

**ARIZONA ASSOCIATION OF REALTORS®
RESERVE ACCOUNTS DASHBOARD**

RESERVES	5/31/2017 BALANCE	2018 ALLOCATION	2018 BALANCE <small>(Excluding gains/losses and disbursements)</small>
OPERATING	\$6,802,951	\$97,366	\$6,900,317
CAPITAL	\$3,215,206	\$303,622	\$3,518,828
ISSUES MOBILIZATION	\$6,386,656	\$97,366	\$6,484,022
STRATEGIC INITIATIVES	\$1,991,825	\$0	\$1,991,825
AZ HOMEOWNERSHIP ALLIANCE	\$100,009	\$0	\$100,009
TOTAL	\$18,496,647	\$498,354	\$18,995,001

Arizona Association of REALTORS® Reserves

Current Balances - 2018 Reserve Funding Allocation – Bylaw Provisions

OPERATING RESERVE

MAY 2017 BALANCE: \$6,802,951
2018 RESERVE FUNDING ALLOCATION: \$2.00 per Member (\$97,366)

Bylaws, Article IV, Section 1: OPERATING RESERVE. AAR shall maintain an operating reserve fund (the “Operating Reserve”) for legal, special and unbudgeted operating purposes. The Board of Directors shall annually determine an allocation (the “Allocation”) of the annual dues which shall be placed in the Operating Reserve. The Operating Reserve fund balance shall be placed at interest, with any interest earned thereon accruing to the Operating Reserve. The Allocation shall continue each year until the Operating Reserve fund balance exceeds an amount equal to the operating expenses from the previous fiscal year, at which time the Allocation shall cease. Additional contributions to the Operating Reserve may be made from other sources such as operating surplus, at the discretion of the Board of Directors. If the fund is depleted to less than three million dollars (\$3,000,000), the Allocation shall be reinstated at the inception of the next fiscal year.

Expenditures from the Operating Reserve fund may be made only upon approval of the Executive Committee or Board of Directors as follows:

- a. The Executive Committee, by a two-thirds ($\frac{2}{3}$) vote may approve expenditures, other than for legal purposes, of no more than fifty percent (50%) in the aggregate of the total Operating Reserve. All expenditures shall be reported to the Board of Directors at their next scheduled meeting.
- b. Expenditures, other than for legal purposes, that in the aggregate exceed fifty percent (50%) of the Operating Reserve must be approved by the Board of Directors.
- c. Expenditures for legal purposes shall be determined by the Executive Committee in compliance within existing Policy D.2.
- d. Expenditures for an Arizona REALTOR® or Region 11 member seeking an NAR Officer position shall be determined by the Executive Committee in compliance with Policy F.2.

See also, Policy D.2 – Legal Assistance; Policy B.6 – Operating and Reserve Funds Investment Policy; Policy F.2 – NAR Officer Candidate Assistance.

CAPITAL RESERVE

May 2017 BALANCE: \$3,215,206
2018 RESERVE FUNDING ALLOCATION: \$303,622

Bylaws, Article IV, Section 2: CAPITAL RESERVE. AAR shall maintain a reserve fund, (Capital Reserve) for capital expenditures including, but not limited to, major repairs, furniture, fixtures, equipment, real property debt retirement, acquisition/investment of real property assets, or major improvements to real property assets. The Capital Reserve fund balance shall be placed at interest, with any interest earned thereon accruing to the Capital Reserve. AAR's annual budget shall acknowledge depreciation per Generally Accepted Accounting Principles. The depreciation amount shall be considered as a cash expense credited to the Capital Reserve. Additional contributions to the Capital Reserve may be made from other sources such as operating surplus, at the discretion of the Board of Directors.

Expenditures from the Capital Reserve fund may be made only upon approval of the President, Executive Committee or Board of Directors as follows:

- a. An annual capital expenditure budget shall be presented to the Board of Directors for approval in conjunction with the annual operating budget.
- b. Unbudgeted capital expenditures from the Capital Reserve may be approved by the President up to five thousand dollars (\$5,000) per instance and ten thousand dollars (\$10,000) in the aggregate within a fiscal year. Such expenditures shall be reported to the Board of Directors at their next scheduled meeting.
- c. The Executive Committee, by a two-thirds ($\frac{2}{3}$) vote may approve unbudgeted expenditures from the Capital Reserve up to fifty percent (50%) of the fund total within a fiscal year. Such expenditures shall be reported to the Board of Directors at their next scheduled meeting.
- d. Any unbudgeted expenditures exceeding fifty percent (50%) of the Capital Reserve fund balance must receive prior approval of the Board of Directors.

STRATEGIC INITIATIVES RESERVE FUND

May 2017 BALANCE: **\$1,991,825**
2018 RESERVE FUNDING ALLOCATION: **\$0**

Bylaws, Article IV, Section 4: Strategic Initiative Fund. AAR may maintain a reserve fund (Strategic Initiative Fund) to support initiatives designed or dedicated to the support of our REALTOR® members' business practices. Such initiatives may include, but are not limited to, new member benefits, technology enhancements, communication enhancements, or other efforts that benefit the REALTOR® membership. The Strategic Initiative Fund balance shall be placed in an interest bearing account, with any interest earned thereon accruing to the Strategic Initiative Fund. Contributions to the Strategic Initiative Fund may only be made from the annual operating surplus at the discretion of the Board of Directors.

Expenditures from the Strategic Initiative Fund may be made only upon approval of the Executive Committee or Board of Directors as provided in subsections a through c of this section. Prior to approving any expenditure, the Executive Committee or Board of Directors shall consider whether the expenditure will result in an ongoing expense, and if so how AAR will budget for the ongoing expense.

- a. The Executive Committee, by a two-thirds ($\frac{2}{3}$) vote may approve expenditures of no more than seventy-five percent (75%) in the aggregate of the total Strategic Initiative Fund balance. All expenditures shall be reported to the Board of Directors at their next scheduled meeting.
- b. An expenditure over seventy-five percent (75%) or in the aggregate exceed seventy-five percent (75%) of the Strategic Initiatives Fund can only be approved by the Board of Directors. The Board of Directors may approve an expenditure of less than seventy-five percent (75%).
- c. Approved expenditures shall not commit the Strategic Initiative Fund to payments exceeding twelve (12) consecutive months for the same initiative.

ISSUES MOBILIZATION RESERVES

May 2017 BALANCE: \$6,386,656
2018 RESERVE FUNDING ALLOCATION: \$2.00 per member (\$97,366)

Bylaws, Article IV, Section 3: REALTORS® Issues Mobilization Fund (RIMF). AAR shall maintain a reserve fund to support or oppose federal, state and local issues that impact real property and real property owners in Arizona. The REALTORS® Issues Mobilization Committee (RIMC) shall approve any expenditure within the funding limits and guidelines as contained in the RIMC Policies. A per member amount of the annual dues shall be placed in the fund as determined by the AAR Board of Directors. Said fund shall be placed at interest, with any interest earned credited to the fund. The amount established by the AAR Board of Directors shall be credited to the fund each year until the fund attains a total of ten million dollars (\$10,000,000). If the fund is depleted to less than five million dollars (\$5,000,000), the AAR Board of Directors shall reinstate a per member contribution amount to the fund at the inception of the next fiscal year.

ARIZONA HOMEOWNERSHIP ALLIANCE

May 2017 BALANCE: \$100,009
2018 RESERVE FUNDING ALLOCATION: \$0

Bylaws, Article IV, Section 5: Arizona Homeownership Alliance. AAR may maintain a fund (Arizona Homeownership Alliance) to support or oppose candidates running for elective office or as otherwise expressed in this section. Funds designated for this fund are to be used as allowed by state law in corporate independent expenditures, polling and grassroots activities. Monies placed in this fund may come from a variety of sources including but not limited to AAR's annual operating surplus, the National Association of REALTORS®, Arizona local associations of REALTORS®, AAR annual budget or by contribution. The Arizona Homeownership Alliance fund balance shall be placed in an interest bearing account, with any interest earned thereon accruing to the Fund.

The members of the Arizona Homeownership Alliance shall be the current AAR President or their designee, Legislative and Political Affairs Chair, REALTORS® of Arizona Political Action Committee Chair, the AAR CEO, and the Vice President of Government Affairs. Voting members of the Arizona Homeownership Alliance shall be the current AAR President or their designee, Legislative and Political Affairs Committee Chair and the REALTORS® of Arizona Political Action Committee Chair. The voting members of the Arizona Homeownership Alliance are authorized to make expenditures from this fund. Independent Expenditures to support candidates shall only be those candidates endorsed or supported by the REALTORS® of Arizona Political Action Committee. The Arizona Homeownership Alliance may expend funds opposing for elective office a candidate that is not endorsed or supported by the REALTORS® of Arizona Political Action Committee. Prior to making any expenditure for or against a candidate running for elected office, the Arizona Homeownership Alliance shall file the appropriate registration or committee paperwork with any local or state elections officer as well as complete any filings with the Internal Revenue Service.