Policies Presidential Advisory Group Report and Recommendations for the Board of Directors Updated August 21, 2023

Background

With the changes occurring in the market and the pace of membership growth slowing, 2023 Missouri REALTORS® President Andrea Sheridan convened a presidential advisory group (PAG) to do a comprehensive review of the Association's financial policies.

The group was chaired by Larry Keating, RE/MAX Jefferson City, Jefferson City; and included 2023 Treasurer Bobbi Howe, RE/MAX Professionals, St. Joseph; Cindy Fox, Fox & Riley Real Estate, St. Charles; James Delgado, Cozad Commercial RE Group, St. Louis; Dave Shortt, Sherrell Realty & Associates, St. Louis; Jessi Jordan, Missouri REALTORS® Vice President, Finance and Operations; and, Breanna Vanstrom, Missouri REALTORS® Chief Executive Officer.

They were tasked with codifying changes that have been adopted overtime, adding policies where there is currently no guidance, or revising or eliminating policies that were unclear or inconsistent with others.

Over the course of multiple meetings, the PAG developed eight (8) recommendations focused on four areas: Reserve Funds, Dues and Fees, the Investment Policy Statement, and Travel Expenses/Reimbursements. The Finance & Budget and Executive Committees reviewed the PAG's report and approved three (3) recommendations that *did not* require a change to policy or the bylaws:

- *As requested by the local boards/associations, set the dues amount to be the same for Designated REALTORS® and REALTORS® to simplify the dues billing and collection process.*
- *Conduct an external review of the Investment Policy Statement through multiple firms, separate from or in connection with the next investment firm review.*
- *Allocate up to 5% of the Issues Reserve Fund balance annually to offset a portion of the budget for the advocacy program, in accordance with permitted uses under Policy 105. (Note: The Finance & Budget Committee will include this in future budget proposals, including 2024, which will then come before the Board for review and approval.)*

The other five (5) recommendations would require a change to policy or the bylaws, and are therefore being presented to the Board of Directors for consideration. Details of each are on the following pages.

Summary of Recommendations for Board Approval

1. Update the Operations Reserve Fund Target and Fund Floor to a months in reserve calculation—12 months and 6 months, respectively—versus a set dollar amount. If approved, there would be a follow-up recommendation to the Board of Directors, to make the required allocation from Unrestricted Net Assets to bring this reserve fund to 12 months of operating expenses.
2. Update the Strategic Initiatives Reserve Fund withdrawal approval process to include the Executive Committee, matching the processes of the Association’s other reserve funds, and to clarify the fund’s purpose.
3. Adopt a new CPI-Based Dues Policy to provide a process to analyze and recommend the amount of dues and fees each year.
4. Approve recommended changes to Travel Policy 444, to clarify and update practices related to travel and expense reimbursements.
5. Update the bylaws to allow the Issues Reserve Fund Target to be reset every five years based on inflation, and a recommendation to increase the Target to \$12.5 million effective immediately.

Recommendation #1: Update the Operations Reserve Fund Target and Fund Floor to a months in reserve calculation—12 months and 6 months, respectively—versus a set dollar amount; and make the required allocation from Unrestricted Net Assets to bring this reserve fund to 12 months of operating expenses. If approved, there would be a follow-up recommendation to the Board of Directors, to make the required allocation from Unrestricted Net Assets to bring this reserve fund to 12 months of operating expenses.

Rationale: To ensure this policy adapts with our budget, the PAG recommends removing set dollar amounts and replacing them with a months in reserve calculation.

Under the current policy, MR has roughly two months of budgeted operating expenses in reserves. Best practice for associations that operate on an annual dues collection cycle, is to strive for a full year of operating expenses in reserves. Further, with more than 85% of MR’s revenue coming from membership dues and fees, increasing the Operations Reserve will provide leadership with liquidity cushion to adjust should membership levels change.

Unrestricted Net Assets are currently strong and would allow us to immediately reach the twelve-month target while still providing plenty of funds for other opportunities.

While there can be a concern about tying up too much money in a reserve account, the existing policy allows the Executive Committee to access the funds “in the event of an emergency or other unexpected circumstance that either materially affects the normal income of the [Association] or requires one or more unbudgeted expenditures.” Further, MR’s assets are held in a variety of short- and long-term investment instruments that provide accessibility while still earning interest.

Suggested Policy Changes:

Article XII. Reserves. Section 3. Operations Reserve Fund.

(a) The State Association shall maintain an Operations Reserve Fund (the “Operations Reserve”), the specific purpose of which shall be to maintain funds that can be accessed in the event of an emergency or other unexpected circumstance that either materially affects the normal income of the State Association or requires one or more unbudgeted expenditures.

(b) Unless otherwise determined by the Board of Directors, if the Operations Reserve Fund (“Operations Reserve”) falls below twelve (12) months of annual budgeted operating expenses (“Operations Reserve Target”), the annual budget in the calendar year following such event shall include an allocation in the amount that would be necessary to replenish the Operations Reserve to the Operations Reserve Target. The Board of Directors may, at any time, allocate additional funds to the Operations Reserve up to or over the Operations Reserve Target. Any funds in the Operations Reserve over the Operations Reserve Target may be reallocated at any time by the Executive Committee to any other fund, reserve or otherwise, of the State Association. (2023)

(c) The Executive Committee shall have the authority to approve withdrawals from the Operations Reserve in furtherance of the above purpose as long as the balance of the Operations Reserve after such withdrawal is not less than six (6) months of annual budgeted operating expenses (the “Fund Floor”). Any withdrawal that would leave the balance of the Operations Reserve below the Fund Floor shall occur only upon recommendation by the Executive Committee and approval by the Board of Directors. (2023)

Suggested Recommendation:

If this suggested policy change is approved, the PAG further recommends the Board of Directors make the required allocation from Unrestricted Net Assets to bring this reserve fund to 12 months of operating expenses, the amount of which would be noted in a formal motion from the Finance & Budget Committee and/or the Executive Committee.

Recommendation #2: Update the Strategic Initiatives Reserve Fund withdrawal approval process to include the Executive Committee, matching the processes of the Association’s other reserve funds, and to clarify the fund’s purpose.

Rationale: Adding the Executive Committee to the approval process for this fund is recommended for two reasons. First, any opportunity or situation that is strategically significant enough to require funding should be brought to the attention of the Executive Committee. Along with the staff management team, they may be able to provide guidance on additional programs or resources to address this need, or, be prepared to adjust the budget or other association programs in response.

When the Strategic Initiative Reserve Fund is deemed to be the best source of seed funding for a new program or initiative, this also gives leadership the opportunity to evaluate whether ongoing financial support will be necessary and if that can be done through general operations.

Since its inception in 2016, more than \$620,000 has been allocated from this fund for various programs, speakers, research, sponsorships, and events. Some examples include providing the seed money for the Tech Helpline, funding for the Diversity Summit in 2021 and the Emerging Issues Summit in 2023, and recently, the Organizational Assessment that will run through 2024.

While all expenditures have been able to tie back to the strategic plan or some operational need, the PAG recommends providing that rationale as part of any funds request to the policy.

Suggested Policy Changes:

Article XII. Reserves. Section 5. Strategic Initiatives Reserve Fund.

(a) The purpose of the Strategic Initiatives Reserve Fund (the “SIRF”) is to provide a means to fund strategically important programs, initiatives, purchases or events that are not otherwise included in the annual budget of the State Association, but are in support of one or more elements of the State Association’s current strategic plan or any business plans. (2023)

(b) Unless otherwise determined by the Board of Directors, if the SIRF falls below \$500,000 (“SIRF Reserve Target”), the annual budget in the calendar year following such event shall include an allocation of \$20,000 or such lesser amount that would be necessary to replenish the SIRF to the SIRF Reserve Target. The Board of Directors may, at any time, allocate additional funds to the SIRF up to or over the SIRF Reserve Target. Any funds in the SIRF over the SIRF Target may be reallocated at any time by the Board of Directors to any other fund, reserve or otherwise, of the State Association.

(c) Upon recommendation of the Strategic Planning Committee, the Executive Committee shall have the authority to approve withdrawals from the SIRF in furtherance of the above purpose as long as the balance of the SIRF after such withdrawal is not less than \$250,000 (the “Fund Floor”). Any withdrawal that would leave the balance of the SIRF below the Fund Floor shall occur only upon recommendation by the Executive Committee and approval by the Board of Directors. For programs, initiatives, purchases, or events that would require ongoing financial support, beyond a one-time withdrawal from the SIRF if implemented, the Finance Committee must also provide a recommendation to the Executive Committee. (2023)

(d) Funds may be withdrawn from the SIRF for purposes other than those specified above only upon recommendation by a three-fourths (3/4) vote of the Executive Committee and a two-thirds (2/3) vote of the Board of Directors.

Recommendation #3: Adopt a new CPI-Based Dues Policy to provide a process to analyze and recommend the amount of dues and fees each year.

Rationale: Membership growth over the past few years has allowed the Association to maintain programs and services without increasing dues, until last year. To provide a process for regularly analyzing membership dues and fees, the PAG is recommending the adoption of a CPI-Based Dues Policy. CPI stands for “Consumer Price Index,” and the year-over-year change in this metric is how inflation is calculated.

This approach is common in many state and local REALTOR® associations, and coincidentally, was something NAR approved for national dues in May 2023. Here is their policy for reference: *That beginning with the 2025 operating year, the [NAR] Finance Committee use the comprehensive overall CPI index as a guide in recommending an annual dues amount for the [NAR] Board of Directors approval.*

The policy proposed by this PAG for Missouri REALTORS® does not require dues or fees to be adjusted or increased each year, but its goal is to create a regular method of review and rationale for any proposed increases. Further, it includes a 4% cap for the rare occasions when inflation is high. While inflation has risen above this level since 2021 as a result of the pandemic, the historical average is 3.28%, based on data from 1913 to 2023.

If approved, this would become part of the existing budget planning process, which would continue to include identifying non-dues revenue opportunities and reducing expenses, wherever possible.

Suggested Policy:

Policy TBD – CPI-Based Dues Policy

Related to Article XV of these Bylaws, the purpose of this policy is to provide a process to analyze and recommend the amount of dues and fees each year, using data from the U.S. Bureau of Labor Statistics Consumer Price Index (CPI) for the Mountain-Plains Area (available at [bls.gov](https://www.bls.gov)). This is not meant to be an automatic increase, nor the sole data point used for dues decisions, but simply a reference to keep dues aligned with or ahead of inflation, when applicable.

Step 1: Calculate CPI % Increase

$\text{CPI \% Increase} = \text{Most Recent Month} / \text{Same Month in the Previous Year}$

Step 2: Calculate Dues Base

$\text{Dues Base} = \text{Round to Nearest Dollar} (\text{Current Dues} \times \text{CPI \% Increase})$

The Finance & Budget Committee can recommend an increase that matches the rounded dues base (up to a 4% cap) or an amount below the rounded amount. If the CPI % change is negative, the dues base may remain the same. Regardless, the Finance & Budget Committee will provide rationale for recommended changes based on other factors which may go beyond the dues base and cap, or if recommending no change.

The Finance & Budget Committee will evaluate this annually (or at other times at the request of the Executive Committee and/or the Board of Directors) and will forward their recommendation to the Executive Committee annually in July. They may also use this formula to determine any recommended changes to fees, so long as such increases are in line with any applicable Bylaws & Policies.

Recommendation #4: Approve recommended changes to Travel Policy 444, to clarify and update practices related to travel and expense reimbursements.

Rationale and Suggested Policy Changes: In response to questions by volunteer leaders, and to remove outdated and unused practices, the PAG has developed cleanup language for consideration, while determining other sections are fine as they currently stand. Additional rationale has been incorporated with the suggested policy changes below.

Cash Advances are not done, so recommend removing as an option. Further, some Leadership Team members have requested to *not* receive association purchase/credit cards and instead submit a reimbursement for travel. As it currently reads, they *must* receive a card. Recommending these changes to allow for that...

Section 2. General Guidelines.

d. Purchase Cards.

Unless expressly requested otherwise, all Leadership Team members will be issued a purchase card to be used for travel and entertainment purposes in accordance with this policy. Where possible, all charges should be charged directly to their assigned purchase card. The Leadership Team member is responsible for obtaining and submitting receipts for all charges in compliance with this Policy. All receipts must be submitted on the State Association approved expense report as if requesting expense reimbursement. Any charges that cannot be supported by receipt, when applicable, must be reimbursed to the State Association within 30 days after invoicing.

Simple changes to match practice or update language...

Section 3. Reimbursable Expenses

a. Air Transportation.

i. Members are responsible for making their own air transportation arrangements, unless otherwise instructed by Staff. Tickets should be purchased as early as possible to take advantage of the lowest fares and reimbursement will only be made for coach/economy class seats. If the member wishes to upgrade their class or seating, the additional cost is not reimbursable. To request reimbursement in these instances, the member must provide the cost of economy/coach class tickets on the same day they purchase their upgrade or premium seat to determine the amount to be reimbursed.

g. Fax & Internet. Charges incurred for faxing or internet access during air transportation (e.g.- in-flight wi-fi) and hotel stays for State Association business purposes are reimbursable.

Section 4. Non-Reimbursable Expenditures. The following expenses are non-reimbursable to members traveling on behalf of the State Association. Personal entertainment (e.g., movies, airline headphones, magazines, airline drinks), Barber or beautician services, Minibar snacks, Toiletries, Dry cleaning, Clothing, Air-to-ground calls, Service fees related to traveler convenience (e.g., priority boarding), Gas for personal vehicles, and Traffic fines and parking violations.

Changes to clarify tipping practices and procedures for reimbursements. There was a request to increase tips for meals to 25%, but the PAG recommends leaving it as-is to match ground transportation and manage these expenses...

Section 3. Reimbursable Expenses

b. Ground Transportation.

i. Local transportation costs incurred for business purposes are reimbursable (e.g.- taxi, bus, rail, or limo/taxi to and from airport). All tips should be included in the total cost and are reimbursable up to 20%.

ii. Mileage will be reimbursed at the IRS allowable rate for miles driven in a personal vehicle. Mileage will not be reimbursed if it exceeds the cost of airfare travel. To be reimbursed for mileage in these instances, a quote for air transportation must be included with the expense report and mileage will be reimbursed up to the quoted flight cost. The quote must be obtained at least 45 days prior to the travel date. Gas used in a personal car is not reimbursable because the IRS rate includes this expense in the mileage reimbursement calculation. Traffic and parking violations received while traveling on behalf of the State Association are not reimbursable. Miles driven to/from the airport are reimbursable, as well as airport parking and other garage fees.

f. **Cash Tips.** Reasonable cash tips incurred while traveling on behalf of the State Association are reimbursable. Only cash tips for items not associated with meals or transportation should be reported separately on the submitted expense report (e.g.- bellhop tips).

Language was added to include a step for staff to notify members traveling for a volunteer role that is eligible for reimbursement ahead of a trip. They will provide the travel policy, an expense reimbursement form, the maximum amount that will be reimbursed by MR, and dates by which these request forms are due. Also, this will remove the NAR Committee Chairs from MR's list of reimbursable positions, since NAR covers that cost...

Section 5. Reimbursable Trips by Position. At least fourteen (14) days prior to all trips considered reimbursable in the table below, State Association staff will provide members eligible for reimbursement with the Association's travel policy, an expense reimbursement form, the maximum amount that will be reimbursed, and dates by which these request forms are due, along with any other pertinent information.

Position/Committee	Trips Reimbursable	Special Circumstances	Maximum Trip Allowance
Leadership Team	- All trips as approved in annual budget	Any mileage incurred to attend local board events to represent the State Association is reimbursable.	N/A
Executive Committee	- The State Association Business Conferences		N/A

	- Specially called meetings		
Strategic Planning & Finance/Budget Committees	- Specially called meetings (does not include the State Association Business Conferences)		N/A
Mission Committees	- Specially called meetings (does not include the State Association Business Conferences)		N/A
Output Groups	- Specially called meetings (does not include the State Association Business Conferences)	Mileage to attend any special training sessions will NOT be reimbursable.	N/A
NAR Directors & NAR Committee Chairs	- NAR Mid-Year meeting - NAR Convention		Subject to maximum trip limit
Federal Political Coordinators	- NAR Mid-Year Meetings		Subject to maximum trip limit
Professional Standards Committees	- Required Professional Standards Annual Training - Professional Standards hearings		N/A
Mediation/Arbitration	- Mediation & Arbitration hearings		N/A
Presidential Advisory Groups (PAG) and Task Forces	- Specially called meetings		N/A
REALTOR® of the Year ("ROTY")	- For attending ROTY events at NAR Convention		Subject to maximum trip limit

There had been a request to review the guest entertainment policy (Section 3 Paragraph e); however, the PAG felt that the policy was sufficient since it only pertained to the Leadership Team. No change is recommended. Additionally, there was a request to adjust the expense report deadline (Section 2 Paragraph a) from 45 days after the trip end date to quarterly. The PAG felt that was too long and would not allow staff to reconcile expenses in a timely manner for financial reports. No change is recommended.

Recommendation #5: Update the bylaws to allow the Issues Reserve Fund Target to be reset every five years based on inflation, and recommend an increase the Target to \$12.5 million (or a lesser amount) effective immediately (which would be the equivalent of \$8 million in 2005 dollars when the fund was established; [source](#)).

Rationale: Following the 2024 dues billing cycle, it's likely the Issues Reserve Fund ("IRF") will exceed the \$8,000,000 target ("Target") set in the bylaws under Article XII Section 4. Per the bylaws, the dues will include an IRF assessment "until such time as the balance of the Issues Reserve equals or exceeds" the Target. We **do not** recommend removing this from the dues bill, as it would be extremely hard to reintroduce in the future. By creating a policy to re-evaluate this every five years, it will ensure the value of these funds grows with inflation and provides sufficient resources for any future campaigns.

Proposed Policy Updates:

Article XII. Reserves. Section 4. Issues Reserve Fund.

(a) The State Association shall maintain an Issues Reserve Fund (the "Issues Reserve"), the specific purpose of which shall be to provide a means to fund the Mobilization and Advocacy Program as set forth in Policy 105.

(b) Unless otherwise determined by the Board of Directors, each annual budget of the State Association shall include a minimum of \$40 per member that is allocated to the Issues Reserve until such time as the balance of the Issues Reserve equals or exceeds \$12,500,000 ("Issues Reserve Target"). If the Issues Reserve Target is met and then subsequently falls below \$12,500,000, the annual Issues Reserve allocation shall resume in an amount that is equal to \$40 per member or such lesser amount per member that would be necessary replenish the Issues Reserve to \$12,500,000 ("Issues Reserve Target"). The Board of Directors may, at any time, allocate additional funds to the Issues Reserve up to or over the Issues Reserve Target, and will adjust the amount of Issues Reserve Target at least every five (5) years for inflation. Any funds in the Issues Reserve over the Issues Reserve Target may be reallocated at any time by the Board of Directors to any other fund, reserve or otherwise, of the State Association.

(c) Funds may be withdrawn from the Issues Reserve in furtherance of the above purpose only upon recommendation by two-thirds (2/3) vote of the Advocacy Committee and the approval by the Executive Committee. Funds may be withdrawn from the Issues Reserve for purposes other than those specified above only upon recommendation by a three-fourths (3/4) vote of the Executive Committee and a two-thirds (2/3) vote of the Board of Directors.

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This report concludes the work of this PAG. On behalf of the entire group, we want to thank President Sheridan for inviting us to be a part of this project, and want to thank the Finance & Budget and Executive Committees for their input and support.

We hope the recommendations provided will serve Missouri REALTORS® well for years to come.

Sincerely,
Larry Keating
Financial Policies Presidential Advisory Group Chair
RE/MAX Jefferson City



Missouri
REALTORS®

2024 EVENTS

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Winter Business Conference

January 16-18 • St. Louis
St. Louis Union Station Hotel

Inaugural Night

January 17 • St. Louis
St. Louis Union Station Hotel

Region 9 Conference

February 17-19 • Oklahoma City, OK

Spring Business Conference

April 23-25 • Kansas City
Kansas City Marriott Downtown

NAR REALTORS® Legislative Meetings & Trade Expo

May 4-9 • Washington, D.C.

Association Executives Workshop

July 29-30 • Lake Ozark
Camden On The Lake Resort

Fall Business Conference

September 24-26 • Branson
Hilton Branson Convention Center

2025 O2 Leadership and Local President Retreat

October 14-15 • Joplin
Holiday Inn Joplin

NAR NXT, The REALTOR® Experience & Governance Meetings

November 6-11 • Boston, MA

Additional details at missourirealtor.org