



## ***2017 AAR AUDIT DASHBOARD***

The Executive Committee has reviewed the 2017 audit conducted by the accounting firm of Walker & Armstrong.

### **Financial Highlights:**

The total assets for all funds (General Operating, Fixed Assets, Operating Reserve, Capital Reserve, Strategic Initiative Reserve and Issues Mobilization) are \$27,585,240 with total net assets of \$24,610,205. This represents an increase of \$1,756,487 in total net assets from 2016 audited figures due mainly to increases in membership dues revenue and investment income.

2017 activity closed with \$1,756,487 in income in excess of expenses. Depreciation for year 2017 was \$300,912. As a reminder, our Bylaws require that we recognize an amount annually in the Operating Budget for depreciation payable to the Capital Reserve. The Board of Directors set depreciation funding in the Capital Reserve at \$305,866 for 2017.

### **Net Assets and Accumulated Operating Surplus:**

At the end of 2017 there is an accumulated operating surplus of \$1,998,225. The surplus is comprised of (a) current assets *[after excluding cash equivalents and investments that are committed as designated or restricted funds]* (b) less current liabilities.

The Capital Reserve balance as of December 31, 2016 is \$3,739,365.

The Special Operating Reserve balance as of December 31, 2016 is \$7,463,458.

The Strategic Initiative Reserve balance as of December 31, 2016 is \$2,099,142.

The Arizona Homeownership Alliance as of December 31, 2016 is \$100,051.

Issues Mobilization Fund's balance, as of December 31, 2016 is \$6,670,391 of which \$324,717 is reserved for local association local issues requests.

### **Auditor Recommendations:**

The audit firm of Walker and Armstrong had no recommendations with respect to the Association's financial process.

There are no irregularities reported. Copies of the 2017 AAR Audit are available at the check-in desk.



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## **Communication with Those Charged with Governance**

February 27, 2018

To the Board of Directors  
Arizona Association of Realtors®, Inc.  
Phoenix, Arizona

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We have audited the financial statements of Arizona Association of Realtors®, Inc. (the Association) for the year ended December 31, 2017, and have issued our report thereon dated February 27, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 23, 2018. Professional standards also require that we communicate to you the following information related to our audit.

### **Qualitative Aspects of Accounting Practices**

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Arizona Association of Realtors®, Inc. are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2017. We noted no transactions entered into by the Association during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no sensitive accounting estimates affecting the financial statements of the Association.

The financial statement disclosures are neutral, consistent, and clear.

### **Difficulties Encountered in Performing the Audit**

We encountered no difficulties in dealing with management in performing and completing our audit.

### **Corrected and Uncorrected Misstatements**

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no identified misstatements noted as part of our audit.

## **Disagreements with Management**

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

## **Management Representations**

We have requested certain representations from management that are shown in the attached *Exhibit 1*.

## **Management Consultations with Other Independent Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Association's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

## **Other Audit Findings or Issues**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Association's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

## **Other Matters**

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the board of directors and management of Arizona Association of Realtors®, Inc. and is not intended to be, and should not be, used by anyone other than these specified parties.

*Walker & Armstrong, LLP*

Attachment