



Arizona Association of REALTORS®

Presentation to the Executive Committee

Year Ended December 31, 2019

Walker & Armstrong
CERTIFIED PUBLIC ACCOUNTANTS AND ADVISORS

Summary of Audit Results

- 1) Unmodified “clean” opinion on the financial statements.
- 2) Audit and Accounting Highlights:
 - Increase in member dues and service fees.
 - Return of Issues Mobilization contribution - \$839,972.
- 3) Key Financial Performance Measures:
 - Primary Realtor membership at 53,681 as of 12/31/2019, a 2.49% increase from the prior year.
 - Current ratio – 1.50 to 1.00 (2019) consistent with prior year of 1.50 to 1.00 (2018).
 - Return on assets – 19.9% (2019) versus (13.3)% (2018).
 - Cash flows from operations – Net cash inflow from operations was \$1.7 million in 2019 compared to a net cash inflow from operations of \$511k in 2018.
- 4) Internal control matters – No material weakness or significant deficiencies.
- 5) Required communications to the governing board.

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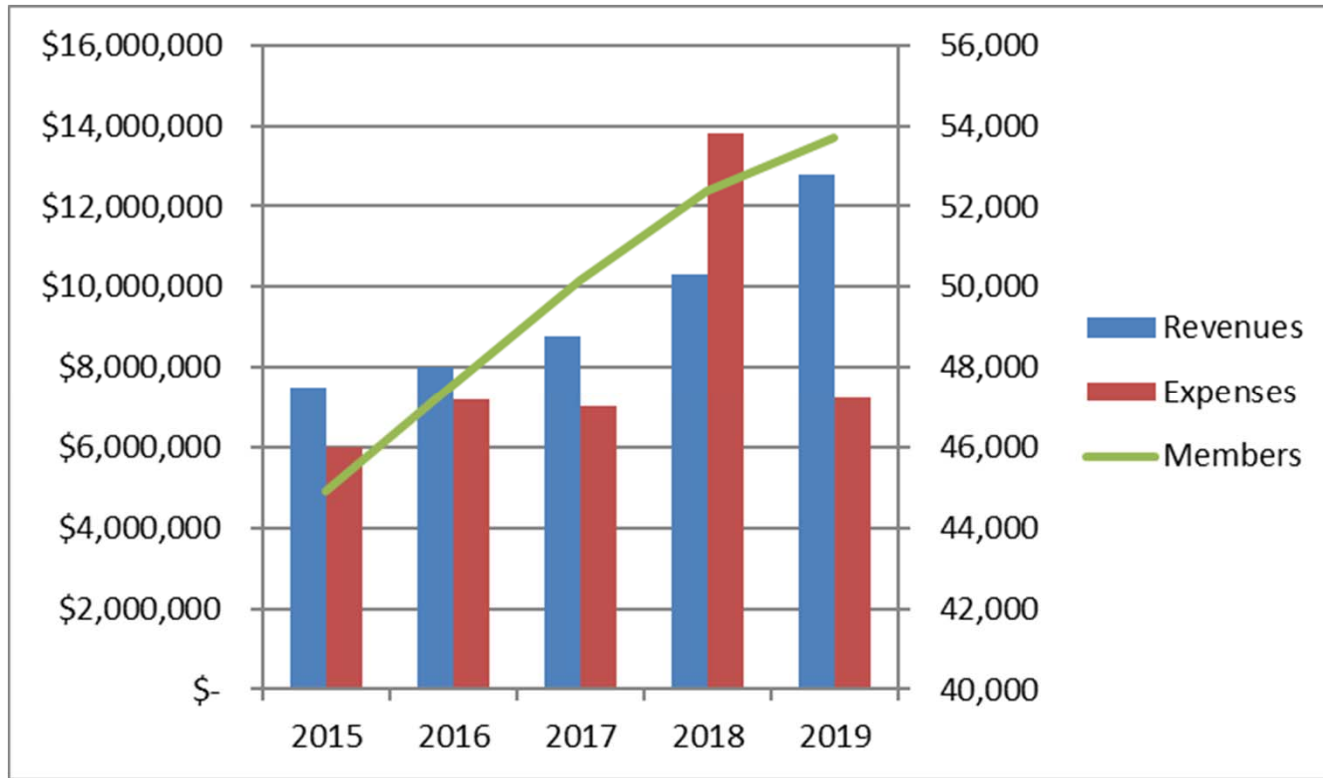
Trend Analysis - Financial Position					
	<u>2019</u>	<u>Change</u>	<u>2018</u>	<u>Change</u>	<u>2017</u>
Current assets	\$ 6,380,718	\$ 1,156,520	\$ 5,224,198	\$ 250,937	\$ 4,973,261
Other assets	22,421,996	5,417,952	17,004,044	(3,068,362)	20,072,406
Property & equipment	<u>2,320,602</u>	<u>(182,974)</u>	<u>2,503,576</u>	<u>(35,997)</u>	<u>2,539,573</u>
Total assets	31,123,316	6,391,498	24,731,818	(2,853,422)	27,585,240
Current liabilities	4,348,942	860,970	3,487,972	512,937	2,975,035
Long-term liabilities	<u>74,077</u>	<u>(31,173)</u>	<u>105,250</u>	<u>105,250</u>	<u>-</u>
Total liabilities	<u>4,423,019</u>	<u>829,797</u>	<u>3,593,222</u>	<u>618,187</u>	<u>2,975,035</u>
Net assets	<u>\$26,700,297</u>	<u>\$ 5,561,701</u>	<u>\$21,138,596</u>	<u>\$(3,471,609)</u>	<u>\$24,610,205</u>

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Trend Analysis - Revenues and Expenses					
	<u>2019</u>	<u>Change</u>	<u>2018</u>	<u>Change</u>	<u>2017</u>
Revenue	\$11,398,144	\$ 1,079,614	\$10,318,530	\$ 2,188,148	\$ 8,130,382
Investment income	1,402,400	1,282,904	119,496	(531,044)	650,540
Expenses	<u>7,238,843</u>	<u>(6,670,792)</u>	<u>13,909,635</u>	<u>6,885,200</u>	<u>7,024,435</u>
Change in net assets	<u>\$ 5,561,701</u>	<u>\$ 9,033,310</u>	<u>\$(3,471,609)</u>	<u>\$(5,228,096)</u>	<u>\$ 1,756,487</u>
Return on average investments	10.39%		0.99%		4.73%

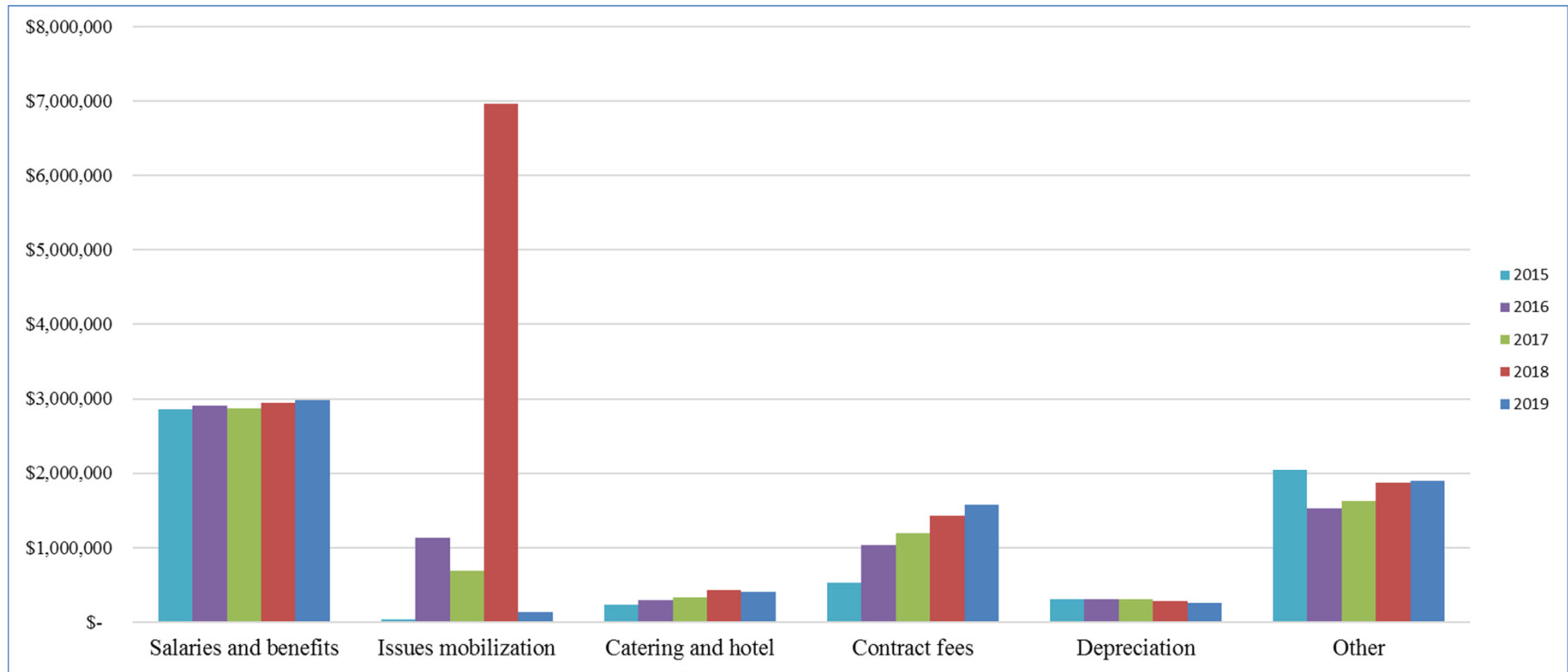
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Revenues and Expenses



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Expenses by Type



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Restricted and Designated Net Assets				
	<u>2019</u>	<u>Change</u>	<u>2018</u>	
Restricted:				
Issues Mobilization	\$ 698,163	\$ (11,522)	\$ 709,685	
Designated:				
Special Operating	8,956,145	820,349	8,135,796	
Capital Purchases	4,788,905	627,252	4,161,653	
Issues Mobilization	5,647,323	3,842,935	1,804,388	
Strategic Initiative	2,230,789	138,551	2,092,238	
Arizona Homeownership Alliance	100,671	387	100,284	

Required Communications to the Governing Board

1. **Accounting policies** - See Note 1 to the financial statements.
2. **Difficulties encountered in performing the audit** - No difficulties in performing and completing the FY 2019 audit.
3. **Corrected and uncorrected misstatements** – No material audit adjustments or passed adjustments.
4. **Management representations** - We have requested certain representations from management that are included in the management representation letter.
5. **Management's consultation with other accountants** - We are not aware that other accountants were consulted regarding matters involving external financial reporting.

**THANK YOU MANAGEMENT AND
THE EXECUTIVE COMMITTEE**
