

FINANCIAL STATEMENTS

EGYPTIAN BOARD OF REALTORS, INC.
STATEMENT OF ASSETS, LIABILITIES, AND
NET ASSETS - MODIFIED CASH BASIS
September 30, 2019

	<u>2019</u>
ASSETS	
Current assets:	
Cash	\$ 2,237
Certificates of deposit	<u>51,250</u>
Total current assets	53,487
Fixed assets:	
Land	50,000
Property and equipment	<u>876,525</u>
	926,525
Less accumulated depreciation	<u>(452,013)</u>
Total fixed assets, net	<u>474,512</u>
Other assets:	
Investment in RMLS Alliance, LLC	<u>15,000</u>
Total other assets	<u>15,000</u>
Total Assets	<u>\$ 542,999</u>
LIABILITIES AND NET ASSETS	
Liabilities:	
Current liabilities:	
Credit card payable	\$ 10,450
National and state dues payable	1,569
Current portion of note payable	<u>138,196</u>
Total current liabilities	150,215
Noncurrent liabilities:	
Note payable, net of current portion shown above	<u>-0-</u>
Total noncurrent liabilities	<u>-0-</u>
Total liabilities	150,215
Net assets:	
Without donor restrictions	<u>392,784</u>
Total Liabilities and Net Assets	<u>\$ 542,999</u>

The accompanying notes are an integral
part of the financial statements.

EGYPTIAN BOARD OF REALTORS, INC.
 STATEMENT OF SUPPORT, REVENUE, EXPENSES,
 AND CHANGES IN NET ASSETS - MODIFIED CASH BASIS
 For the Year Ended September 30, 2019

	<u>2019</u>
Net assets without donor restrictions	
Support revenue	
Realtor dues	\$ 90,446
Affiliate dues	6,213
Application fees	14,650
Transfer, reinstatement fees and fines	2,500
Education fees	11,180
Total support revenue	<u>124,989</u>
Program revenue	
Continuing education	33,480
Total program revenue	<u>33,480</u>
Other revenue	
Grant revenue	5,200
Interest income	1,268
MLS user fees	283,435
MLS other income	11,070
Sentrilock income	74,140
Rent income	12,789
Federal income tax refunds	922
Miscellaneous income	8,455
Total other revenue	<u>397,279</u>
Total revenue	<u>555,748</u>
Expenses	
Personnel expenses	
Wages	189,408
Payroll taxes	16,317
Total personnel expenses	<u>205,725</u>
Program expenses	
Continuing education expenses	19,816
Total program expenses	<u>19,816</u>
Education & award expenses	
Awards and scholarships	750
Total education and award expenses	<u>750</u>
Advertising and promotional expenses	<u>555</u>
Officer and committee expenses	
Officer expense reimbursement	21,081
Meeting expense	9,246
Committee expense	23,309
Total officer and committee expenses	<u>53,636</u>
MLS Fees	
MLS user fees	92,415
Total MLS fees	<u>92,415</u>

(Continued)

EGYPTIAN BOARD OF REALTORS, INC.
STATEMENT OF SUPPORT, REVENUE, EXPENSES,
AND CHANGES IN NET ASSETS - MODIFIED CASH BASIS
For the Year Ended September 30, 2019

	<u>2019</u>
Sentrilock expenses	
Depreciation	378
Sentrilock cards and readers	<u>32,932</u>
Total Sentrilock expenses	<u>33,310</u>
General and administrative expenses	
Office supplies	12,805
Professional development and training	18,156
Postage	330
Depreciation	17,196
Telephone and internet	4,732
Equipment maintenance	1,720
Professional fees	13,210
Insurance	5,445
Interest	7,934
Real estate taxes	7,338
Bank charges	13,352
RAMCO fees	10,176
Utilities	4,219
Building maintenance	8,308
Miscellaneous expenses	<u>3,152</u>
Total general and administrative expenses	<u>128,073</u>
Total expenses	<u>534,280</u>
Increase in net assets without donor restrictions	21,468
Net assets without donor restrictions, beginning of year	<u>371,316</u>
Net assets without donor restrictions, end of year	<u>\$392,784</u>

The accompanying notes are an integral
part of the financial statements.

EGYPTIAN BOARD OF REALTORS, INC.
NOTES TO FINANCIAL STATEMENTS
September 30, 2019

Note 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Board was chartered in 1964 to cultivate, promote, and disseminate knowledge and information concerning the real estate profession. The Board serves real estate professionals located throughout Southern Illinois by providing services to support and foster an environment in which the real estate profession can thrive. The Board's support comes primarily from membership dues and multiple listing service (MLS) fees.

The Board is a nonprofit organization as described in Section 501(c)(6) of the Internal Revenue Code and is exempt from federal and state income taxes. The Board does, however, pay income tax on unrelated business income arising from their multiple listing service fees and lock box fees.

The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Basis of Accounting - The statement of assets, liabilities, and net assets - modified cash basis and the statement of support, revenue, expenses, and changes in net assets - modified cash basis have been prepared on the modified cash basis which is a basis of accounting other than generally accepted accounting principles.

Basis of Presentation - The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets and revenues and expenditures are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of Egyptian Board of Realtors, Inc. and changes therein are reported as follows:

- Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations.
- Net Assets With Donor Restrictions - Net assets subject to donor-imposed stipulations.

None of the net assets of Egyptian Board of Realtors, Inc. have been restricted by donors.

Estimates - Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Investments - Represent certificates of deposits with original maturity dates of more than three months.

Investment in RMLS Alliance, LLC represent the cost plus net income (loss) of the Organization's investment in 25% of this partnership. The partnership is on a calendar year-end. No income or loss was reported by December 31, 2018.

Fixed Assets - It is the Organization's policy to capitalize property and equipment with a cost in excess of \$1,500. Lesser amounts are expensed. Purchased property and equipment are capitalized at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire fixed assets are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Fixed assets are depreciated using the straight-line method over the estimated useful lives of the related assets, which range as follows:

				<u>Years</u>
Furniture and equipment				3-7
Buildings and improvements				39

	<u>Balance</u> <u>10/01/18</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>9/30/19</u>
Land	\$ 50,000	\$ -0-	\$ -0-	\$ 50,000
Property and equipment	876,525	-0-	-0-	876,525
Accumulated depreciation	(434,439)	(17,574)	-0-	(452,013)
Net fixed assets	<u>\$ 492,086</u>	<u>\$ (17,574)</u>	<u>\$ -0-</u>	<u>\$ 474,512</u>

Basis of Revenue Recognition - The basis of revenue recognition for each classification of the Board's revenue accounts is as follows:

- Dues, Assessments, and Fees - Membership dues, application fees, MLS fees, and assessments are all recognized as income when received. The Board acts as a pass-through agent on the state and national dues. They collect these dues and then pass them on to the appropriate source. The portion of dues collected for the state and national organizations is not reflected in the revenues of the Board.
- Education Income - Education income represents a \$20 portion of each dues collected which is used to provide professional education to members. This income is recognized when dues are received.
- Continuing Education - Conference and seminar fees to provide continuing education to members are recognized as income when received.

Expense Recognition - The Board does not allocate expenses directly related to revenue-producing functions to those functions. All expenses are grouped into one General and Administrative classification and are classified as expense when paid. For purposes of this report, expenses have been categorized based on the function monies were spent on.

Adopted Accounting Pronouncements - In August 2016, the FASB issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which simplifies and improves how a nonprofit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance and cash flows. Among other changes, the ASU replaces the three current classes of net assets with two new classes, net assets with donor restrictions and net assets without donor restrictions, and expands disclosures about the nature and amount of any donor restrictions. ASU 2016-14 is effective for annual periods beginning after December 15, 2017, with early adoption permitted. Management has adopted ASU 2016-14 effective for the year-ended September 30, 2019 on a retrospective basis.

Pending Accounting Pronouncements - In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU 2015-14 which defers the effective date of ASU 2014-09 one year. In June 2020, the FASB issued 2020-05 which defers the effective date of ASU 2014-09 by one additional year making it effective for annual reporting periods beginning after December 15, 2019. The Organization has not yet selected a transition method and is currently evaluating the effect that the standard will have on the financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which requires that lessees to recognize right-of-use assets and lease liabilities for all leases not considered short-term leases. In November 2019, FASB issued ASU 2019-10 which defers the effective date of ASU 2016-02 by one year. In June 2020, the FASB issued 2020-05 which defers the effective date of ASU 2016-02 by one additional year making it effective for annual reporting periods beginning after December 15, 2021 with early adoption permitted. Management is currently evaluating the impact of this standard on the financial statements.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU clarifies and improves the scope of the accounting guidance for contributions received and contributions made.

The clarifications and improved scope assists entities in 1) evaluation whether transactions should be accounted for as contributions (nonreciprocal) or as exchange (reciprocal) transactions and 2) determining whether a contribution is conditional. The ASU is effective for transactions in which the entity services as the resource recipient to annual periods beginning after December 15, 2018. Management is currently evaluating the impact of this standard on the financial statements.

Note 2. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include all cash on hand, monies in banks, and highly liquid investments with original maturity dates of less than three months. The carrying value of the balances at September 30, 2019 was \$2,237 and the bank balance was \$1,580. There were no cash deposits that were not insured by the FDIC at September 30, 2019.

Note 3. LEASES

Egyptian Board of Realtors, Inc. leases a Sharp device (copier, printer, etc.) from Great America Financial Services for 60 monthly payments of \$234. The lease term is July 18, 2017 to July 17, 2022. Rent expense under this lease was \$2,810 for the year ended September 30, 2019. The following is a schedule, by year, of the future minimum rental payments under this lease:

Year Ended September 30,	
2020	\$2,810
2021	2,810
2022	<u>2,342</u>
	<u>\$7,962</u>

Note 4. INCOME TAXES

Egyptian Board of Realtors, Inc. is exempt from federal income taxes under Section 501(c)(6) of the Internal Revenue Code. In addition, Egyptian Board of Realtors, Inc. has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509 (a) of the Internal Revenue Code. There was unrelated business income for the fiscal year ended September 30, 2019, related to MLS fees and lock box fees of \$18,353 on which no federal nor state income taxes were due since the Organization was able to utilize the net operating loss carryforward of \$19,605 from the fiscal year ended September 30, 2018. The Organization received a federal refund of \$922 on the tax return for the year ending September 30, 2018. An overpayment of \$960 on the state return was credited to September 30, 2020. The Organization's federal exempt organization business tax returns (Form 990T) for 2017, 2018, and 2019, are subject to examination by the Internal Revenue Service, generally for three years after they were filed.

Note 5. NOTE PAYABLE

A summary of note payable activity for the year ended September 30, 2019, is as follows:

	<u>Issue Amount</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Note dated 8/16/12 and change in terms dated 9/11/19-secured by office building	\$138,801	8/16/2034	5.5%	<u>\$180,635</u>	<u>\$-0-</u>	<u>\$42,439</u>	<u>\$138,196</u>

The note is "due on demand" so it is listed as a current liability. If the loan did not have a "due on demand" clause, the principal and interest payments on the notes in subsequent years would be:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 6,181	\$ 7,446	\$ 13,627
2021	6,529	7,098	13,627
2022	6,898	6,729	13,627
2023	7,287	6,340	13,627
2024	7,698	5,929	13,627
Thereafter	<u>103,603</u>	<u>29,377</u>	<u>132,980</u>
Total principal and interest payments remaining as of September 30, 2019	<u>\$138,196</u>	<u>\$62,919</u>	<u>\$201,115</u>

Note 6. SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 29, 2020, which is the date the financial statements were available to be issued.