



BELLENFANT

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

Professional Accounting & Consulting Services

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Tennessee Association of Realtors, Inc.
Nashville, Tennessee

Opinion

We have audited the accompanying financial statements of Tennessee Association of Realtors, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities 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 Tennessee Association of Realtors, Inc. as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States 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 Tennessee Association of Realtors, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

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 Tennessee Association of Realtors, Inc.'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 judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment 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 Tennessee Association of Realtors, Inc.'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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Tennessee Association of Realtors, Inc.'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.

Bellenfant, PLLC

Nashville, Tennessee
January 30, 2024

Tennessee REALTORS® Operating Budget December 31, 2023				
	YTD 2023 ACTUAL	YEARLY BUDGET	BUDGET VARIANCE	PERCENT TO BUDGET
INCOME				
State Dues	3,837,622.39	3,360,000.00	477,622.39	114.21%
Credit Card fees	(86,056.00)	(80,830.00)	-5,226.00	106.47%
Interest Income	235,874.82	17,150.00	218,724.82	1375.36%
Other (Affinity Programs, Labels, Pins, etc.)	62,544.30	25,650.00	36,894.30	243.84%
AREA Leadership Tuition	16,182.00	17,980.00	-1,798.00	90.00%
Copyright Licenses	38,870.00	40,000.00	-1,130.00	97.18%
Sponsorships	78,000.00	120,000.00	-42,000.00	65.00%
TOTAL OPERATING INCOME	4,183,037.51	3,499,950.00	683,087.51	119.52%
EXPENSES				
General Business				
Building	62,419.87	52,685.00	9,734.87	118.48%
Taxes and Insurance	67,285.72	67,900.00	-614.28	99.10%
Professional Fees	48,029.70	47,600.00	429.70	100.90%
Human Resources	1,522,362.46	1,667,720.00	-145,357.54	91.28%
Subtotal	1,700,097.75	1,835,905.00	-135,807.25	92.60%
Administrative-Leadership				
Officers' Travel (Pres, Pres-elect, 1st VP & Treas)	82,426.62	99,150.00	-16,723.38	83.13%
DVP's & IPP Travel	30,357.23	12,500.00	17,857.23	242.86%
National Director Travel	35,571.15	45,000.00	-9,428.85	79.05%
Executive Committee Meetings	40,785.66	41,700.00	-914.34	97.81%
Leadership Initiatives	28,852.23	79,000.00	-50,147.77	36.52%
Leadership Roadshows	29,667.86	25,500.00	4,167.86	116.34%
Subtotal	247,660.75	302,850.00	-55,189.25	81.78%
Administrative-Staff				
General Office Expenses	22,142.74	14,740.00	7,402.74	150.22%
Dues & Subscriptions	2,490.00	2,700.00	-210.00	92.22%
Committees and Task Forces	3,075.34	2,300.00	775.34	133.71%
NAR Realtor Relief Fund	20,000.00	20,000.00	0.00	100.00%
Booth at MiPIM Conference	42,775.87	52,500.00	-9,724.13	81.48%
TN Chamber of Commerce	3,000.00	3,000.00	0.00	100.00%
Awards & Memorials	17,496.20	19,000.00	-1,503.80	92.09%
Staff Travel & Prof. Development	82,029.71	82,600.00	-570.29	99.31%
Subtotal	193,009.86	196,840.00	-3,830.14	98.05%

Tennessee REALTORS® Operating Budget December 31, 2023				
	YTD 2023 ACTUAL	YEARLY BUDGET	BUDGET VARIANCE	PERCENT TO BUDGET
Professional Development & Conferences				
AREA Leadership Program	36,535.05	17,950.00	18,585.05	203.54%
TNEX Spring Conference(net of Reg Fees)	95,817.62	54,050.00	41,767.62	177.28%
NAR Region 4 Programs	23,470.38	23,000.00	470.38	102.05%
Broker Summit	14,867.52	14,000.00	867.52	106.20%
Fall Convention(net of Reg Fees)	135,703.44	122,500.00	13,203.44	110.78%
Leadership & Advocacy	54,794.08	50,000.00	4,794.08	109.59%
Staff Travel & Professional Development	11,859.77	8,875.00	2,984.77	133.63%
Subtotal	373,047.86	290,375.00	82,672.86	128.47%
Governmental Affairs				
Dues & Subscriptions	11,008.02	10,000.00	1,008.02	110.08%
Governmental Affairs Programs & Exp	7,039.51	4,750.00	2,289.51	148.20%
Tennessee REALTORS® Day on the Hill	23,628.75	19,500.00	4,128.75	121.17%
Lobbying Fees and Expenses	115,285.25	117,325.00	-2,039.75	98.26%
Annual Platinum RPAC Investment	10,000.00	10,000.00	0.00	100.00%
Travel Exp (Govt'l Chair & FPCs DC Mtg.)	0.00	1,500.00	-1,500.00	0.00%
Staff Travel & Professional Develop	11,827.02	14,800.00	-2,972.98	79.91%
Subtotal	178,788.55	177,875.00	913.55	100.51%
Member Engagement & Services				
Forms Committees	394.62	2,400.00	-2,005.38	16.44%
AE Education Program	8,712.12	10,000.00	-1,287.88	87.12%
Document Archiving	4,477.54	4,000.00	477.54	111.94%
Transaction Desk	359,976.26	335,000.00	24,976.26	107.46%
Legal Hotline	63,725.04	64,000.00	-274.96	99.57%
Staff Travel & Professional Development	5,564.06	9,900.00	-4,335.94	56.20%
Subtotal	442,849.64	425,300.00	17,549.64	104.13%
Professional Standards				
Panel Expenses & Materials	156.94	4,025.00	-3,868.06	3.90%
CasePro Annual License & Training	16,380.00	15,600.00	780.00	105.00%
Staff Travel & Professional Development	7,079.88	11,700.00	-4,620.12	60.51%
Subtotal	23,616.82	31,325.00	-7,708.18	75.39%

Tennessee REALTORS® Operating Budget December 31, 2023				
	YTD 2023 ACTUAL	YEARLY BUDGET	BUDGET VARIANCE	PERCENT TO BUDGET
Communications				
Dues & Subscriptions	2,154.60	850.00	1,304.60	253.48%
Communication Platforms	11,534.52	18,200.00	-6,665.48	63.38%
Realtor® Branding	111.60	61,400.00	-61,288.40	0.18%
Staff Travel & Professional Development	7,925.25	11,540.00	-3,614.75	68.68%
Subtotal	21,725.97	91,990.00	-70,264.03	23.62%
Technology				
Technology Operations	122,967.95	129,240.00	-6,272.05	95.15%
Technology Production	-	12,000.00	-12,000.00	0.00%
Staff Travel & Professional Development	6,522.36	6,250.00	272.36	104.36%
Subtotal	129,490.31	147,490.00	-17,999.69	87.80%
TOTAL OPERATING EXPENSES	3,310,287.51	3,499,950.00	-189,662.49	94.58%
NET OPERATING INCOME	872,750.00	0.00	872,750.00	0.00%
RESTRICTED INCOME/EXPENSE				
Issues Mobilization Assessment	574,440.00	480,000.00	94,440.00	119.68%
Issues Mobilization Interest Income	42,486.54	10,625.00	31,861.54	399.87%
TOTAL RESTRICTED INCOME	616,926.54	490,625.00	126,301.54	125.74%
Issues Mobilization Expenditures	22,038.53	-		
NET RESTRICTED	594,888.01	490,625.00	104,263.01	121.25%
OTHER INCOME/EXPENSE				
Gain/(Loss) on Investments	558,990.00	-	558,990.00	0.00%
General Reserve. & other	-5,167.77	-	-5,167.77	0.00%
Depreciation Expense	-111,297.27	-	-111,297.27	0.00%
Subtotal	442,524.96	-	442,524.96	0.00%
NET INCOME	1,910,162.97	490,625.00	1,419,537.97	389.33%

TENNESSEE REALTORS®**Balance Sheet****December 31, 2023****ASSETS**

Petty Cash	\$25.00	
Checking Account	\$136,418.32	
Operating & General Reserve Accounts	\$7,449,110.06	
Total Operating & General Reserves		\$7,585,553.38

DESIGNATED FUNDS

Issues Mobilization Fund	\$7,044,060.89	\$7,044,060.89
Legal Fund	\$105,100.06	\$105,100.06
Designated Reserves:		\$407,388.47
NAR Officer Candidate Region 4	\$26,745.39	
TN NAR Officer's Reserve	\$25,164.82	
Building Reserve	\$355,478.26	
TOTAL DESIGNATED FUNDS		\$7,556,549.42

PERMANENT RESERVES

Accounts Receivable & Prepaid Expenses	\$56,011.55	\$56,011.55
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Subtotal Assets		\$16,887,278.35
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Office Furnishings & Equipment	\$449,204.32	
Vehicles	\$183,908.72	
Real Estate	\$3,314,912.34	
Accumulated Depreciation	-\$1,728,326.20	
Total		\$2,219,699.18

Total Assets		\$19,106,977.53
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LIABILITIES AND EQUITY

Liabilities	\$2,410,403.62	
Equity	\$16,696,573.91	
Total Liabilities and Equity		\$19,106,977.53

**TENNESSEE REALTORS®
OPERATING BUDGET
DECEMBER 31, 2023
MAJOR VARIANCE EXPLANATION**

INCOME

State Dues (up) Budgeted for 32,000 members: actual 35,875
Issues Mob (up) Budgeted for 32,000 members: actual 35,875
Credit Card fees (up) Based on number paying thru eCommerce, membership is up
Interest Income (up) Rates increased more than expected
Other Income (up) Received final employee retention tax credit (ERTC)
AREA Income (down) Budget based on 20 students; 18 enrolled
Sponsorships (down) R4 Conference impacted sponsor opportunities

EXPENSES

Administrative - Leadership

DVP & IPP Travel up due to DVP's attending more events at local associations

Administrative-Staff

General Office Expenses up due to heavier copier usage (less outsourcing to printer) and more in house meetings requiring more supplies

Professional Development

Education Programs/AREA up due to higher than expected food costs
TNEX registrations under budget and higher than expected food costs

Governmental Affairs

Government Affairs Programs includes new program – Candidate Training Academy
Day on the Hill more attendees than expected with more food & transportation costs