



FINANCE COMMITTEE REPORT



NATIONAL
ASSOCIATION OF
REALTORS®

FINANCE COMMITTEE

2022 REALTORS® LEGISLATIVE MEETINGS

CHAIR / TREASURER Nancy Lane (MS)
VICE CHAIR Maren Brisson-Kuester (NC)
COMMITTEE LIAISON N/A
STAFF EXECUTIVE John Pierpoint (IL)

Recommendations:

1. That the 2021 year-end financial statements, as audited by Grant Thornton, LLP, and reviewed by the Finance Committee, be accepted for the combined entity of NAR, its wholly owned subsidiaries, and its affiliated Institutes, Societies and Councils. (Exhibit - Pages 1-60)

This recommendation may have financial impact on board or state associations (*check one*): ☐ Yes ☒ No
If yes, please attach a *Program Impact Analysis Form* as an Exhibit.

This recommendation has been reviewed by (*check all that apply*): ☐ Not Applicable
☐ Leadership Team ☐ Legal ☒ Finance ☐ Other (list committees):

The Executive Committee recommends to the Board of Directors:

☒ Approval ☐ Referral to _____ for further study
☐ Approval with the following amendment: ☐ Defeat

Board of Directors Action:

☐ Approved ☐ Defeated
☐ Approved with Executive Committee amendment ☐ Referred to _____ for further study
☐ Approved with the following Board of Directors amendment:

Budget Recommendations:

2. That a membership figure of 1,470,000 serve as the basis for dues revenue in the 2023 budget proposal. (Exhibit - Pages 61-79)

This recommendation may have financial impact on board or state associations (*check one*): ☐ Yes ☒ No
If yes, please attach a *Program Impact Analysis Form* as an Exhibit.

This recommendation has been reviewed by (*check all that apply*): ☐ Not Applicable
☐ Leadership Team ☐ Legal ☒ Finance ☐ Other (list committees):

The Executive Committee recommends to the Board of Directors:

☒ Approval ☐ Referral to _____ for further study
☐ Approval with the following amendment: ☐ Defeat

Board of Directors Action:

☐ Approved ☐ Defeated
☐ Approved with Executive Committee amendment ☐ Referred to _____ for further study
☐ Approved with the following Board of Directors amendment

3. That the NAR dues remain at \$150 per member for 2023. (Exhibit - Pages 61-79)

This recommendation may have financial impact on board or state associations (*check one*): ☐ Yes ☒ No
If yes, please attach a *Program Impact Analysis Form* as an Exhibit.

This recommendation has been reviewed by (*check all that apply*): ☐ Not Applicable
☐ Leadership Team ☐ Legal ☒ Finance ☐ Other (list committees):

The Executive Committee recommends to the Board of Directors:

☒ Approval ☐ Referral to _____ for further study
☐ Approval with the following amendment: ☐ Defeat

Board of Directors Action:

☐ Approved ☐ Defeated
☐ Approved with Executive Committee amendment ☐ Referred to _____ for further study
☐ Approved with the following Board of Directors amendment

4. That the 2023 budget proposal for NAR's Operating and Advocacy programs, as noticed to the Directors in advance, be approved. (Exhibit – Pages 61-79)

Additional support: Operating programming (gross revenues of \$168,029,471 and gross expenses of \$165,867,060) adds a positive contribution to NAR's Operating Reserves of \$2,162,412. NAR's Advocacy programming (gross revenues of \$101,309,540 and non-election year gross expenses of \$101,159,434) increases Advocacy's Reserves by \$150,106.

This recommendation may have financial impact on board or state associations (*check one*): ☐ Yes ☒ No
If yes, please attach a *Program Impact Analysis Form* as an Exhibit.

This recommendation has been reviewed by (*check all that apply*): ☐ Not Applicable
☐ Leadership Team ☐ Legal ☒ Finance ☐ Other (list committees):

The Executive Committee recommends to the Board of Directors:

☒ Approval ☐ Referral to _____ for further study
☐ Approval with the following amendment: ☐ Defeat

Board of Directors Action:

☐ Approved ☐ Defeated
☐ Approved with Executive Committee amendment ☐ Referred to _____ for further study
☐ Approved with the following Board of Directors amendment

5. That the 2023 capital expenditures proposed for interiors and technology of \$9,949,883 and the 2023 capital expenditures proposed for NAR's owned buildings of \$10,027,480 be approved. (Exhibit – Pages 61-79)

Additional support: Funding for interiors and technology expenses is provided by 2023 non-cash depreciation expense of \$7,739,021 and by use of Operating Reserves of \$2,210,862. Funding for buildings expenses is funded entirely from Building Reserves.

This recommendation may have financial impact on board or state associations (*check one*): ☐ Yes ☒ No
If yes, please attach a *Program Impact Analysis Form* as an Exhibit.

This recommendation has been reviewed by (*check all that apply*): ☐ Not Applicable
☐ Leadership Team ☐ Legal ☒ Finance ☐ Other (list committees):

The Executive Committee recommends to the Board of Directors:

☒ Approval ☐ Referral to _____ for further study
☐ Approval with the following amendment: ☐ Defeat

Board of Directors Action:

- ☐ Approved ☐ Defeated
☐ Approved with Executive Committee amendment ☐ Referred to _____ for further study
☐ Approved with the following Board of Directors amendment

6. That the 2022 Operating, Advocacy, Capital and Ad Campaign budgets, as reflected in the budget proposal noticed to the Directors in advance of this meeting, be adjusted as proposed. (Exhibit - Pages 80-132)

This recommendation may have financial impact on board or state associations (*check one*): ☐ Yes ☒ No
If yes, please attach a *Program Impact Analysis Form* as an Exhibit.

This recommendation has been reviewed by (*check all that apply*): ☐ Not Applicable
☐ Leadership Team ☐ Legal ☒ Finance ☐ Other (list committees):

The Executive Committee recommends to the Board of Directors:

- ☒ Approval ☐ Referral to _____ for further study
☐ Approval with the following amendment: ☐ Defeat

Board of Directors Action:

- ☐ Approved ☐ Defeated
☐ Approved with Executive Committee amendment ☐ Referred to _____ for further study
☐ Approved with the following Board of Directors amendment:

The following is reported for your information only and does not affect Association policy or budget.

1. The March 31, 2022 financial statements of the NATIONAL ASSOCIATION OF REALTORS were received. (Exhibit – Pages 133-138)
2. The Finance Committee supports the action item from the Consumer Communications Committee that the \$45 per member assessment to fund the Consumer Advertising Campaign be approved for a five-year period 2023-2027, along with the Consumer Advertising Campaign budget for 2023, consisting of \$66,150,000 in special assessment revenue and \$60,379,169 of net campaign expenses, resulting in an addition of \$5,770,831 to Consumer Advertising Campaign reserves. (Exhibit – Page 70)
3. NAR Treasurer, Nancy Lane, certified to the Finance Committee that, to the best of her knowledge, NAR's Leadership Team is in compliance with the approved Officer's Administrative Policy.

**Combined Financial Statements and
Report of Independent Certified Public
Accountants**

**National Association of REALTORS®,
Affiliated Institutes, Societies and Councils**

December 31, 2021 and 2020

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
National Association of REALTORS®

Opinion

We have audited the combined financial statements of National Association of REALTORS®, Affiliated Institutes, Societies and Councils (the "Association"), which comprise the combined statements of financial position as of December 31, 2021 and 2020, and the related combined statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the financial position of the Association as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for opinion

We conducted our audits of the combined financial statements in accordance with auditing standards generally accepted in the United States of America (US GAAS). 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 the Association and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for one year after the date the financial statements are issued.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the combined 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 US GAAS 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 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 combined financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined 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 the Association'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 combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association'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.

Supplementary information

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The combining information is presented for purposes of additional analysis, rather than to present the financial position, results of operations, and cash flows of the individual entities, and is not a required part of the combined financial statements. Such supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audits of the combined financial statements and certain additional procedures. These additional procedures included comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with US GAAS. In our opinion, the consolidating information is fairly stated, in all material respects, in relation to the combined financial statements as a whole.

Grant Thornton LLP

Chicago, Illinois
April 29, 2022

**National Association of REALTORS®,
Affiliated Institutes, Societies and Councils**

COMBINED STATEMENTS OF FINANCIAL POSITION

December 31,

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and cash equivalents	\$ 202,167,799	\$ 292,084,667
Accounts receivable, net	17,348,643	16,022,915
Inventories	6,267,342	2,819,450
Prepaid expenses	12,798,529	8,456,763
Investment securities	936,870,743	738,325,563
	<u>1,175,453,056</u>	<u>1,057,709,358</u>
Property and equipment		
Land	19,212,875	19,212,875
Buildings and improvements	150,566,828	146,548,060
Furniture, equipment and technology	116,614,540	110,364,431
Capital work-in-progress	8,440,255	3,264,280
	<u>294,834,498</u>	<u>279,389,646</u>
Less accumulated depreciation	(168,860,449)	(160,450,410)
Net property and equipment	<u>125,974,049</u>	<u>118,939,236</u>
Other assets	<u>21,453,819</u>	<u>25,212,599</u>
Total assets	<u><u>\$ 1,322,880,924</u></u>	<u><u>\$ 1,201,861,193</u></u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 40,169,682	\$ 35,101,088
Accrued expenses	52,117,907	71,570,860
Deferred revenue	166,646,288	147,237,444
Deferred tax liability	50,029,979	62,815,829
Notes payable	44,403,709	45,283,482
Deferred compensation	2,766,778	2,816,373
Investment liabilities	119,446,758	121,965,887
Total liabilities	<u>475,581,101</u>	<u>486,790,963</u>
Commitments and contingencies		
Net assets		
Noncontrolling interest, without donor restrictions	(356,055)	(296,585)
Controlling interest		
Without donor restrictions	832,181,011	707,718,593
With donor restrictions	15,474,867	7,648,222
Total controlling interest	<u>847,655,878</u>	<u>715,366,815</u>
Total net assets	<u>847,299,823</u>	<u>715,070,230</u>
Total liabilities and net assets	<u><u>\$ 1,322,880,924</u></u>	<u><u>\$ 1,201,861,193</u></u>

The accompanying notes are an integral part of these combined financial statements.

**National Association of REALTORS®,
Affiliated Institutes, Societies and Councils**

COMBINED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

Years ended December 31,

	<u>2021</u>	<u>2020</u>
Changes in net assets without donor restrictions		
Revenue		
Membership dues	\$ 265,071,230	\$ 248,754,282
Special assessments - Consumer Advertising Campaign	56,873,395	52,610,575
Investment return, net	53,294,010	177,566,357
Publications, products and service materials	39,651,415	35,009,622
Education courses and meetings	17,265,611	16,911,179
Political affairs	12,812,171	11,100,441
Other	12,694,749	9,340,740
Advertising and subscriptions	11,356,381	11,277,749
Conventions	11,249,352	4,120,124
Rent	6,406,306	7,196,043
License fees	2,205,116	2,174,433
Net gain (loss) on disposal of property and equipment	846,428	(134,891)
Contributions	-	114,840
Net assets released from restriction - satisfaction of donor restrictions	636,134	1,476,338
Total revenue without donor restrictions	<u>490,362,298</u>	<u>577,517,832</u>
Expenses		
Salaries and fringe benefits	123,453,134	119,333,802
Professional services	48,513,664	46,337,798
Advertising and promotion	41,179,405	45,270,923
Technology services	22,841,636	21,561,925
Facilities and meetings	17,227,978	6,723,520
Other	15,526,374	13,150,155
Depreciation and amortization	15,050,549	13,488,500
Grants	11,238,438	18,945,582
Printing, products and production	10,582,153	9,143,963
Office	9,550,872	9,294,247
Public policy	8,019,550	42,104,784
REALTOR® member subscriptions	7,500,000	8,468,629
Travel	7,137,582	4,347,408
Maintenance and repairs	6,930,569	6,269,258
Legal	6,444,300	4,523,776
Charitable contributions	6,016,157	34,785
Rent	5,818,397	2,181,209
Insurance	4,924,425	4,140,662
Interest	1,178,753	738,825
Bad debt	77,968	32,517
Total expenses	<u>369,211,904</u>	<u>376,092,268</u>
Change in net assets without donor restrictions before income taxes, foreign currency translation gain (loss), and change in postretirement obligation	121,150,394	201,425,564

The accompanying notes are an integral part of these combined financial statements.

**National Association of REALTORS®,
Affiliated Institutes, Societies and Councils**

COMBINED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS - CONTINUED

Years ended December 31,

	<u>2021</u>	<u>2020</u>
Income tax benefit (expense)	\$ 1,947,021	\$ (47,134,389)
Foreign currency translation gain (loss), net of tax	55,471	(280,208)
Unrealized loss on swap agreement	(2,365,938)	-
Change in postretirement obligation other than net periodic costs	<u>3,616,000</u>	<u>(5,194,000)</u>
Change in net assets without donor restrictions	124,402,948	148,816,967
Changes in net assets with donor restrictions		
REALTOR® Relief Foundation contributions	8,003,056	1,513,557
REALTOR® University Scholarship Fund contributions	-	100
REALTOR® University research contribution refund	-	(10,000)
CCIM Foundation donor restricted contributions	168,300	87,550
Net realized gain on restricted investments	291,423	141,000
Net assets released from restrictions	<u>(636,134)</u>	<u>(1,476,338)</u>
Change in net assets with donor restrictions	<u>7,826,645</u>	<u>255,869</u>
Change in net assets	132,229,593	149,072,836
Net assets, at beginning of year	715,070,230	565,997,394
Net assets, at end of year	<u><u>\$ 847,299,823</u></u>	<u><u>\$ 715,070,230</u></u>
Change in net assets, controlling interest	\$ 132,289,063	\$ 149,108,090
Noncontrolling interest in net income	<u>(59,470)</u>	<u>(35,254)</u>
	<u><u>\$ 132,229,593</u></u>	<u><u>\$ 149,072,836</u></u>

The accompanying notes are an integral part of these combined financial statements.

**National Association of REALTORS®,
Affiliated Institutes, Societies and Councils**

COMBINED STATEMENTS OF CASH FLOWS

Years ended December 31,

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Change in net assets	\$ 132,229,593	\$ 149,072,836
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Realized and unrealized gain on investments	(39,515,416)	(168,252,283)
Depreciation and amortization	15,050,549	13,488,500
(Gain) loss on disposal of property and equipment	(846,428)	134,891
Deferred taxes	(12,785,850)	21,259,829
Change in postretirement obligation	(3,616,000)	5,194,000
Changes in assets and liabilities:		
Accounts receivable	(1,812,682)	(3,043,802)
Inventories	(3,447,892)	1,639,625
Prepaid expenses	(4,579,762)	2,105,638
Other assets	2,210,397	2,777,956
Accounts payable	2,743,221	(8,759,574)
Accrued expenses	(15,836,953)	18,690,940
Deferred revenue	19,408,844	16,438,703
Deferred compensation	(49,595)	(55,690)
Net cash provided by operating activities	<u>89,152,026</u>	<u>50,691,569</u>
Cash flows from investing activities		
Property, equipment and other asset purchases	(17,988,243)	(29,772,015)
Cash received from the sale of property and equipment	861,061	24,119
Purchases of investment securities	(673,045,121)	(454,906,953)
Sales and maturities of investment securities	<u>437,130,229</u>	<u>462,855,826</u>
Net cash used in investing activities	(253,042,074)	(21,799,023)
Cash flows from financing activities		
Borrowings on notes payable	1,950,025	16,614,811
Payment of principal on notes payable	(2,829,798)	(2,409,232)
Proceeds from variable forward sales	<u>74,852,953</u>	<u>33,389,744</u>
Net cash provided by financing activities	<u>73,973,180</u>	<u>47,595,323</u>
Change in cash and cash equivalents	(89,916,868)	76,487,869
Cash and cash equivalents, at beginning of year	<u>292,084,667</u>	<u>215,596,798</u>
Cash and cash equivalents, at end of year	<u>\$ 202,167,799</u>	<u>\$ 292,084,667</u>
Supplemental disclosure of cash flow information		
Cash paid for income taxes	\$ 38,285,494	\$ 15,216,236
Cash paid for interest	\$ 1,178,420	\$ 737,721
Noncash - Property and equipment purchase accruals	\$ 906,750	\$ 3,239,022

The accompanying notes are an integral part of these combined financial statements.

**National Association of REALTORS®,
Affiliated Institutes, Societies and Councils**

NOTES TO COMBINED FINANCIAL STATEMENTS

December 31, 2021 and 2020

NOTE 1 - ORGANIZATION AND ACCOUNTING POLICIES

Organization and Nature of Business

The National Association of REALTORS® ("NAR") and its affiliated Institutes, Societies and Councils (collectively, the "Association"), located in Chicago, Illinois and Washington, D.C., provide educational and member oriented products and services, identify and analyze emerging public policy issues, and take action with respect to legal issues for the benefit of its members throughout the United States and its territories. Expenses included in the combined statements of activities and changes in net assets are primarily related to providing these services. Membership dues represent the primary source of recurring revenue for the Association.

National Association of REALTORS® Business Activities Corporation ("NARBAC") is a Delaware corporation incorporated on September 6, 2005, and is a wholly owned subsidiary of NAR. NARBAC is the parent company for a number of NAR's consolidated for-profit subsidiaries.

REALTORS® Property Resource, LLC ("RPR") is an Illinois limited liability company incorporated on October 13, 2009, of which NARBAC is the sole member. RPR provides NAR members ("REALTORS®") access to its database containing comprehensive real estate market data on more than 170 million parcels of property in the United States, custom analytics, and branded reports that help their clients make informed decisions. These tools are available exclusively to REALTORS® and benefit residential and commercial agents and brokers, appraisers, REALTOR® associations, and Multiple Listing Services. REALTORS® are provided single source access to these tools free of charge as part of their NAR membership benefits. RPR also markets real estate analytical products through a third-party partner. The Company's nine-member Board of Directors is elected by the NAR Leadership Team and includes the NAR CEO.

Second Century Ventures, LLC ("SCV") is an Illinois limited liability company incorporated on December 21, 2007, of which NARBAC is the sole member. SCV's purpose is to pursue the evaluation, investment and monitoring of technological opportunities and to offer and provide financing and funding for the development of technology applications focused on the real estate industry that will benefit the REALTOR® constituency and promote innovation in the industry. SCV's nine-member Board of Directors is elected by the NAR Leadership Team and includes the NAR CEO and two members of the NAR Board of Directors. REACH Ventures, LLC ("REACH") is a Delaware limited liability company incorporated on January 2, 2013, of which SCV is the sole member. As a technology accelerator program, REACH's mission is to mentor and provide guidance to selected technology companies and help them connect with the real estate industry. By leveraging its affiliation with NAR and SCV, REACH helps program participants increase revenue by refining products to best fit the industry, provides network channels with some of the top subject matter experts in the industry, and provides exposure to NAR's approximately 1.5 million members involved in all aspects of residential and commercial real estate. SCV manages the daily operations of REACH.

REACH® ASEA Pty Ltd ("REACH ASEA") was formed on June 4, 2019, and is a wholly owned subsidiary of REACH. REACH ASEA is located in Melbourne, Australia. REACH ASEA's mission follows that of its parent company, REACH, and is to mentor and provide guidance to selected technology companies in the Australia and Southeast Asia region and help them connect with the real estate industry.

REACH Canada Accelerator Ltd ("REACH Canada") was formed on January 29, 2020 and is a wholly owned subsidiary of REACH. REACH Canada is located in British Columbia, Canada. REACH Canada's mission follows that of its parent company, REACH, and is to mentor and provide guidance to selected technology companies in Canada and help them connect with the real estate industry.

**National Association of REALTORS®,
Affiliated Institutes, Societies and Councils**

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020

REACH Canada 2020 Ventures Ltd ("Canada Ventures") was formed on January 29, 2020 and is a wholly owned subsidiary of REACH Ventures. Canada Ventures is located in British Columbia, Canada and was created to serve as the general partner of a Canadian limited partnership fund. See Note 15.

REACH Accelerator UK Ltd ("REACH UK") was formed on February 6, 2020 and is a wholly owned subsidiary of REACH. REACH UK is located in London, United Kingdom. REACH UK's mission follows that of its parent company, REACH, and is to mentor and provide guidance to selected technology companies in the UK and greater Europe and help them connect with the real estate industry.

SentriLock, LLC ("SentriLock"), an Ohio limited liability company, was formed on July 9, 2003, of which NARBAC is the sole member. SentriLock is primarily engaged in the sale and lease of electronic lockboxes and components to REALTOR® associations throughout the United States and its territories. SentriLock also provides software support services to customers who have purchased lockboxes. The lockboxes, designed to be attached to the exterior of properties listed for sale and used to secure the keys to such properties, are manufactured by an unrelated third party under a fulfillment agreement with SentriLock. The technology under which the lockboxes and associated components are manufactured is licensed to SentriLock by SentriLock, Inc.

SentriLock International, LLC ("SentriLock International"), a Delaware limited liability company, was formed on October 26, 2016, as a wholly owned subsidiary of SentriLock for the purpose of the ownership and operations management of Keynetics UK, Ltd. SentriLock International is owned by SentriLock who has 40% ownership, SCV who has 40% ownership, and SentriLock's CEO and President, who has the remaining 20% ownership included as noncontrolling interest on the combined statements of financial position and combined statements of activities and changes in net assets.

Keynetics UK Ltd. ("Keynetics") was formed on November 10, 2016, and is a wholly owned subsidiary of SentriLock International. Keynetics is located in London, England and is primarily engaged in the sale of electronic lockboxes and lockbox software support services to customers in the United Kingdom.

REALTORS® Information Network, Inc. ("RIN") was incorporated in Illinois on June 14, 1994, and is a wholly owned subsidiary of NAR. RIN provides REALTORS® and their customers with useful real estate information through the application of emerging technologies.

The Center for REALTOR® Development ("CRD"), formerly known as The Center for Specialized REALTOR® Education ("CSRE"), is an Illinois nonprofit corporation incorporated November 4, 1997, of which NAR is the sole corporate member. CRD, organized as a professional association, promotes the common interests of real estate practitioners who engage in business specialties such as buyers' representatives, representatives of senior clients and representatives of clients concerned about energy and environmental features of real estate, by creating, presenting, and licensing educational programs, encouraging high standards through the creation and awarding of designations and degrees in real estate, and working through NAR for the enactment of laws which may advance the common interests of members.

**National Association of REALTORS®,
Affiliated Institutes, Societies and Councils**

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020

REALTOR® University (the "University"), an Illinois nonprofit corporation, was incorporated on April 21, 2011. CRD controlled the University through its ability to appoint members to the University's Board of Regents. The University was an on-line degree granting educational institution that offered and awarded graduate degrees concentrating on real estate and real estate business, offered continuing education and professional development in real estate, provided scholarship assistance programs for students attending the University, developed and operated the Richard J. Rosenthal Center for Real Estate Studies to conduct and disseminate real estate research and data and policy analysis, and engaged in other activities related to or in furtherance of such purposes. The Illinois Board of Higher Education ("IBHE") granted the University operational authority on December 6, 2011 and degree granting authority on February 7, 2012. The University received accreditation from the Distance Education Accrediting Commission ("DEAC") in March 2016, which was renewed for an additional five years in March 2019.

In October 2019, the University's Board of Regents adopted a resolution calling for the orderly cessation of the University's academic operations by the end of calendar year 2020 and the development of a teach-out plan providing existing students the opportunity to complete the Master of Real Estate program. This cessation was in conjunction with a partnership entered into by and between NAR, CRD, and Columbia College of Columbia, Missouri, a regionally accredited, private, nonprofit institution of higher education. This partnership provides for expanded access to academic programs to NAR members and admits University alumni into the Columbia Alumni Association, with full privileges and benefits. The final cessation and teach-out plan were filed with the IBHE and DEAC, and both organizations communicated their acceptance of the plan. The DEAC permitted the University to retain its accreditation status through December 31, 2020. On June 17, 2020, the University's Board of Regents adopted a resolution calling for the dissolution of the University. Upon the completion of the required teach-out plan and graduation of all active Master in Real Estate program students in November 2020, the University officially discontinued its operations and voluntarily relinquished its operating and degree granting authority.

In December 2020, the University, NAR, and Columbia College agreed to establish a non-endowment fund known as the NAR Academy at Columbia College Fund (the "Fund"). Under the terms of the agreement, NAR and the University have committed or irrevocably given funds (the "Gift") to Columbia College and also agreed to share its Master of Real Estate degree curriculum with Columbia College. The Gift will be used to award scholarships to qualified Columbia College students who are NAR members. Columbia College will collect the donations and administer them in accordance with donor restrictions. The Gift in the amount of \$132,814 is included in accounts payable on the statements of financial position at December 31, 2020, and was disbursed in 2021. During the year ended December 31, 2021, the University paid all of its liabilities, liquidated its investments, and filed for dissolution.

The REALTORS® Relief Foundation (the "Foundation"), an Illinois nonprofit corporation, was incorporated on October 15, 2001. NAR controls the Foundation through its ability to appoint members to the Foundation's Board of Directors. The Foundation was initially established within days of the terrorist attacks committed in the United States on September 11, 2001. The Foundation's goal was to provide financial assistance with mortgage and rental costs to the families impacted by the attacks. The Foundation collected funds and distributed grants as part of this campaign to assist the families. State REALTOR® associations assisted the Foundation in performing its activities. Since this initial relief effort, the Foundation has continued to provide financial grants in response to calls for relief assistance from state and local REALTOR® associations and from the Institutes, Societies and Councils of NAR (the "ISCs") that are spearheading relief efforts through their separate charitable organizations. Grants are awarded to provide financial assistance with mortgage or rental costs to victims impacted by federal, state, or local disasters declared in communities throughout the United States of America and its territories.

American Property Owners Alliance ("APOA"), a District of Columbia nonprofit corporation, was incorporated on December 16, 2019. APOA operates as a nonpartisan organization under Internal Revenue Code 501(c)(4) organization created to advance and promote issues of concern to property owners

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throughout the United States of America. APOA will also engage in grassroots mobilization and general media communications to raise awareness of issues affecting American property owners. APOA commenced operations during 2020.

APOA's mission is to educate property owners about federal issues, laws and policies; to advocate for owners' rights and interests; and to mobilize, when necessary, to secure those rights and interests. APOA is committed to timely outreach and strategic action that will cultivate and sustain property ownership in communities throughout the country.

NAR's affiliated ISCs, REALTORS® Land Institute ("RLI"); Women's Council of REALTORS® ("WCR"); Residential Real Estate Council ("RRC"); Real Estate Business Institute ("REBI"); CCIM Institute ("CCIM"); Institute of Real Estate Management ("IREM"); Society of Industrial and Office REALTORS® ("SIOR"); and the Counselors of Real Estate ("CRE") serve and support the international REALTOR® community with the educational, informational and networking resources necessary to build the professional competence on which the public has come to rely upon for all aspects of the real estate market.

Principles of Combination

The combined financial statements are prepared in accordance with the constitutional financial oversight responsibilities of NAR and, accordingly, include the accounts of its affiliated ISCs. All significant intercompany balances and transactions have been eliminated from the combined financial statements.

NAR's financial results are consolidated and include the accounts of the NAR and its wholly owned subsidiaries NARBAC and RIN; its controlling interest (as sole corporate member) in CRD and APOA; and its controlling and economic interest in the Foundation. NARBAC's financial results are consolidated and include the accounts of NARBAC and its controlling interest (as sole corporate member) in RPR, SCV, and SentiLock; SCV's financial results are consolidated and include the accounts of SCV and its controlling interest (as sole corporate member) in REACH; REACH financial results are consolidated and include the accounts of REACH and its controlling interests (as sole corporate member) in REACH ASEA, REACH Canada, Canada Ventures, and REACH UK. SentiLock's financial results are consolidated and include the accounts of SentiLock, SentiLock International (as a variable interest entity), and its wholly owned subsidiary Keynetics; and CRD's financial results are consolidated and include the accounts of CRD and its controlling interest in the University. All significant intercompany balances and transactions have been eliminated from such consolidated financial results.

SentiLock International is consolidated with SentiLock because it is a variable interest entity based on its insufficient equity to finance its activities without additional subordinated financial support. SentiLock is the primary beneficiary of SentiLock International because it controls the activities that are most significant to SentiLock International's economic performance and has economics through its 40% interest in SentiLock International.

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The composition of net assets at December 31, 2021 and 2020 are comprised of the following:

	<u>2021</u>	<u>2020</u>
National Association of REALTORS®	\$ 332,975,807	\$ 247,487,815
Other not-for-profit activities	35,005,373	27,877,162
For-profit subsidiary equity	<u>394,465,585</u>	<u>368,286,044</u>
	762,446,765	643,651,021
Institutes, Societies, and Councils		
CCIM Institute	22,677,064	20,338,960
Residential Real Estate Council	20,538,044	17,807,950
REALTORS® Political Action Committee	16,358,632	11,111,103
Society of Industrial and Office REALTORS®	12,003,100	10,906,038
Institute of Real Estate Management	6,363,892	5,355,322
Counselors of Real Estate	2,298,845	2,052,576
REALTORS® Land Institute	1,911,684	1,308,247
Women's Council of REALTORS®	1,739,746	1,690,517
Real Estate Business Institute	<u>962,051</u>	<u>848,496</u>
	<u>84,853,058</u>	<u>71,419,209</u>
Total net assets	<u>\$ 847,299,823</u>	<u>\$ 715,070,230</u>

Basis of Accounting

The accompanying financial statements of the Association have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP").

Cash and Cash Equivalents

Cash represents cash deposits held at financial institutions. Cash equivalents consist of short-term highly liquid investments that are readily convertible to known amounts of cash and have original maturities of three months or less.

The Association invests its excess cash in liquid money market funds, commercial paper, and short-term certificates of deposit with high credit quality financial institutions. The Association regularly monitors the market ratings and stability of such funds and institutions, and management does not believe there is significant risk associated with these holdings.

The Association periodically maintains cash and cash equivalents in accounts with a financial institution in excess of the amount insured by the Federal Deposit Insurance Corporation. The Association monitors the financial stability of this institution regularly and management does not believe there is significant credit risk associated with deposits in excess of federally insured amounts.

NAR manages the bank account associated with the REALTOR® Ecommerce Network where amounts are collected on behalf of other REALTOR® organizations through the electronic payment process system and then disbursed to the respective parties upon settlement. At December 31, 2021 and 2020, such amounts

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due to others were approximately \$19.4 million and \$18.5 million, respectively, and are classified as cash and cash equivalents and accounts payable on the combined statements of financial position.

Foreign Currency Translation

The NAR consolidated financial statements include the accounts of Keynetics which operates in the United Kingdom, REACH ASEA which operates in Australia, REACH Canada and Canada Ventures which operate in Canada, and REACH UK which operates in the United Kingdom. Assets, liabilities, and transactions denominated in foreign currency have been translated into U.S. dollar amounts at the then current exchange rates as of the year-end reporting date for all assets and liabilities and the average of foreign currency exchange rates during the year for expenditures.

Other assets denominated in foreign currency are translated into U.S. dollar amounts at the date of valuation. Transactions denominated in foreign currencies, including purchases and sales of investments, and income and expenses, are translated into U.S. dollar amounts at the date of those transactions. Adjustments arising from foreign currency transactions are reflected in the combined statements of activities and changes in net assets.

The Association does not isolate that portion of the results of operations arising from the effect of changes in foreign currency rates on investments from fluctuations arising from changes in market prices on investment transactions. Those fluctuations will be included in net realized gain or loss on investments in the combined statements of activities and changes in net assets.

Accounts Receivable

Accounts receivable primarily consists of advertising revenue, member course registration fees, and amounts due from SentriLock customers under trade terms. Credit terms for customers are generally net 30 days. The Association carries its accounts receivable at cost less a possible allowance for doubtful accounts. Interest is not charged on past due receivables.

An allowance for doubtful accounts is maintained at a level management believes is sufficient to cover potential losses based on historical trends and known current factors impacting the Association's members, customers, students, and strategic partners. At December 31, 2021 and 2020, management established an allowance of approximately \$1,501,000 and \$1,487,000, respectively, to cover potential losses on reimbursable advances due from a strategic partner, amounts due from NAR's advertising customers, and marketing fees past due from REACH program participants.

Inventories

Inventories consist of electronic lockboxes and related components, which are held for sale to customers. Inventories are stated at the lower of cost or fair value, cost being determined by the average-cost method.

Prepaid Expenses

Prepaid expenses consist of prepaid insurance premiums, equipment maintenance contracts, consulting, and technology related fees for services to be provided in the subsequent year.

Investment Securities

The Association's non-marketable investments in excess of 50% ownership are considered a business combination and subject to the principles of consolidation. Investments in entities representing ownership of at least 20%, but not more than 50% are accounted for under the equity method. Marketable investments and derivative instruments are recorded at fair value.

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Non-marketable equity investments in which the Association holds less than 20% ownership and which it does not have the ability to exercise significant influence over the investee are recorded at fair value. Fair value is determined as cost minus impairment, if any, plus or minus changes resulting from observable price changes in orderly transactions for the identical or a similar investment.

Convertible debt and venture debt investments are stated at cost plus accrued interest, which approximates fair value.

Investments classified as held to maturity are stated at amortized cost.

Realized and unrealized investment gains and losses and earned income are reported in the Association's combined statements of activities and changes in net assets. Gains and losses on the sale of investments are recognized when the investment is surrendered. The cost of securities sold is based upon the specific-identification method.

SCV holds equity warrants to purchase ownership interest in several companies. The warrants allow SCV to buy a specific number of shares of stock or membership units at a specific price over a specific time period and are considered derivative financial instruments, that are reported at fair value.

All investments are subject to market risk, the risk that an investment security may become less valuable than the original cost of the investment. Investments in privately held early stage or development stage entities may have substantially higher risk than investments in mature publicly traded companies.

SCV's investment interest in DocuSign, Inc. ("DocuSign") and Rogue I, LLC ("Rogue") account for a substantial portion of the Association's total investments. At December 31, 2021 and 2020, DocuSign accounted for approximately 14% and 34%, and Rogue accounted for approximately 16% and 0%, respectively, of the Association's total investments.

As a part of SCV's diversification and monetization strategy, it has leveraged a portion of its DocuSign holdings in various hedging positions to mitigate the risk of adverse pricing fluctuations. These financial instruments are classified as derivative financial instruments that are reported at fair value.

Fair Value of Financial Instruments

Cash, cash equivalents, lines of credit, accounts receivable, accounts payable and accrued expenses approximate fair value due to the short-term nature of these amounts. Investments approximate fair value as they are valued at quoted market prices and other inputs that approximate fair value. Notes payable and interest rate swaps approximate fair value since the interest rates being paid on these amounts approximate market interest rates (Notes 4 and 6). Money markets, commercial paper, and short-term certificates of deposit classified as cash equivalents are valued at fair value as these items are readily valued and liquid.

Property and Equipment

Property and equipment are stated at cost. The capitalization policy is to capitalize assets with a life greater than one year and a cost in excess of \$2,000. Depreciation and amortization are computed using the straight-line method over the following estimated useful lives of the assets:

	<u>Years</u>
Buildings	40
Mechanical, electrical, and plumbing ("MEP")	30
Building improvements	10
Furniture, equipment and technology	2 – 10

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MEP and leasehold improvements are classified as buildings and improvements in the combined statements of financial position. Leasehold improvements are amortized over the shorter of their useful life or lease term. Capital work-in-progress is not depreciated. Once the projects are substantially completed and ready for their intended use, the asset will be reclassified to the appropriate property and equipment classification and depreciated. These balances primarily consist of building renovations and technology development projects completed in the subsequent reporting year.

Other Assets

Other assets consist primarily of tenant space improvement allowances that were granted as incentives to enter into the leases with the Association. The allowances are amortized over their respective lease terms against rental income. Other assets also include goodwill and other intangible assets and net investment in lockbox leases.

Goodwill and other intangible assets are amortized on a straight-line method over their estimated useful lives. Goodwill represents the excess of the cost of the assets acquired over the fair value of the net assets at the date of acquisition.

Impairment of Intangibles and Other Long-Lived Assets

The Association evaluates the carrying value of intangible assets and other long-lived assets whenever significant events or changes in circumstances indicate the carrying value of these assets may be impaired. The Association evaluates potential impairment of long-lived assets by comparing the carrying value of the assets to the expected net future cash inflows resulting from use of the assets. As of December 31, 2021 and 2020, management believes that no impairments of long-lived assets existed.

Other Postretirement Benefit Plan

Unrecognized actuarial gains or losses, prior service costs or credits and transition obligations or assets are recognized in the funded status of the defined benefit postretirement plan by recognizing the liability or asset and an offsetting adjustment in the combined statements of activities and changes in net assets.

Interest Rate Swap

The Association uses an interest-rate swap to mitigate interest-rate risk on its long-term notes payable (Note 6). The related liability or asset is reported at fair value in the statements of financial position and unrealized changes in fair value are recognized in the statements of activities in the year in which the change occurs.

Net Asset Classification

The Association's net assets have been grouped into the following two classes:

Without donor restrictions - Net assets that are not subject to donor-imposed restrictions. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors or may otherwise be limited by contractual agreements with outside parties.

With donor restrictions - Net assets whose use by the Association is subject to donor-imposed restrictions that can be fulfilled by actions of the Association pursuant to those restrictions or that expire by the passage of time. When the purpose restriction is accomplished, net assets with donor restrictions are classified to net assets without donor restrictions and are reported in the combined statements of activities and changes in net assets as net assets released from restrictions.

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Revenue Recognition

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration that the Association expects to receive in exchange for those products or services. The Association enters into contracts that generally include only one product or service and as such, are distinct and accounted for as separate performance obligations.

Exchange Transactions

Membership dues, including special assessments, are derived from services the Association provides to its members. The Association recognizes revenue for membership services over the applicable membership period. The Association's membership programs have starting and ending dates that generally coincide with its fiscal year end. Therefore, at year end, deferred revenue represents payments for future services to be performed during the following fiscal year. Membership dues received in advance of services are reported as deferred revenue in the combined statements of financial position.

Other revenue derived from exchange transactions includes sales and services of publications, products, product services, conventions, courses, on-line course commissions, advertising, subscriptions, and license fees. License fees and subscriptions are recognized as revenue ratably over the terms of the subscriptions or service period. On-line course commissions are recognized at the time of sale. Advertising revenue and direct publication costs are recognized in the period the related publication is issued. Sales and services of publications, product, and product services are recognized at the time the product is shipped or otherwise delivered to the customer. Convention revenue is comprised primarily of registration, exhibitor fees, and sponsorships. Convention revenue and courses are recognized at the time the event or course is held. Payments related to other revenue received in advance of sales and services are reported as deferred revenue in the combined statements of financial position.

Rental revenue is recognized on a straight-line basis over the term of the respective lease.

Political affairs revenue represents political contributions from individuals, state and local associations, and unrelated third-party corporations, and is recognized upon receipt.

The Association's receivables represent unconditional rights to consideration from its contracts with its members and customers. The Association's contract liabilities are presented as deferred revenue in the combined statements of financial position.

The Association had no costs that were capitalized to obtain or to fulfill a contract with a customer.

Contributions

Contributions are recorded at fair value at the date the contribution is pledged, to the extent estimated to be collectable. Conditional gifts, with a measurable performance or other barrier and a right of return, are not recognized as revenue until the conditions on which they depend are substantially met.

Advertising Costs

Advertising costs are expensed as incurred.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

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Reclassifications

Certain amounts previously reported in the 2020 financial statements have been reclassified to conform to the 2021 presentation. The reclassifications did not affect net assets or changes in net assets for the year ended December 31, 2020.

Uncertainty in Income Taxes

The Association and its consolidated and combined entities follow guidance issued by the Financial Accounting Standards Board ("FASB") with respect to accounting for uncertainty in income taxes. A tax position is recognized only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax expense or benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the more likely than not test, no tax expense or benefit is recorded.

The Association recognizes interest and penalties related to unrecognized tax positions in interest and income tax expense, respectively. The Association has no amounts accrued for interest or penalties as of December 31, 2021 and 2020.

Due to its tax-exempt status, the Association, except for NARBAC and RIN, is not subject to U.S. federal income tax or state income tax. The Association does not expect the total amount of unrecognized tax positions to significantly change in the next 12 months.

NARBAC and RIN are subject to U.S. federal and state income tax. These companies do not expect the total amount of unrecognized tax positions to significantly change in the next 12 months.

SentriLock International is treated as a partnership for federal income tax purposes and its income or loss is included in the income tax return of its members. As such, 80% of SentriLock International income or loss is included in the income tax return of NARBAC.

RPR, SCV and SentriLock are included in the consolidated group tax return of NARBAC. The members of the consolidated tax group participate in a tax sharing arrangement whereby they have elected to allocate taxes among the members of the group tax return using a separate return method. The allocation of tax expense (benefit) will be based upon what each consolidated group member's current and deferred tax expense would have been had the member filed a separate return. The tax sharing arrangement between NARBAC and the consolidated tax group members provides that taxes payable or refundable will be settled on an annual basis in the following manner:

- If NARBAC tax benefits are used to offset taxes due to taxing authorities, then the NARBAC group member that benefits from the offset will record a capital contribution from NARBAC; or
- If payments are due to taxing authorities, then the respective NARBAC group member will make a cash payment to NARBAC to be paid to the taxing authority. Overpayments made by a group member to a taxing authority will be refunded or credited from NARBAC to the NARBAC group member as appropriate.

All intercompany balances related to the NARBAC tax sharing arrangement have been eliminated in the NARBAC consolidation.

New Accounting Standards

In February 2016, the FASB issued Accounting Standards Update ("ASU") 2016-02, *Leases*, which provides accounting guidance to establish increased transparency and comparability of lease reporting by

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recognizing lease assets and liabilities on the statement of financial position and disclosing key information about leasing activities. The standard is effective in fiscal year 2022. While the Association continues to evaluate certain aspects of the new standard, including those still being revised by the FASB, management does not expect the new standard to have a material effect on the combined financial statements and does not expect any significant changes in its leasing activities.

In September 2020, FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which improves transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit organizations. The standard is effective in fiscal year 2022, and its impact on policies, procedures and the combined financial statements is under evaluation.

NOTE 2 - LIQUIDITY AND AVAILABILITY

Cash in excess of daily requirements is invested in various short-term investments, and the investment time horizon for these assets is commensurate with the expected usage of the funds within the Association's current year of operations. Assets deemed to be current year in nature are invested in marketable securities. Investment of operating assets are limited in exposure to market risk and is limited to asset classes that fall under the broad classification of fixed income investments.

The Association has minimum reserves requirements as described in Note 11. Minimum reserves are comprised of marketable securities with limited exposure to market risk and volatility and are limited to investments in asset classes that fall under the broad classification of fixed income investments.

The Association's financial assets available to meet cash needs for operations within one year of the statement of financial position date are comprised of the following at December 31:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 202,167,799	\$ 292,084,667
Accounts receivable, net	17,348,643	16,022,915
Investment securities	936,870,743	738,325,563
Less those unavailable for general expenditures within one year:		
Board-designated funds	(256,246,486)	(178,577,631)
Illiquid investments	<u>(111,909,539)</u>	<u>(65,669,061)</u>
Financial assets available to meet cash needs for future general expenditures within one year	<u>\$ 788,231,160</u>	<u>\$ 802,186,453</u>

The Association's Board-designated funds, maintained for purposes described in Note 11, could be made available for general expenditure if deemed necessary by the Association's governance.

Illiquid investments are made up of debt securities, warrants and other equity investments that are not actively traded on markets.

The Foundation's financial assets at December 31, 2021 and 2020 were approximately \$10.3 million and \$2.7 million, respectively, all of which are restricted for distribution of disaster relief grants. These restricted assets are available to meet cash needs for future disaster relief efforts within one year of the statement of

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financial position date and are, therefore, reported as liquid financial assets. The Foundation is committed to utilizing 100% of all its contribution receipts received from donors for distribution of disaster relief grants.

NOTE 3 - INVESTMENT SECURITIES

The following table summarizes investment securities held by the Association at December 31, 2021 and 2020:

	2021	2020
Fixed income investments		
Corporate bonds	\$ 240,832,401	\$ 175,615,648
Mutual funds	51,526,747	36,053,296
Municipal bonds	18,373,914	25,998,534
Convertible debt	16,304,510	10,601,570
Venture debt	14,896,928	8,431,743
U.S. Treasury securities	4,567,943	4,248,209
Collateralized mortgage obligations	2,456,019	1,622,596
U.S. government corporations and agencies	998,044	1,627,004
Certificates of deposit	262,347	5,177,735
Total fixed income investments	350,218,853	269,376,335
Equity investments		
Alternative investments	188,570,698	29,336,914
DocuSign common stock	133,035,931	249,744,046
Other common stock (marketable)	128,406,658	51,823,767
Mutual funds	55,930,502	39,668,753
Market linked funds	-	51,740,000
Total equity investments	505,943,789	422,313,480
Other equity investments		
Warrants	30,074,378	15,629,403
Preferred stock	24,685,168	11,472,779
Common stock (non-marketable)	22,808,315	17,632,642
Simple Agreement for Future Equity	2,849,129	940,161
LLC membership units	256,256	960,763
Limited partnership interests	34,855	-
Total other equity investments	80,708,101	46,635,748
	<u>\$ 936,870,743</u>	<u>\$ 738,325,563</u>

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Corporate Bonds

SCV invests in corporate bonds that are classified as held to maturity. The bonds are carried at amortized cost on the Association's combined statements of financial position and total \$18,067,560 and \$19,451,053 at December 31, 2021 and 2020, respectively.

Convertible Debt

SCV holds convertible notes with several companies that fit its mission and are used to make strategic investments in these companies. The notes have conversion features that allow for conversion to equity positions based on various benchmarks. All convertible notes carry fixed interest rates and interest is due at maturity, or the conversion date.

Venture Debt

SCV holds venture debt, or term notes, with several companies that fit its strategic mission. Venture debt provides startup companies with needed capital and allows SCV to receive a premium rate of return on amounts loaned. Term notes carry fixed interest rates and interest is due monthly.

Certificates of Deposit

In addition to traditional certificates of deposit, the Association invests in certificates of deposit through the Certificate of Deposit Account Registry Service ("CDARS"). CDARS mitigates risk by bundling deposits in multiple banking institutions into a single security holding, and ensuring all funds invested through CDARS are deposited only in FDIC insured banking institutions.

DocuSign Common Stock

DocuSign, a publicly traded company, is a fast, secure way to sign, send, and store documents in the cloud and is the global leader of on-demand software services for electronic signature. SCV was an early stage investor in DocuSign as a part of its strategic investment portfolio. The value of SCV's holdings in DocuSign common stock as of December 31, 2021 and 2020 total approximately \$133 million and \$249.7 million, respectively, which includes \$132.3 million and \$248.8 million of accumulated unrealized gains. For the years ended December 31, 2021 and 2020, net investment returns on DocuSign holdings were approximately \$30 million and \$140.1 million, respectively.

Other Equity Investments

Through its venture capital arm, SCV, the Association's primary private equity investment focus is in innovative technologies in digital media, cloud and mobile services, as well as big data applications that span across real estate as well as vertical market segments such as financial services, banking, insurance and home services. All such investments were acquired through private placement offerings.

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Warrants

SCV warrants were acquired as part of SCV's purchase of preferred stock as an investor incentive or were purchased as part of the REACH accelerator program for a nominal price. All of the warrants have a term of up to 10 years until expiration. Warrants can be exercised at any time prior to the expiration date with the election for either a cash exercise to purchase stock at the designated strike price or a net issuance exercise whereby SCV may elect to receive shares equal to the value of the warrant with no cash provision. If the fair value of the underlying securities rises above the strike price, then SCV will gain by exercising the warrant; and if the fair value of the underlying securities does not rise above the strike price, then the warrants expire without value. A warrant to purchase ownership interest in a company at a future date is considered a derivative financial instrument in accordance with GAAP and, therefore, is reported at fair value.

Other Derivative Investments

SCV has leveraged a portion of its DocuSign holdings in various hedging positions. The hedging positions include variable forward sales and options financial instruments. SCV exited its options positions in 2021. The variable forward sales contracts have maturity dates between December 2022 through June 2024. These hedging positions provide upfront cash and income benefits while hedging against downside risk. SCV received cumulative proceeds of approximately \$75 million and \$39 million as of December 31, 2021 and 2020, respectively. These hedging positions resulted in an investment liability of approximately \$119 million and \$122 million at December 31, 2021 and 2020, respectively. DocuSign common stock held as collateral total 873,455 and 750,000 shares at December 31, 2021 and 2020, respectively.

Investment return is comprised of the following for the years ended December 31:

	<u>2021</u>	<u>2020</u>
Realized gain	\$ 65,733,261	\$ 97,056,785
Unrealized (loss) gain	(26,217,845)	71,195,498
Dividends and interest	14,336,752	9,828,924
Investment expenses	<u>(558,158)</u>	<u>(514,850)</u>
	<u>\$ 53,294,010</u>	<u>\$ 177,566,357</u>

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NOTE 4 - FAIR VALUE OF FINANCIAL INSTRUMENTS

FASB defines fair value as the price that the Association would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date. FASB also establishes a framework for measuring fair value, and a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability. The three-tier hierarchy of inputs is summarized below:

- Level 1 - Financial assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that the Association has the ability to access;
- Level 2 - Financial assets and liabilities whose values are based on quoted prices for identical or similar assets in markets that are not active; quoted prices for similar assets and liabilities in active markets; or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability; and
- Level 3 - Financial assets or liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect the assumptions of the Association's management about the assumptions a market participant would use in pricing the asset or liability.

Investments using net asset value ("NAV") per share (or its equivalent) as a fair value expedient have not been classified in the fair value hierarchy. These investments are presented as NAV in the following tables to permit reconciliation of the fair value hierarchy table to the total investments at fair value presented in the combined statements of financial position.

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

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The following tables summarize the valuation of the Association's financial assets and liabilities by the above fair value hierarchy levels as of December 31, 2021 and 2020:

	2021				
Description	Level 1	Level 2	Level 3	NAV	Total
Assets					
Cash and cash equivalents					
Money market funds	\$ 54,412,878	\$ -	\$ -	\$ -	\$ 54,412,878
Investments					
Fixed income investments:					
Corporate bonds	-	222,764,841	-	-	222,764,841
Mutual funds (fixed income)	47,497,267	4,029,480	-	-	51,526,747
Municipal bonds	-	18,373,914	-	-	18,373,914
Convertible debt	-	16,304,510	-	-	16,304,510
Venture debt	-	14,896,928	-	-	14,896,928
U. S. Treasury securities	4,567,943	-	-	-	4,567,943
Collateralized mortgage obligations	-	2,456,019	-	-	2,456,019
U. S. government corporations and agencies	-	998,044	-	-	998,044
Certificates of deposit	-	262,347	-	-	262,347
Total fixed income investments	52,065,210	280,086,083	-	-	332,151,293
Equity investments:					
Common stock	261,442,589	-	22,808,315	-	284,250,904
Alternative investments	-	-	-	188,570,698	188,570,698
Mutual funds	55,930,502	-	-	-	55,930,502
Warrants	-	-	30,074,378	-	30,074,378
Preferred stock	-	-	24,685,168	-	24,685,168
Simple Agreement for Future Equity	-	-	2,849,129	-	2,849,129
LLC membership units	-	-	256,256	-	256,256
Limited partnership interests	-	-	34,855	-	34,855
Total equity investments	317,373,091	-	80,708,101	188,570,698	586,651,890
Total investments at fair value	369,438,301	280,086,083	80,708,101	188,570,698	918,803,183
Total assets at fair value	\$ 423,851,179	\$ 280,086,083	\$ 80,708,101	\$ 188,570,698	\$ 973,216,061
Liabilities					
Variable forward sales	\$ -	\$ (119,446,758)	\$ -	\$ -	\$ (119,446,758)
Interest rate swap	-	(2,365,938)	-	-	(2,365,938)
Total liabilities at fair value	\$ -	\$ (121,812,696)	\$ -	\$ -	\$ (121,812,696)

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	2020				
Description	Level 1	Level 2	Level 3	NAV	Total
Assets					
Cash and cash equivalents					
Money market funds	\$ 186,185,523	\$ -	\$ -	\$ -	\$ 186,185,523
Investments					
Fixed income investments:					
Corporate bonds	-	156,164,595	-	-	156,164,595
Mutual funds (fixed income)	31,862,791	4,190,505	-	-	36,053,296
Municipal bonds	-	25,998,534	-	-	25,998,534
Convertible debt	-	10,601,570	-	-	10,601,570
Venture debt	-	8,431,743	-	-	8,431,743
U. S. Treasury securities	4,248,209	-	-	-	4,248,209
Collateralized mortgage obligations	-	1,622,596	-	-	1,622,596
U. S. government corporations and agencies	602,969	1,024,035	-	-	1,627,004
Certificates of deposit	-	5,177,735	-	-	5,177,735
Total fixed income investments	36,713,969	213,211,313	-	-	249,925,282
Equity investments:					
Common stock	301,567,813	-	17,632,642	-	319,200,455
Alternative investments	-	-	-	29,336,914	29,336,914
Mutual funds	39,668,753	-	-	-	39,668,753
Warrants	-	-	15,629,403	-	15,629,403
Preferred stock	-	60,654	11,412,125	-	11,472,779
Simple Agreement for Future Equity	-	-	940,161	-	940,161
LLC membership units	-	-	960,763	-	960,763
Market linked funds	-	51,740,000	-	-	51,740,000
Total equity investments	341,236,566	51,800,654	46,575,094	29,336,914	468,949,228
Total investments at fair value	377,950,535	265,011,967	46,575,094	29,336,914	718,874,510
Total assets at fair value	\$ 564,136,058	\$ 265,011,967	\$ 46,575,094	\$ 29,336,914	\$ 905,060,033
Liabilities					
Variable forward sales	\$ -	\$ (99,773,724)	\$ -	\$ -	\$ (99,773,724)
Options	-	(22,192,163)	-	-	(22,192,163)
Total liabilities at fair value	\$ -	\$ (121,965,887)	\$ -	\$ -	\$ (121,965,887)

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Money Market Funds

Money market funds are included in cash and cash equivalents and valued at the closing price reported by the fund sponsor from an actively traded exchange (Level 1 inputs).

Corporate Bonds

Fair values of assets in this security type are determined using model inputs that are observable either directly or indirectly using historical data from comparable bonds, relative level yield curve, or pricing matrix (Level 2 inputs - income approach).

Mutual Funds

The fair values of mutual fund investments in equity securities and fixed income securities that are readily marketable are determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs).

Municipal Bonds

Municipal bonds are valued by discounting their underlying assets, combining option pricing and expected cash flows (Level 2 inputs - income approach).

Convertible and Venture Debt

The fair value of convertible and venture debt is determined by cost plus accrued interest, which approximates fair value (Level 2 inputs - income approach).

United States Treasury Securities

Fair values reflect the closing price reported in the active market in which the security is traded (Level 1 inputs).

Collateralized Mortgage Obligations

The fair values of collateralized mortgage obligations are based upon projected performance, which incorporates performance of comparable securities with similar credit ratings as well as observations of available market data (Level 2 inputs - income approach).

U.S. Government Corporations and Agencies

Fair values of assets in this security type are determined using model inputs that are observable either directly or indirectly using historical data from comparable bonds, relative yield curve, or pricing matrix (Level 2 inputs - income approach).

Certificates of Deposit

Fair values are estimated to approximate deposit account balances, payable on demand, as no discounts for credit quality or liquidity were determined to be applicable (Level 2 inputs - income approach).

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Common Stock

The Association's equity holdings that are readily marketable are determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs). Non-marketable common stock securities are determined by the occurrence of observable transactions in orderly markets involving identical or similar assets, less impairment, as determined by management (Level 3 inputs - market approach).

Alternative Investments

For other investments for which there is no active market, generally referred to as "alternative investments", fair values are initially based on valuations determined by the investment managers using audited NAVs as of their most recent audited financial statements, adjusted for cash receipts, cash disbursements, and other anticipated income or loss through year end. The NAVs of the investment funds are determined on the accrual basis of accounting in conformity with GAAP. The managers utilize standard valuation procedures and policies to assess the fair value of the underlying investment holdings to derive NAV. Association management has performed considerable independent review of valuations reported by investment managers and determined that NAV is a reasonable and prudent estimate of fair value. Alternative investments are not readily marketable, and their estimated value is subject to uncertainty. Therefore, there may be a material difference between their estimated value and the value that would have been used had a readily determinable fair value for such investments existed. There are no unfunded capital commitments related to any of the alternative investments held by the Association. Fund strategies and fair value level classifications for each of the assets in this security type are summarized as follows:

Pointer Offshore, Ltd. is a fund of funds. The objective of the fund is to achieve capital appreciation through a balanced level of risk primarily by allocating assets to a select number of fundamental long/short equity and credit focused managers. Redemptions can be made annually with notification given by a specified date.

Weatherlow Offshore Fund I, Ltd. is a multi-manager, multi-strategy fund of funds formed to invest predominantly in limited partnerships and similar pooled investment vehicles referred to as "Portfolio Funds". Redemptions can be made quarterly with a 65-day notice; however, redemptions may not occur until the last day of the calendar quarter that ends at least 12 full calendar months after the issuance of shares.

Hamilton Lane Private Markets Opportunity Fund LP is a fund of funds formed to invest in private market primary funds and secondary funds and private market co-investments worldwide. The fund has a three-year commitment period, after which redemptions can be made with a three-day notice.

Belgard Capital Fund LLC is a diversified portfolio of equity securities. The objective of the fund is to achieve long-term after-tax returns for shareholders. Redemptions of fund shares held less than three years is subject to a redemption fee of 1% of the NAV of shares redeemed. No fee applies to redemptions made pursuant to a periodic redemption plan whereby a shareholder may redeem up to 2% of fund shares held on a quarterly basis.

Ironwood Partners L.P. is a multi-manager fund of hedge funds formed to invest in relative value, event-driven, equity market neutral, credit opportunities, distressed securities, and various arbitrage-based strategies. This fund has a one-year commitment period, after which redemptions can be made semi-annually with a 95 day notice.

Rogue I is an investment vehicle designed to invest, hold, liquidate and distribute proceeds relating to a portfolio of private funds.

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During the year ended December 31, 2021, SCV invested an additional \$150 million in alternative investments as part of its diversification strategy. At December 31, 2021 and 2020, the fair value of SCV's alternative investment holdings was approximately \$169 million and \$13.3 million, respectively.

Warrants

Warrants are measured using an option-pricing model, which is based upon the current underlying price, and volatility measures (Level 3 inputs - income approach).

Preferred Stock, Simple Agreement for Future Equity ("SAFE"), LLC Membership Units, and Limited Partnership Interests

These securities are determined by the occurrence of observable transactions in orderly markets involving identical or similar assets, less impairment, as determined by management (Level 3 inputs - market approach).

Market linked investments

Market linked investments are debt securities that combine features of traditional bonds with return potential determined by the performance linked to an underlying asset. The securities are issued for fixed terms and remain subject to issuer credit risk. Fair value is determined by performance of the linked asset to maturity (Level 2 inputs - market approach).

Investment Liabilities

Variable forward sales and options fair value is determined by observable options markets and current market interest rates (Level 1 or 2 inputs - market approach).

Interest Rate Swap

The fair values of the interest rate swap represent bid-side valuations and approximate the price to purchase the agreement (Level 2 inputs – market approach).

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The following tables are roll forwards of those investment assets classified as Level 3 as of December 31, 2021 and 2020:

2021						
Level 3 Investments	Beginning Balance	Transfers in (out)	Purchases	Note/Warrant Conversions	Realized and Unrealized Gain (Loss)	Ending Balance
Warrants	\$ 15,629,403	\$ (1,337,717)	\$ 420,193	\$ (551,352)	\$ 15,913,851	\$ 30,074,378
Preferred stock	11,412,125	(944,496)	8,716,529	2,461,052	3,039,958	24,685,168
Common stock	17,632,642	(12,160,337)	8,265,036	941,921	8,129,053	22,808,315
Simple Agreement for Future Equity	940,161	(351,991)	2,163,437	-	97,522	2,849,129
LLC membership units	960,763	-	-	(810,763)	106,256	256,256
Limited partnership interests	-	-	-	34,855	-	34,855
	<u>\$ 48,575,094</u>	<u>\$ (14,794,541)</u>	<u>\$ 19,565,195</u>	<u>\$ 2,075,713</u>	<u>\$ 27,286,640</u>	<u>\$ 80,708,101</u>

2020						
Level 3 Investments	Beginning Balance	Transfers in (out)	Purchases	Note/Warrant Conversions	Realized and Unrealized Gain (Loss)	Ending Balance
Warrants	\$ 7,559,011	\$ (1,337,016)	\$ -	\$ -	\$ 9,407,408	\$ 15,629,403
Preferred stock	3,145,544	40,910	3,077,185	905,627	4,242,859	11,412,125
Common stock	17,631,857	-	-	-	985	17,632,642
Simple Agreement for Future Equity	139,549	-	800,612	-	-	940,161
LLC membership units	307,260	(40,910)	150,000	-	544,413	960,763
Limited partnership interests	2,672,500	-	-	-	(2,672,500)	-
	<u>\$ 31,455,521</u>	<u>\$ (1,337,016)</u>	<u>\$ 4,027,797</u>	<u>\$ 905,627</u>	<u>\$ 11,523,165</u>	<u>\$ 46,575,094</u>

Private equity investments are categorized in Level 3 of the fair value hierarchy. Transfers out of Level 3 investments occur when private equity investments become quoted in an active market or when they are sold. During the year ended December 31, 2021, approximately \$12 million of Level 3 common stock was transferred to Level 1 following an initial public offering event. In addition, approximately \$2.7 million and \$1.3 million of Level 3 investments were sold during the years ended December 31, 2021 and 2020, respectively.

At December 31, 2021 and 2020, the accumulated unrealized gains on Level 3 investments totaled approximately \$55.3 million and \$36 million, respectively. All Level 3 investments are held by SCV.

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NOTE 5 - GOODWILL

Goodwill relates to CRD's 2007 acquisition of the Seniors Real Estate Specialist program and related assets. In accordance with prior accounting standards effective through December 31, 2009, CRD's goodwill was amortized over its then estimated useful life of 10 years. Amortization then paused upon adoption of subsequent guidance through December 31, 2019. Amortization on the remaining useful life restarted in 2020 upon adoption of current guidance. Goodwill at December 31 is recorded within other assets and consists of the following:

	<u>2021</u>	<u>2020</u>
Goodwill - CRD	\$2,461,000	\$2,461,000
Less: accumulated amortization	<u>(1,189,483)</u>	<u>(943,383)</u>
Goodwill, net	<u>\$1,271,517</u>	<u>\$1,517,617</u>

For each of the years ended December 31, 2021 and 2020, the Association recognized amortization of \$246,100. Amortization of goodwill expected to be expensed in future years is as follows:

<u>Year ending December 31,</u>	
2022	\$ 246,100
2023	246,100
2024	246,100
2025	246,100
2026	246,100
Thereafter	<u>41,017</u>
	<u>\$ 1,271,517</u>

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NOTE 6 - NOTES PAYABLE

Outstanding notes payable at December 31 consists of the following:

	2021	2020
Variable rate construction loan - NAR	\$ 38,115,000	\$ 38,500,000
Variable rate long term loan - NAR	1,750,000	3,500,000
Variable rate long term loan - SentiLock	1,788,684	2,483,482
Fixed rate long term loan - SentiLock	1,273,402	-
Investment line of credit - RRC	1,000,000	800,000
Payroll Protection Program loans to ISCs	476,623	-
	<u>\$ 44,403,709</u>	<u>\$ 45,283,482</u>

On June 3, 2013, NAR entered into a credit agreement with SunTrust Bank for \$17.5 million to refinance outstanding debt on its office building located at 500 New Jersey Avenue, Washington, DC. The term loan ("Term Loan") carries an annual interest rate equal to LIBOR plus 1.23% (1.33% and 1.38% at December 31, 2021 and 2020, respectively) and matures on June 1, 2023. The principal balance of the Term Loan is to be repaid in equal consecutive annual installments of \$1.75 million, due on June 1 of each year, beginning on June 1, 2014. Early payments are permitted without penalties. Accrued interest on the outstanding principal is payable to SunTrust on a monthly basis. At December 31, 2021 and 2020, the outstanding balance on the Term Loan was \$1.75 million and \$3.5 million, respectively. As part of the credit agreement, NAR must maintain compliance with certain financial covenants. As of December 31, 2021, management of NAR believes that it was in compliance with these financial covenants. The outstanding balance on this loan was paid in full on April 5, 2022.

On September 14, 2018, NAR entered into a Construction Loan agreement with SunTrust Bank for up to \$38.5 million to finance NAR's construction and renovation project at its office building located at 430 North Michigan Avenue, Chicago, Illinois. The Construction Loan carries an interest rate equal to LIBOR plus 1.2% (1.3% and 1.25% at December 31, 2021 and 2020, respectively), and matures on September 14, 2033. Principal payments on the Construction Loan began on October 1, 2021 with minimum payments equal to 1/300th of the outstanding principal as of September 1, 2021. The entire unpaid principal amount is due on the maturity date, September 14, 2033. Early payments are permitted without penalties. Accrued interest on the outstanding principal is payable to SunTrust on a monthly basis. At December 31, 2021 and 2020, the outstanding balance on the Construction Loan was \$38,115,000 and \$38,500,000, respectively. As part of the credit agreement, NAR must maintain compliance with certain financial covenants. As of December 31, 2021, management of NAR believes that it was in compliance with these financial covenants.

In conjunction with the Construction Loan, NAR entered into a revolving line of credit agreement (the "LOC") with SunTrust Bank for up to \$15 million for continued renovation expenditures at its Chicago office. The term of the LOC is September 14, 2021 to September 14, 2028. The LOC carries an interest rate equal to LIBOR plus 1.20% and accrued interest on the outstanding principal will be payable to SunTrust on a monthly basis. Any outstanding principal will be due on the maturity date, September 14, 2028. No amounts have been drawn on this LOC for the years ended December 31, 2021 and 2020.

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To hedge against interest rate risk on the construction loan, NAR entered into an interest rate swap agreement (the "Swap") with SunTrust Bank as the counterparty. The Swap became effective September 1, 2021 and will mature on September 14, 2033. The Swap has a declining notional value matching the outstanding principal on the construction loan. NAR pays interest on the notional value at 5.56% and receives interest on the notional value at LIBOR plus 1.1% (1.2% at December 31, 2021). The effect of the Swap is to convert the variable rate construction loan debt to a fixed rate debt. Early termination is applicable. NAR entered into the Swap to hedge against interest rate risk.

During the year ended December 31, 2021, the fair value of the liability under the Swap increased by \$2,365,938, which has been reflected in the accompanying combined statements of activities. At December 31, 2021, the fair value of the swap liability was \$2,365,938, which is reflected in accrued expenses on the combined statements of financial position.

Interest incurred and payable under the two NAR loans during years ended December 31, 2021 and 2020, was approximately \$1,163,000 and \$644,000, respectively.

During 2019, SentiLock entered into a draw term agreement with a bank that provides a maximum borrowing limit of \$5 million. Borrowings are subject to a six month draw period and convert to a three-year term loan subsequent to each draw period. During each draw period, advances bear interest at the 30-day LIBOR plus 1.75%. At December 31, 2021 and 2020, SentiLock had outstanding advances of \$1,788,684 and \$2,483,482, respectively. Monthly payments representing principal and interest were due beginning February 1, 2020. The agreement is collateralized by certain assets and is subject to financial covenants for which SentiLock was in compliance as of December 31, 2021.

During 2021, SentiLock entered into a financing agreement with a bank that provided borrowings up to \$5,000,000. All outstanding drawings accrue interest at 3.1%. At December 31, 2021, SentiLock had outstanding advances of \$1,273,402. Periodic payments are due beginning January 1, 2022.

RRC has an investment line of credit with a borrowing limit of \$5,000,000, bearing an interest rate equal to LIBOR plus 1.25% (1.34% and 1.4% at December 31, 2021 and 2020, respectively). At December 31, 2021 and 2020, amounts drawn against this line of credit were \$1,000,000 and \$800,000, respectively. This line of credit is collateralized by RRC's investments.

During the year ended December 31, 2021, certain ISC's received Paycheck Protection Program ("PPP") loans which are part of the CARES Act administered by the U.S. Small Business Administration. These ISC's received total proceeds of approximately \$2.4 million from the PPP loans, of which approximately \$1.93 million was fully forgiven and reported as other revenue in the combined statements of activities and changes in net assets. Subsequent to December 31, 2021, all PPP loans have been fully forgiven. In accordance with the requirements of the PPP loans, the ISC's used proceeds from the loans primarily for payroll and benefits expenses.

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Future scheduled payments on the loans are as follows as of December 31, 2021:

Year ending December 31.

2022	\$ 4,916,724
2023	2,605,469
2024	1,887,340
2025	1,821,588
2026	1,757,568
Thereafter	<u>31,415,020</u>
	<u>\$ 44,403,709</u>

NOTE 7 - COMMITMENTS AND CONTINGENCIES

Lease Revenue

NAR derives revenue from the leasing of space in its Chicago and Washington, DC buildings to retail and commercial tenants.

At December 31, 2021, future minimum receipts under non-cancellable operating leases from commercial parties for both properties are as follows:

Year ending December 31.

2022	\$ 6,601,638
2023	6,115,359
2024	6,238,676
2025	6,408,232
2026	6,582,410
Thereafter	<u>4,466,113</u>
	<u>\$ 36,412,428</u>

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Lease Obligations

RPR leases its office space in Irvine, California under an operating lease agreement which expires on September 30, 2024. In addition to this space in Irvine, CA, RPR leases space for a Call Center in Omaha, NE under an operating lease which expires on May 31, 2025. SIOR leases its office space in Washington, DC under an operating lease agreement which expires on December 31, 2023. SIOR also has operating leases for some of its equipment that run through 2024. Approximate future minimum rental payments under the leases at December 31, 2021, are as follows:

	RPR	SIOR	Total
2022	\$ 274,620	\$ 438,749	\$ 713,369
2023	282,329	444,589	726,918
2024	240,647	999	241,646
2025	55,407	-	55,407
	<u>\$ 853,003</u>	<u>\$ 884,337</u>	<u>\$ 1,737,340</u>

Litigation

The Association is a defendant in multiple legal actions. In the opinion of management of the Association, claims arising as a result of these actions will not have a material adverse impact on the Association's combined financial statements.

Grant Commitments

Grant expenditures are recognized in the period the grant is approved, provided the grant is not subject to significant future conditions. Conditional grants are recognized as grant expense and as a grant payable in the period in which the grantee substantially meets the terms of the conditions. NAR had approximately \$581,000 and \$501,000 in conditional community outreach program grants as of December 31, 2021 and 2020, respectively.

SentriLock Manufacturing and Distribution Agreement

SentriLock has an agreement with an unrelated third party ("Third-Party") to provide manufacturing services for certain SentriLock products. In accordance with the terms of the agreement, SentriLock has committed to utilize the Third-Party as the preferred manufacturer of such products during the term of the agreement that ends March 31, 2024. For the years ended December 31, 2021 and 2020, SentriLock owed the Third-Party approximately \$366,000 and \$151,000, respectively, which is included in accounts payable on the Association's combined statements of financial position.

Relationship with Black Knight Financial Services

On November 5, 2009, RPR entered into an agreement with Black Knight Financial Services ("BKFS") to acquire a data platform to be used for the development of the RPR database. BKFS also provides RPR access to various data sets through sub licenses included in the terms of the agreement. License fees are expensed as incurred. NAR provided a guarantee to BKFS for all obligations related to the agreement with BKFS. Funding to cover such recurring expenses is provided by NAR as part of the RPR operational funding and totaled approximately \$4.5 million and \$4.4 million for years ended December 31, 2021 and 2020, respectively.

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NOTE 8 - RETIREMENT AND OTHER DEFERRED COMPENSATION PLANS

The Association sponsors a defined-contribution retirement plan, which covers all eligible employees. Contributions to the plan, net of forfeitures, totaled approximately \$3,617,000 and \$3,580,000 for 2021 and 2020, respectively. Plan contributions are funded at the rate of 7% of each participant's eligible compensation for the plan year. Retirement benefits are provided to participants only to the extent of funds accumulated in the participant's account and are subject to employee-vested percentages.

The Association also offers a 401(k) (salary reduction) plan to its employees. The Association contributes 50% of the first 6% of compensation, as defined, that a participant contributes to the plan. The Association's matching contributions totaled approximately \$1,673,000 and \$1,718,000 for 2021 and 2020, respectively. Employee benefits arising from the plan exist only to the extent of the funds accumulated in the participants' accounts.

The Association offers deferred compensation plans to eligible employees. The Association has accrued \$2,766,778 and \$2,816,373 related to these plans at December 31, 2021 and 2020, respectively.

NOTE 9 - OTHER POSTRETIREMENT BENEFIT PLAN

The Association sponsors a defined-benefit health care plan that provides postretirement medical benefits to full-time employees. Eligibility follows the rule of 80, with minimum age 55, a provision making employees eligible for retirement when their age plus years of service equals 80. The plan contains cost-sharing features such as deductibles and coinsurance. The accounting for the plan anticipates future changes to the written plan that are consistent with the Association's expressed intent to increase the retiree contribution rate annually for the expected general inflation rate for that year. The Association's policy is to fund the cost of medical benefits in amounts determined at the discretion of management. The Association has no plan assets related to this postretirement plan at December 31, 2021 and 2020.

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The following table sets forth the plan's funded status and amounts recognized in accrued expenses in the combined statement of financial positions at December 31:

	<u>2021</u>	<u>2020</u>
Change in benefit obligation		
Benefit obligation at January 1	\$ 34,440,000	\$ 27,901,000
Service cost	1,431,000	1,135,000
Interest cost	993,000	976,000
Plan amendments	-	-
Actuarial (gain) loss	(3,411,000)	5,138,000
Estimated annual payments	(1,051,000)	(914,000)
Plan participant's contribution	<u>292,000</u>	<u>204,000</u>
	<u>\$ 32,694,000</u>	<u>\$ 34,440,000</u>
Change in fair value of plan assets		
Beginning of year	\$ -	\$ -
Employer contributions	759,000	710,000
Participant contributions	292,000	204,000
Benefits paid	<u>(1,051,000)</u>	<u>(914,000)</u>
End of year	<u>\$ -</u>	<u>\$ -</u>
Accrued benefit costs	<u>\$ 32,694,000</u>	<u>\$ 34,440,000</u>

The components of net periodic benefit cost consisted of the following during the years ended December 31:

	<u>2021</u>	<u>2020</u>
Service cost	\$ 1,431,000	\$ 1,135,000
Interest cost	993,000	976,000
Amortization of net loss	575,000	317,000
Amortization of prior service cost	<u>(370,000)</u>	<u>(373,000)</u>
Net periodic postretirement benefit cost	<u>\$ 2,629,000</u>	<u>\$ 2,055,000</u>

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The components of net periodic benefit costs expected to be recognized in the next fiscal year are as follows:

Service cost	\$ 1,368,000
Interest cost	1,028,000
Amortization of net loss	316,000
Amortization of prior service credit	<u>-</u>
Net periodic postretirement benefit cost	<u>\$ 2,712,000</u>

Items not yet recognized as a component of net periodic postretirement benefit cost consisted of the following at December 31:

	<u>2021</u>	<u>2020</u>
Unrecognized cumulative loss	\$ 7,791,000	\$ 11,777,000
Unrecognized prior service cost	<u>-</u>	<u>(370,000)</u>
	<u>\$ 7,791,000</u>	<u>\$ 11,407,000</u>

The change in plan assets and benefit obligation recognized in net assets without donor restrictions consisted of the following during the years ended December 31:

	<u>2021</u>	<u>2020</u>
Net actuarial (gain) loss	\$ (3,411,000)	\$ 5,138,000
Prior service credit	-	-
Amortization of:		
Prior service cost	370,000	373,000
Actuarial loss	<u>(575,000)</u>	<u>(317,000)</u>
	<u>\$ (3,616,000)</u>	<u>\$ 5,194,000</u>
Change in accrued postretirement benefit	\$ (1,746,000)	\$ 6,539,000
Employer contributions	759,000	710,000
Net periodic postretirement benefit cost	<u>(2,629,000)</u>	<u>(2,055,000)</u>
Change in retirement obligation	<u>\$ (3,616,000)</u>	<u>\$ 5,194,000</u>

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The weighted-average annual assumed rate of increase in the per capita cost of covered benefits (i.e. health care cost trend rate) is 6% and 6.4% in 2021 and 2020, respectively, and is assumed to decrease to a long-term rate of 4.5% by the year 2030. The discount rates used in 2021 and 2020 were 3.18% and 2.91%, respectively. The health care cost trend rate assumption has a significant effect on the amounts reported. For example, increasing the assumed health care cost trend rates by one percentage point in each year would increase the accumulated postretirement benefit obligation as of December 31, 2021 and 2020, by approximately \$7,070,000 and \$8,082,000, respectively, and the aggregate of service and interest cost components of net periodic postretirement benefit costs for 2021 and 2020 by approximately \$744,000 and \$618,000, respectively.

Benefits expected to be paid in future years are as follows:

Year ending December 31,

2022	\$ 755,000
2023	782,000
2024	762,000
2025	819,000
2026	881,000
2027 through 2031	5,484,000

NOTE 10 - NET ASSETS WITHOUT DONOR RESTRICTIONS

The roll forwards of net assets without donor restrictions for the years ended December 31, 2021 and 2020 are as follows:

	<u>Controlling Interest</u>	<u>Noncontrolling Interest</u>	<u>Total Net Assets Without Donor Restrictions</u>
Net assets without donor restrictions at January 1, 2020	\$558,866,372	\$ (261,331)	\$ 558,605,041
Change in net assets without donor restrictions	<u>148,852,221</u>	<u>(35,254)</u>	<u>148,816,967</u>
Net assets without donor restrictions at December 31, 2020	707,718,593	(296,585)	707,422,008
Change in net assets without donor restrictions	<u>124,462,418</u>	<u>(59,470)</u>	<u>124,402,948</u>
Net assets without donor restrictions at December 31, 2021	<u>\$832,181,011</u>	<u>\$ (356,055)</u>	<u>\$ 831,824,956</u>

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NOTE 11 - BOARD-DESIGNATED FUNDS

Net assets without donor restrictions designated for special purposes and activities as of December 31, 2021 and 2020, respectively, as authorized by the respective Boards of Directors and Governing Councils, are as follows:

	2021	2020
National Association of REALTORS®		
Advocacy Reserves	\$ 98,845,374	\$ 51,348,344
Budgeted Core Reserves	70,851,185	68,729,703
Consumer Advertising Campaign Fund	31,355,905	23,405,202
Political Advocacy Fund	11,928,981	8,897,246
Building Reserves	8,327,141	9,141,592
Center for REALTOR® Development Reserves	12,000,000	-
REALTORS® Property Resource Technology Reserves	775,521	-
REALTORS® Political Action Committee	16,358,632	11,111,103
Women's Council of REALTORS®		
Long-Term Reserve Fund	1,464,990	1,405,109
CCIM Institute		
Robert L. Ward Fund	246,240	220,458
Wayne D'Amico Memorial Fund	5,775	5,000
Named Endowed Scholarships	-	9,453
Institute of Real Estate Management		
Special Reserve Fund	4,086,742	4,255,078
Society of Industrial and Office REALTORS®		
Strategic Study Reserve	-	47,402
Technology Reserve	-	1,941
	<u>\$ 256,246,486</u>	<u>\$ 178,577,631</u>

NAR Advocacy Reserves

Programming providing financial and technical support for engagement in federal, state and local candidate issue advocacy campaigns along with REALTOR® Action Center calls for action, REALTOR® Political Action Committee fundraising, and consumer outreach. Advocacy programming is supported by the \$67 portion of the total \$150 dues per member. Such member dues dollars are accounted for separately as dedicated resources and are not used for other operational purposes. The minimum reserves requirement for Advocacy is equal to 50% of the three-year rolling average of budgeted staffing support costs for Advocacy programming.

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NAR Budgeted Core Reserves

NAR Board of Directors designates a minimum reserves requirement equal to 50% of the rolling three-year average of NAR gross operating expenditure budgets, adjusted appropriately for depreciation expense and capital expenditure cash flows, reserved to provide funding for unexpected needs and emerging industry opportunities for the Association.

NAR Consumer Advertising Campaign Fund

The Consumer Advertising Campaign (the "Campaign") delivers NAR's message to consumers about issues that matter to REALTORS® and the nation's 75 million homeowners, with the aim of educating the public about the value of property ownership and the REALTOR® brand. Campaign programming is supported by the membership dues special assessment of \$35 per member. Campaign funds are accounted for separately as dedicated resources and are not used for other operational purposes.

NAR Political Advocacy Fund

Political Advocacy Funds are earmarked solely to fund public advocacy and opportunity races. Public advocacy increases the power of grassroots lobbying by mobilizing REALTORS®, as well as targeting segments of the general public, to gain the support of key Members of Congress and Senators for the REALTOR® position on a specific legislative objective. Opportunity races channel REALTOR® grassroots support for federal candidates who are advocates of the real estate industry.

NAR Building Reserves

The Building Reserve was established for the purpose of maintaining and improving the Association owned real properties. Additional funds equivalent to the imputed costs for the Association to occupy office space is added to the Real Property Reserve each year. The accumulated reserve balance is capped at 40% of the fair market value of the Association owned real properties.

Center for REALTOR® Development Reserves

The CRD Board of Directors established a \$12 million reserve fund in 2021. Reserves are comprised of investment securities and a minimum of \$2 million in highly liquid cash funds structured to maximize CRD's return on investment. Up to \$4 million of the reserve fund has been allocated for developing or acquiring new designations and programming that provide valuable educational opportunities to members and for enhancing CRD's technology infrastructure.

REALTORS® Property Resource Technology Reserves

In 2021, the RPR Board of Directors established a reserve fund utilizing the proceeds from the licensing and sales of intellectual property technology to unrelated third-parties. The funds are to be used for future technology research and development projects.

REALTORS® Political Action Committee ("RPAC")

RPAC trustees provide political and legislative analysis to make RPAC contribution decisions and promote RPAC within the federal Political Action Committee community. Successful RPAC distribution of funds promotes REALTOR® public policy objectives and strategies beneficial to all members.

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WCR Long-Term Reserve Fund

The WCR Long-Term Reserve has been designated to be used only in the most extraordinary circumstances, where WCR's continued viability could be at stake, such as a natural disaster that prevents WCR from collecting membership dues revenue in a timely manner, or litigation resulting in an adverse decision.

CCIM Named Endowed Scholarships

Upon full funding by a donor of their share of a named endowed scholarship, the CCIM Foundation's Board designates funds from net assets without donor restrictions to establish a scholarship endowment. These board designated funds, or "matching" funds, vary from zero (no match) to \$12,500 per scholarship endowment.

CCIM Robert L. Ward Fund and the Wayne D'Amico Memorial Fund

The CCIM Foundation maintains two special use funds, the Robert L. Ward Fund and the Wayne D'Amico Memorial Fund. These Funds include board designated funds, in addition to contributions from donors and investment income and losses. Investment income and losses and disbursements from the funds have been allocated between board designated funds and net assets with donor restrictions based upon end of year fund balances.

IREM Special Reserve Fund

This reserve fund's purpose is strictly limited to periods of substantial income decline or unfavorable economic conditions. This fund has been established to allow IREM to maintain near normal business operations for a limited period of time.

SIOR Strategic Study Reserve

This reserve was established to fund development of SIOR's strategic plans.

NOTE 12 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were comprised of the following classifications at December 31:

	2021	2020
REALTORS® Relief Foundation:		
Disaster relief grants	\$ 10,320,602	\$ 2,739,003
CCIM Institute		
Named Endowed Scholarships	4,899,524	4,633,346
Robert L. Ward Fund	201,051	185,883
Wayne D'Amico Memorial Fund	53,690	89,990
	<u>\$ 15,474,867</u>	<u>\$ 7,648,222</u>

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Net assets are released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors. For the years ended December 31, 2021 and 2020, net assets released from restrictions were comprised of the following:

	2021	2020
REALTORS® Relief Foundation:		
Disaster relief effort grants	\$ 421,457	\$ 1,194,473
Center for REALTOR® Development:		
Transfer of REALTOR® University scholarship funds to Columbia College	-	122,429
REALTOR® University student scholarships awarded	-	40,690
Development of REALTOR® University undergraduate and certificate programs	-	37,905
CCIM net assets released from restriction - satisfaction of program restrictions	214,677	80,841
	<u>\$ 636,134</u>	<u>\$ 1,476,338</u>

The REALTOR® Relief Foundation provides housing related assistance to victims directly affected by natural and unnatural disasters in the U.S. and its territories., 100% of the Foundation's net assets are to be used entirely for disaster relief efforts and as such are considered to be net assets with donor restrictions in the Associations combined financial statements.

The Named Endowed Scholarship program allowed for the creation of endowed scholarships, by CCIM chapters (or district(s) within a chapter), to honor a CCIM, CCIM chapter, individual or corporation, for their dedication, commitment, outstanding achievement, and service in the commercial real estate and investment field. Scholarships may qualify for match funds.

The CCIM Robert L. Ward Fund provides funding for research into real estate educational initiatives and real estate analytics. Up to 5% of the fund's balance can be made available for board-approved research projects each year. Annual amounts not spent are accumulated and available for future board approved research projects.

The CCIM Wayne D'Amico Memorial Fund provides scholarship awards to assist families affected by personal tragedies involving sudden and impactful death of family members involved in the commercial real estate industry.

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NOTE 13 - FUNCTIONAL CLASSIFICATION OF EXPENSES

The costs of providing programs to members and the administration of the Association have been summarized on a functional basis in the table below. Salaries and fringe benefits expenses are allocated to functional activities based upon estimates of time and effort. The majority of other expenses are allocated to functional activities based on specific identification. Depreciation and amortization is allocated to functional activities based on the ratio of all other Association resources allocated to each functional activity.

Expenses	2021										Total
	Program Activities						Supporting Activities				
	Membership Programs and support	Advocacy	Public Relations and Communications	Information Services Education and Grants	Public Policy	Meetings and Conferences	Program Activities Subtotal	Management and General	Fundraising	Supporting Activities Subtotal	
Salaries and fringe benefits	\$ 52,996,325	\$ 6,370,343	\$ 8,875,474	\$ 13,908,783	\$ 7,244,523	\$ 4,629,463	\$ 94,022,911	\$ 29,430,223	\$ -	\$ 29,430,223	\$ 123,453,134
Professional services	5,456,967	6,862,976	12,859,528	5,572,965	7,126,149	2,614,245	40,493,230	7,033,973	986,461	8,020,434	48,513,664
Advertising and promotion	1,689,912	10,000	37,682,818	829,242	201,300	156,342	40,549,614	621,992	7,799	629,791	41,179,405
Technology services	9,823,774	4,357,923	-	690,966	479,984	136,007	15,750,308	1,583,866	4,745	7,091,328	22,841,636
Facilities and meetings	2,085,493	5,593,068	281,111	1,621,348	365,230	-	5,569,352	15,515,602	128,510	1,712,376	17,227,978
Other	2,593,130	367,342	24,128	1,144,899	-	42,079	4,171,578	11,330,363	24,433	11,354,796	15,526,374
Depreciation and amortization	4,809,287	1,844,086	2,751,057	1,030,988	750,734	724,502	11,910,654	3,139,895	-	3,139,895	15,050,549
Grants	147,346	7,722,292	-	2,928,957	408,341	-	11,204,938	33,500	-	33,500	11,238,438
Printing, products and production	8,909,838	266,631	527,030	469,368	27,305	263,306	10,463,678	90,964	27,511	118,475	10,582,153
Office	5,043,939	374,916	342,133	476,038	382,199	315,296	6,934,521	2,615,043	1,308	2,616,351	9,550,872
Public policy	-	7,727,336	-	-	292,214	-	8,019,550	-	-	-	8,019,550
REALTOR® member subscriptions	7,500,000	-	-	-	-	-	7,500,000	-	-	-	7,500,000
Travel	1,539,335	1,143,791	181,048	414,078	344,275	1,167,711	4,780,238	2,345,482	1,862	2,347,344	7,137,582
Maintenance and repairs	381,629	-	47,423	115,038	-	815,545	1,359,635	5,570,934	-	5,570,934	6,930,569
Legal	950,652	944	90	212	-	-	951,898	5,492,402	-	5,492,402	6,444,300
Charitable contributions	167	-	-	-	16,000	-	16,157	6,000,000	-	6,000,000	6,016,157
Rent	819,594	-	-	38,223	-	4,619,095	5,477,912	340,485	-	340,485	5,818,397
Insurance	-	-	-	-	-	6,727	6,727	4,917,698	-	4,917,698	4,924,425
Interest	-	-	-	-	-	-	-	1,178,753	-	1,178,753	1,178,753
Bad debt	4,734	-	-	-	-	-	4,734	73,234	-	73,234	77,968
Expenses charged to subsidiaries and affiliates	(378,963)	(320,325)	(7,750)	(5,000)	-	(243,734)	(955,772)	955,772	-	955,772	-
Total expenses	\$ 104,353,151	\$ 42,321,523	\$ 64,455,456	\$ 29,022,123	\$ 17,294,277	\$ 20,741,583	\$ 278,188,113	\$ 89,841,162	\$ 1,182,629	\$ 91,023,791	\$ 369,211,904

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	2020									
	Program Activities							Supporting Activities		
	Membership Programs and support	Advocacy	Public Relations and Communications	Information Services Education and Grants	Public Policy	Meetings and Conferences	Program Activities Subtotal	Management and General	Fundraising	Supporting Activities Subtotal
Expenses										Total
Salaries and fringe benefits	\$ 44,336,279	\$ 6,716,505	\$ 8,712,455	\$ 12,198,367	\$ 7,527,348	\$ 4,061,328	\$ 83,542,262	\$ 35,791,520	\$ -	\$ 35,791,520
Professional services	3,419,633	12,691,129	13,458,161	4,623,517	4,561,035	1,421,272	40,474,747	5,863,051	-	5,863,051
Advertising and promotion	1,162,298	78,369	38,065,776	399,002	5,474,500	258,268	45,456,233	(188,823)	1,513	(187,310)
Technology services	9,374,903	4,230,875	890,114	380,961	54,710	81,302	15,022,865	6,539,040	-	6,539,040
Facilities and meetings	373,612	2,729,667	107,889	723,464	445,496	1,572,427	5,952,575	770,945	-	770,945
Other	1,932,332	768,965	44,047	917,129	-	86,227	3,749,729	9,400,426	-	9,400,426
Depreciation and amortization	4,818,154	1,538,876	2,348,214	631,693	626,523	593,362	10,756,943	2,731,557	-	2,731,557
Grants	158,395	11,261,628	-	7,462,153	4,823	-	18,886,989	58,583	-	58,583
Printing, products and production	7,291,683	664,811	505,446	550,909	19,197	56,311	9,086,357	54,712	884	55,606
Office	4,220,141	1,388,279	349,438	425,366	344,856	118,656	6,846,760	2,447,487	-	2,447,487
Public policy	2,500	21,727,826	-	-	20,376,958	-	42,107,284	(2,500)	-	(2,500)
REALTOR® member subscriptions	8,392,777	-	-	-	-	-	8,392,777	75,852	-	75,852
Travel	1,160,096	1,466,445	133,009	287,287	286,915	155,350	3,489,102	858,306	-	858,306
Maintenance and repairs	58,853	-	4,421	18,575	-	40,495	122,344	6,146,914	-	6,146,914
Legal	1,194	81,818	269	859	-	-	84,140	4,439,636	-	4,439,636
Charitable contributions	1,000	-	33,785	-	-	-	34,785	-	-	-
Rent	61,746	-	-	1,006	-	1,678,064	1,741,416	439,793	-	439,793
Insurance	-	-	-	-	-	2,486	2,486	4,138,176	-	4,138,176
Interest	-	-	-	-	-	-	-	738,825	-	738,825
Bad debt	-	-	-	-	-	-	-	32,517	-	32,517
Expenses charged to subsidiaries and affiliates	(308,609)	(742,052)	-	-	-	(80,081)	(1,130,742)	1,130,742	-	1,130,742
Total expenses	\$ 86,478,986	\$ 64,904,291	\$ 64,653,024	\$ 28,830,950	\$ 39,722,361	\$ 10,035,489	\$ 294,623,102	\$ 81,488,759	\$ 2,407	\$ 81,489,166
										\$ 376,082,268

Fundraising expenses during the year ended December 31, 2021 include expenses for the Foundation's 20th Anniversary Fundraising Campaign and live commemorative event, the Foundation's first step in raising awareness and support for the Foundation's mission and establishing a sustainable reserve fund. All fundraising expenses were incurred by NAR and contributed to the Foundation in-kind.

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NOTE 14 - RELATED-PARTY TRANSACTIONS

RPR Funding

NAR provides funding to RPR as approved by the NAR Board of Directors during its annual budgeting process. For each of the years ended December 31, 2021 and 2020, such funding totaled \$19 million which has been eliminated in the NAR consolidated financial statements. This amount includes licenses fees paid by NAR to RPR. Funding in excess of such fees is reported as a capital contribution. Capital contributions flow from NAR through NARBAC. RPR is expecting to receive funding from NAR in 2022 and beyond subject to approval by the NAR Board of Directors.

RPR License Fee Income

RPR licenses software products to NAR. In exchange for the development, maintenance, support and enhancement of software products licensed to NAR for use by its REALTOR® members, NAR makes annual license fee payments to RPR. NAR follows the arm's-length principle of transfer pricing which states that the amount charged by one related party to another for a given product or service must be the same as if the parties were not related. An arm's-length price for this transaction is, therefore, what the price of the transaction would be on the open market. U.S. transfer pricing law requires that the best method rule be used to determine which transfer methodology is most appropriate for determining the arm's-length price of a given transaction. All such license fee income is part of the total RPR funding as described above and has been eliminated in the NAR consolidated financial statements.

REACH Participation Agreements

Each year, REACH selects a number of technology start-up companies to participate in its accelerator program. REACH enters into participation agreements with each of the program participants. The term of the participation agreements for each REACH program year or "class" was for approximately seven to nine months of each respective year. Pursuant to the terms of such agreements, REACH agreed to mentor and promote the individual companies to the real estate industry and in exchange, each participant agreed to pay to REACH a designated marketing fee. Ownership interests in each start-up company were also purchased by or granted to REACH. Marketing fees are payable in various installments.

Patent License Agreement

One of SentiLock's former members has granted a worldwide, royalty-free exclusive license to SentiLock to manufacture (or have manufactured) and sell electronic lockbox products and software for use or application in the real estate industry using patented and patent-pending technology. The agreement, unless terminated by either party, will terminate upon the expiration of the patent rights that will mature from the licensed patents.

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NOTE 15 - OTHER STRATEGIC RELATIONSHIPS

Move, Inc.

On November 26, 1996, RIN participated in the creation of, and entered into a contractual relationship with Move, Inc. ("Move") for the operation of the website, realtor.com®, to provide the electronic display of real property information. Under the terms of the agreements ("Agreements"), RIN has agreed to allow Move the right to operate the realtor.com® internet site and to allow Move to compensate itself by retaining revenues derived from, or related to, content or services accessed by the public through the internet site. As consideration for entering into the Agreements with respect to realtor.com®, Move is obligated to make license fee payments to RIN. Annual license fee payments are based upon the prior calendar year fee plus or minus an amount equal to such prior calendar year's amount multiplied by the percentage increase or decrease in the Annual Consumer Price Index for the prior calendar year. Payments are due quarterly. For years ended December 31, 2021 and 2020, license fee payments were approximately \$2,052,000 and \$2,024,000, respectively.

zipLogix Software Licensing Agreement

NAR had a software license agreement with RE FormsNet, dba zipLogix, to provide NAR members free access to zipLogix's transaction management system that has unlimited document storage and various REALTOR® form libraries. License fees paid to zipLogix for the years ended December 31, 2021 and 2020, were approximately \$7.5 million and \$8.4 million, respectively. This agreement expired on December 31, 2021 and was not renewed.

Columbia College

On October 31, 2019, NAR and CRD entered a partnership with Columbia College. The partnership agreement is a mutually beneficial, revenue-sharing partnership. Columbia College will build on the real estate emphasized curriculum developed by the University, providing opportunities for NAR members to complete a variety of associate, bachelor's and master's degrees, including real estate-specific offerings. The University curriculum and its associated intellectual property will be incorporated into the Columbia College academic offerings. The initial term of the agreement is for five years and the agreement will automatically renew for additional periods of one year, unless terminated by any of the parties. For the years ended December 31, 2021 and 2020, revenue earned by CRD under the terms of this agreement totaled \$12,570 and \$4,746, respectively, which is included in course income in the statements of activities and changes in net assets. Amounts due to CRD from Columbia College at December 31, 2021 and 2020, were \$0 and \$2,844, respectively.

Limited Partnership Fund Management

SCV, through its technology accelerator arm REACH, manages REACH Ventures 2017 LP (the "2017 LP"), REACH Ventures 2018 LP (the "2018 LP"), REACH Ventures 2019 LP (the "2019 LP"), and REACH Ventures 2020 LP (the "2020 LP"), (collectively the "Funds"). The 2017 LP, 2018 LP, 2019 LP, and 2020 LP were organized on March 20, 2017, February 22, 2018, March 11, 2019, and March 21, 2020, respectively, as Delaware limited partnerships, for the purpose of making investments of up to \$150,000 in seed stage or other early stage financing round of securities offerings in each company that is a participant in the accelerator program. No limited partnership fund was created for 2021. The Funds' objective is to realize long-term capital appreciation. The Funds will continue for 10 years from their respective Fund closing dates unless terminated earlier or extended in accordance with the provisions of the limited partnership agreements.

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NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020

As general partner of the Funds, REACH has the sole and exclusive right to manage, control, and conduct the affairs of the Funds and is apportioned 20% of the profits and losses as carried interest after the limited partners' unreturned capital base is zero and 100% of certain operating expenses of the Funds, which are reflected in the combined statements of activities and changes in net assets. REACH is not required to make a capital investment in the Funds. REACH's proportionate share of partners' equity in the Funds at December 31, 2021 and 2020 was \$0 with the exception of the 2018 LP. In 2021 \$34,855 in outstanding debt owed to REACH by the 2018 LP was converted to equity. REACH's proportionate share of partners' equity in the 2018 LP was 1.6% and \$0 at December 31, 2021 and 2020, respectively.

REACH ASEA Holdings Pty. Ltd

REACH ASEA Holdings Pty. Ltd ("ASEA Holdings") was organized in 2019 as an Australia limited partnership, structured similarly to the REACH limited partnerships, for the purpose of investing in companies that are participants in the REACH ASEA accelerator program. ASEA Holdings will continue until the ten year anniversary of the final closing of the fund, unless terminated earlier or extended in accordance with the provisions of the limited partnership agreement. REACH ASEA is the general partner of the ASEA Holdings and has the same rights, responsibilities, and control as REACH has with the limited partnerships it manages and is apportioned the same percentage of profits and losses as carried interest. REACH ASEA's proportionate share of partners' equity at December 31, 2021 and 2020 was \$0.

REACH Canada Ventures LP

REACH Canada Ventures LP ("Canada LP") was organized in 2020 as a Canadian limited partnership, structured similarly to the REACH limited partnerships, for the purpose of investing in companies that are participants in the REACH Canada accelerator program. Canada LP will continue until the 10-year anniversary of the final closing of the fund, unless terminated earlier or extended in accordance with the provisions of the limited partnership agreement. Canada Ventures is the general partner of the Canada LP and has the same rights, responsibilities, and control as REACH has with the limited partnerships it manages and is apportioned the same percentage of profits and losses. Canada Ventures' proportionate share of partners' equity at December 31, 2021 and 2020 was \$0.

Demand Notes

SCV issued demand notes to the limited partnerships, ASEA Holdings, and Canada LP to provide temporary funding until the final closing of the financing round with independent accredited investors. Outstanding principle plus accrued interest is included in accounts receivable on the statements of financial position.

The following table summarizes demand notes due to SCV as of December 31, 2021 and 2020:

	Interest Rate	2021	2020
REACH ASEA Holdings Pty. Ltd.	LIBOR plus 1.23%	\$ 1,003,549	\$ 385,397
REACH Canada 2020 Ventures LP	2%	1,747,003	753,171
REACH Ventures 2018 LP	LIBOR plus 1.23%	27,481	63,719
REACH Ventures 2019 LP	LIBOR plus 1.23%	764,699	754,496
REACH Ventures 2020 LP	LIBOR plus 1.23%	1,184,077	1,513,502
Total demand notes, related party		<u>\$ 4,726,809</u>	<u>\$ 3,470,285</u>

**National Association of REALTORS®,
Affiliated Institutes, Societies and Councils**

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020

Second Century Foundation

Second Century Foundation ("SCF"), also known as Foundation for Inclusion in Real Estate, is a charitable and educational organization created to introduce, empower, and advance underrepresented candidates in the real estate technology industry ("PropTech") through its support and contribution to educational and career-based opportunities. SCF is related to SCV through common management. In 2021, SCF commenced operations and received a \$6 million contribution from SCV dedicated to furthering SCF's tax-exempt purpose. SCV also provided all management and administrative services to SCF as an in-kind contribution. The amounts of these in-kind contributions totaled \$11,025 for the year ended December 31, 2021. During the year ended December 31, 2021, SCV paid expenses on behalf of SCF totaling \$25,693, which is included in accounts receivable on the combined statement of financial position.

NOTE 16 - TAX STATUS

The Association (except for RIN and NARBAC) is exempt from federal income taxes on income related to its exempt purpose under Internal Revenue Code ("IRC") Section 501(c)(6), or in the case of the Foundation and the University, under IRC Section 501(c)(3), and in the case of APOA, under IRC Section 501(c)(4). Included in taxes in the accompanying combined financial statements is a provision of approximately \$1,664,000 and \$1,169,000 for federal and state taxes on unrelated business income for the Association for the years ended December 31, 2021 and 2020, respectively.

RIN is a corporation and is taxed on its income for federal and state income taxes under the laws of subsection "C" of the IRC. As of December 31, 2021, RIN has federal and state operating loss carryforwards of approximately \$3,200,000 and \$4,300,000, respectively, which expire in 2030 through 2040. Deferred tax assets, net of valuation allowances of approximately \$2,100,000 and \$2,142,000 as of December 31, 2021 and 2020, respectively, were \$0. Deferred tax assets primarily relate to state and federal net operating loss carryforwards. There are no material temporary differences between income tax and financial reporting methods for RIN. A valuation allowance has been provided to the extent that uncertainty exists as to the future realization of the deferred tax assets.

NARBAC is a corporation and is taxed on its income for federal and state income taxes under the laws of subsection "C" of the IRC. NARBAC and its wholly owned subsidiaries file a consolidated group income tax return. Income tax (benefit) expense for the years ended December 31, 2021 and 2020 was (\$3,610,611) and \$45,965,838, respectively.

As of December 31, 2021, NARBAC has net operating loss carry forwards of approximately \$10 million, which expire in years from 2031 through 2033. The approximate \$10 million of the net operating loss carryforwards remaining at December 31, 2021 were generated prior to 2014, when the restructure occurred to create the NARBAC consolidated tax group. In accordance with tax rules, net operating losses generated prior to the formation of the NARBAC consolidated tax group can only be used to offset taxable income of the entity that generated them.

As of December 31, 2021 and 2020, NARBAC's deferred income tax assets, net of valuation allowances of approximately \$2.6 million and \$2.9 million, were \$960,000 and \$968,000, respectively. As of December 31, 2021 and 2020, NARBAC's deferred income tax liability was approximately \$50 million and \$62.8 million, respectively. Temporary differences between income tax and financial reporting methods for NARBAC consist primarily of unrealized gain on investments for SCV, the amortization of tax goodwill for SentiLock, and net operating losses for NARBAC, SCV, and RPR. A valuation allowance has been provided to the extent that uncertainty exists as to the future realization of the deferred tax assets. Management believes it is more likely than not that the deferred tax assets will not be realized; therefore, a full valuation allowance has been recorded on such deferred tax assets as of December 31, 2021 and 2020.

**National Association of REALTORS®,
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NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

December 31, 2021 and 2020

The future taxable differences (deferred tax liabilities) have not been used to offset the deferred tax assets primarily because the deferred tax assets are made up of net operating losses that were generated prior to 2014 and can only be used by the entity that generated them; therefore, the deferred tax liabilities generated by SCV cannot be used as a source of income for the remaining net operating losses and a full valuation allowance is recorded.

Income tax expense consisted of the following for the years ended December 31:

	<u>2021</u>	<u>2020</u>
Federal, currently payable	\$ 11,736,455	\$ 17,727,652
State, currently (receivable) payable	(897,626)	8,146,908
Deferred income taxes	(12,502,087)	21,943,829
Change in deferred tax valuation allowance	<u>(283,763)</u>	<u>(684,000)</u>
Provision for income taxes	<u>\$ (1,947,021)</u>	<u>\$ 47,134,389</u>

NOTE 17 - SUBSEQUENT EVENTS

Management of the Association evaluated the December 31, 2021 combined financial statements for subsequent events through April 29, 2022, the date the combined financial statements were available to be issued. See Note 6 for disclosure of subsequent events.

SUPPLEMENTAL INFORMATION

**National Association of REALTORS®,
Affiliated Institutes, Societies and Councils**

COMBINING STATEMENT OF FINANCIAL POSITION

December 31, 2021

	National Association of REALTORS®	REALTORS® Political Action Committee	REALTORS® Land Institute	Women's Council of REALTORS®	Residential Real Estate Council	Real Estate Business Institute
ASSETS						
Cash and cash equivalents	\$ 176,810,204	\$ 11,066,203	\$ 1,603,740	\$ 988,236	\$ 1,623,417	\$ 540,305
Accounts receivable - net	16,408,001	27,157	-	-	138,000	116,177
Due from affiliated organizations	287,603	-	-	116,001	-	-
Inventories	6,218,032	-	-	-	-	-
Prepaid expenses	10,450,353	-	47,857	81,102	438,403	103,309
Investment securities	860,681,303	5,265,272	894,585	1,458,969	23,335,915	1,055,468
	<u>1,070,855,496</u>	<u>16,358,632</u>	<u>2,546,182</u>	<u>2,644,308</u>	<u>25,535,735</u>	<u>1,815,259</u>
Property and equipment						
Land	19,212,875	-	-	-	-	-
Buildings and improvements	146,058,334	-	-	176,257	1,196,079	205,999
Furniture, equipment and technology	105,009,175	-	100,530	598,138	1,024,264	355,164
Capital work-in-progress	8,440,255	-	-	-	-	-
	<u>278,720,639</u>	<u>-</u>	<u>100,530</u>	<u>774,395</u>	<u>2,220,343</u>	<u>561,163</u>
Less accumulated depreciation	<u>(157,783,281)</u>	<u>-</u>	<u>(84,349)</u>	<u>(541,367)</u>	<u>(699,676)</u>	<u>(535,123)</u>
Net property and equipment	<u>120,937,358</u>	<u>-</u>	<u>16,181</u>	<u>233,028</u>	<u>1,520,667</u>	<u>26,040</u>
Other assets	<u>23,822,433</u>	<u>-</u>	<u>75,403</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>\$ 1,215,615,287</u>	<u>\$ 16,358,632</u>	<u>\$ 2,637,766</u>	<u>\$ 2,877,336</u>	<u>\$ 27,056,402</u>	<u>\$ 1,841,299</u>

**National Association of REALTORS®,
Affiliated Institutes, Societies and Councils**

COMBINING STATEMENT OF FINANCIAL POSITION - CONTINUED

December 31, 2021

	CCIM Institute	Institute of Real Estate Management	Society of Industrial and Office REALTORS®	Counselors of Real Estate	Elimination Entries	Combined
ASSETS						
Cash and cash equivalents	\$ 5,074,552	\$ 1,254,214	\$ 2,584,973	\$ 621,955	\$ -	\$ 202,167,799
Accounts receivable - net	52,089	345,408	249,510	12,301	-	17,348,643
Due from affiliated organizations	12,952	-	-	-	(416,556)	-
Inventories	-	34,439	14,871	-	-	6,267,342
Prepaid expenses	821,282	398,476	445,708	12,039	-	12,798,529
Investment securities	21,304,516	8,107,173	12,382,505	2,385,037	-	936,870,743
	27,265,391	10,139,710	15,677,567	3,031,332	(416,556)	1,175,453,056
 Property and equipment						
Land	-	-	-	-	-	19,212,875
Buildings and improvements	1,891,555	478,122	238,091	322,391	-	150,566,828
Furniture, equipment and technology	3,887,859	4,424,364	920,730	294,316	-	116,614,540
Capital work-in-progress	-	-	-	-	-	8,440,255
	5,779,414	4,902,486	1,158,821	616,707	-	294,834,498
Less accumulated depreciation	(3,694,740)	(3,977,106)	(1,000,711)	(544,096)	-	(168,860,449)
Net property and equipment	2,084,674	925,380	158,110	72,611	-	125,974,049
 Other assets	-	-	21,411	-	(2,465,428)	21,453,819
 Total assets	<u>\$ 29,350,065</u>	<u>\$ 11,065,090</u>	<u>\$ 15,857,088</u>	<u>\$ 3,103,943</u>	<u>\$ (2,881,984)</u>	<u>\$1,322,880,924</u>

**National Association of REALTORS®,
Affiliated Institutes, Societies and Councils**

COMBINING STATEMENT OF FINANCIAL POSITION - CONTINUED

December 31, 2021

	National Association of REALTORS®	REALTORS® Political Action Committee	REALTORS® Land Institute	Women's Council of REALTORS®	Residential Real Estate Council	Real Estate Business Institute
LIABILITIES AND NET ASSETS						
Liabilities						
Accounts payable						
Trade	\$ 37,173,072	\$ -	\$ 4,067	\$ 277,304	\$ 500,921	\$ 218,291
Affiliated organizations	-	-	20,405	-	38,331	36,018
Accrued expenses	50,646,320	-	5,633	182,495	904,849	57,445
Deferred revenue	150,178,529	-	695,977	553,865	4,074,257	567,494
Deferred tax liability	50,029,979	-	-	-	-	-
Notes payable	42,927,086	-	-	123,926	1,000,000	-
Deferred compensation	2,766,778	-	-	-	-	-
Investment liabilities	119,446,758	-	-	-	-	-
Total liabilities	453,168,522	-	726,082	1,137,590	6,518,358	879,248
Commitments and contingencies						
Net assets						
Noncontrolling interest, without donor restrictions	(356,055)	-	-	-	-	-
Controlling interest						
Without donor restrictions	752,482,218	16,358,632	1,911,684	1,739,746	20,538,044	962,051
With donor restrictions	10,320,602	-	-	-	-	-
	<u>762,802,820</u>	<u>16,358,632</u>	<u>1,911,684</u>	<u>1,739,746</u>	<u>20,538,044</u>	<u>962,051</u>
Total net assets	762,446,765	16,358,632	1,911,684	1,739,746	20,538,044	962,051
Total liabilities and net assets	<u>\$ 1,215,615,287</u>	<u>\$ 16,358,632</u>	<u>\$ 2,637,766</u>	<u>\$ 2,877,336</u>	<u>\$ 27,056,402</u>	<u>\$ 1,841,299</u>

National Association of REALTORS®,
Affiliated Institutes, Societies and Councils

COMBINING STATEMENT OF FINANCIAL POSITION - CONTINUED

December 31, 2021

	CCIM Institute	Institute of Real Estate Management	Society of Industrial and Office REALTORS®	Counselors of Real Estate	Elimination Entries	Combined
LIABILITIES AND NET ASSETS						
Liabilities						
Accounts payable						
Trade	\$ 804,248	\$ 383,463	\$ 724,312	\$ 84,004	\$ -	\$ 40,169,682
Affiliated organizations	-	238,328	45,979	37,495	(416,556)	-
Accrued expenses	1,173,035	1,308,273	244,475	60,810	(2,465,428)	52,117,907
Deferred revenue	4,695,718	2,771,134	2,486,525	622,789	-	166,646,288
Deferred tax liability	-	-	-	-	-	50,029,979
Notes payable	-	-	352,697	-	-	44,403,709
Deferred compensation	-	-	-	-	-	2,766,778
Investment liabilities	-	-	-	-	-	119,446,758
Total liabilities	6,673,001	4,701,198	3,853,988	805,098	(2,881,984)	475,581,101
Commitments and contingencies						
Net assets						
Noncontrolling interest, without donor restrictions	-	-	-	-	-	(356,055)
Controlling interest						
Without donor restrictions	17,522,799	6,363,892	12,003,100	2,298,845	-	832,181,011
With donor restrictions	5,154,265	-	-	-	-	15,474,867
	<u>22,677,064</u>	<u>6,363,892</u>	<u>12,003,100</u>	<u>2,298,845</u>	<u>-</u>	<u>847,655,878</u>
Total net assets	<u>22,677,064</u>	<u>6,363,892</u>	<u>12,003,100</u>	<u>2,298,845</u>	<u>-</u>	<u>847,299,823</u>
Total liabilities and net assets	<u>\$ 29,350,065</u>	<u>\$ 11,065,090</u>	<u>\$ 15,857,088</u>	<u>\$ 3,103,943</u>	<u>\$ (2,881,984)</u>	<u>\$ 1,322,880,924</u>

**National Association of REALTORS®,
Affiliated Institutes, Societies and Councils**

COMBINING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended December 31, 2021

	National Association of REALTORS®	REALTORS® Political Action Committee	REALTORS® Land Institute	Women's Council of REALTORS®	Residential Real Estate Council	Real Estate Business Institute
Changes in net assets without donor restrictions						
Revenue						
Membership dues	\$236,545,291	\$ -	\$ 769,870	\$ 1,327,730	\$ 5,672,293	\$ 1,094,042
Special assessments - Consumer Advertising Campaign	56,873,395	-	-	-	-	-
Investment return, net	44,680,773	(1,420)	45,237	159,881	3,507,748	118,991
Publications, products and service materials	38,622,047	-	5,358	11,169	-	37,990
Education courses and meetings	6,198,798	-	593,028	39,955	1,333,769	874,544
Political affairs	4,548,090	8,276,581	-	-	-	-
Other	8,214,858	39,309	88,433	-	624,415	395,992
Advertising and subscriptions	9,838,932	-	74,536	5,500	68,493	-
Conventions	8,737,282	-	8,992	564,857	18,137	4,817
Rent	6,406,306	-	-	-	-	-
License fees	2,205,116	-	-	-	-	-
Net gain on sale of property and equipment	846,428	-	-	-	-	-
Net assets released from restriction - satisfaction of donor restrictions	421,457	-	-	-	-	-
Total revenue without donor restrictions	424,138,773	8,314,470	1,585,454	2,109,092	11,224,855	2,526,376

**National Association of REALTORS®,
Affiliated Institutes, Societies and Councils**

COMBINING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS - CONTINUED

Year Ended December 31, 2021

	CCIM Institute	Institute of Real Estate Management	Society of Industrial and Office REALTORS®	Counselors of Real Estate	Elimination Entries	Combined
Changes in net assets without donor restrictions						
Revenue						
Membership dues	\$ 7,055,734	\$ 6,743,845	\$ 4,236,755	\$ 1,625,670	\$ -	\$ 265,071,230
Special assessments - Consumer Advertising Campaign	-	-	-	-	-	56,873,395
Investment return, net	1,930,577	490,432	2,093,957	267,834	-	53,294,010
Publications, products and service materials	-	818,532	156,319	-	-	39,651,415
Education courses and meetings	4,854,413	3,172,189	201,515	-	(2,600)	17,265,611
Political affairs	-	-	-	-	(12,500)	12,812,171
Other	276,272	2,691,190	133,812	230,468	-	12,694,749
Advertising and subscriptions	1,468,305	-	-	615	(100,000)	11,356,381
Conventions	-	426,266	1,433,900	55,101	-	11,249,352
Rent	-	-	-	-	-	6,406,306
License fees	-	-	-	-	-	2,205,116
Net gain on sale of property and equipment	-	-	-	-	-	846,428
Net assets released from restriction - satisfaction of donor restrictions	214,677	-	-	-	-	636,134
Total revenue without donor restrictions	15,799,978	14,342,454	8,256,258	2,179,688	(115,100)	490,362,298

**National Association of REALTORS®,
Affiliated Institutes, Societies and Councils**

COMBINING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS - CONTINUED

Year Ended December 31, 2021

	National Association of REALTORS®	REALTORS® Political Action Committee	REALTORS® Land Institute	Women's Council of REALTORS®	Residential Real Estate Council	Real Estate Business Institute
Expenses						
Salaries and fringe benefits	\$ 101,554,591	\$ -	\$ 586,187	\$ 1,043,577	\$ 3,692,666	\$ 1,090,455
Professional services	43,571,610	-	63,242	42,713	934,101	87,710
Advertising and promotion	39,018,626	-	21,987	11,190	405,966	173,305
Technology services	18,585,625	-	37,426	155,216	556,370	-
Facilities and meetings	13,787,405	-	90,167	199,619	343,574	147,474
Other	12,266,811	382,191	48,291	102,593	260,132	60,833
Depreciation and amortization	13,330,438	-	5,028	173,164	329,278	22,928
Grants	11,238,438	-	-	-	-	-
Printing, products and production	9,034,756	-	19,675	21,557	730,436	629,367
Office	7,847,812	-	20,773	78,401	214,424	51,674
Public policy	5,334,800	2,684,750	2,500	-	-	-
REALTOR® member subscriptions	7,500,000	-	-	-	-	-
Travel	5,492,616	-	47,977	111,332	350,253	16,892
Maintenance and repairs	6,273,324	-	-	3,369	76,998	-
Legal	6,339,128	-	1,241	-	15,223	632
Charitable contributions	6,016,157	-	-	-	-	-
Rent	5,409,095	-	37,523	117,132	570,565	131,551
Insurance	4,846,987	-	-	-	-	-
Interest	1,163,978	-	-	-	14,775	-
Bad debt	77,968	-	-	-	-	-
Expenses charged to subsidiaries and affiliates	(2,512,983)	-	-	-	-	-
Total expenses	316,177,182	3,066,941	982,017	2,059,863	8,494,761	2,412,821
Change in net assets without donor restrictions before income taxes, foreign currency translation gain, and change in postretirement obligation	107,961,591	5,247,529	603,437	49,229	2,730,094	113,555

National Association of REALTORS®,
Affiliated Institutes, Societies and Councils

COMBINING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS - CONTINUED

Year Ended December 31, 2021

	CCIM Institute	Institute of Real Estate Management	Society of Industrial and Office REALTORS®	Counselors of Real Estate	Elimination Entries	Combined
Expenses						
Salaries and fringe benefits	\$ 4,564,742	\$ 6,478,255	\$ 3,022,904	\$ 1,419,757	\$ -	\$ 123,453,134
Professional services	2,140,390	834,348	883,579	58,000	(102,029)	48,513,664
Advertising and promotion	408,165	694,584	732,271	39,846	(326,535)	41,179,405
Technology services	3,415,594	-	50,271	41,134	-	22,841,636
Facilities and meetings	735,984	1,212,452	855,291	10,880	(154,868)	17,227,978
Other	592,614	1,564,810	179,293	68,806	-	15,526,374
Depreciation and amortization	685,031	360,393	121,881	22,408	-	15,050,549
Grants	-	-	-	-	-	11,238,438
Printing, products and production	-	137,544	-	8,818	-	10,582,153
Office	460,824	391,320	491,390	29,127	(34,873)	9,550,872
Public policy	-	5,000	5,000	-	(12,500)	8,019,550
REALTOR® member subscriptions	-	-	-	-	-	7,500,000
Travel	328,741	402,035	369,433	18,303	-	7,137,582
Maintenance and repairs	-	576,410	-	468	-	6,930,569
Legal	-	-	84,143	20,311	(16,378)	6,444,300
Charitable contributions	-	-	-	-	-	6,016,157
Rent	374,835	600,577	363,740	194,279	(1,980,900)	5,818,397
Insurance	-	76,156	-	1,282	-	4,924,425
Interest	-	-	-	-	-	1,178,753
Bad debt	-	-	-	-	-	77,968
Expenses charged to subsidiaries and affiliates	-	-	-	-	2,512,983	-
Total expenses	13,706,920	13,333,884	7,159,196	1,933,419	(115,100)	369,211,904
Change in net assets without donor restrictions before income taxes, foreign currency translation gain, and change in postretirement obligation	2,093,058	1,008,570	1,097,062	246,269	-	121,150,394

National Association of REALTORS®,
Affiliated Institutes, Societies and Councils

COMBINING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS - CONTINUED

Year Ended December 31, 2021

	National Association of REALTORS®	REALTORS® Political Action Committee	REALTORS® Land Institute	Women's Council of REALTORS®	Residential Real Estate Council	Real Estate Business Institute
Income tax benefit	\$ 1,947,021	\$ -	\$ -	\$ -	\$ -	\$ -
Foreign currency translation gain, net of tax	55,471	-	-	-	-	-
Unrealized loss on swap agreement	(2,365,938)	-	-	-	-	-
Change in postretirement obligation other than net periodic costs	3,616,000	-	-	-	-	-
Change in net assets without donor restrictions	111,214,145	5,247,529	603,437	49,229	2,730,094	113,555
Changes in net assets with donor restrictions						
REALTOR® Relief Foundation contributions	8,003,056	-	-	-	-	-
CCIM Foundation donor restricted contributions	-	-	-	-	-	-
Investment return, net, on restricted investments	-	-	-	-	-	-
Net assets released from restrictions	(421,457)	-	-	-	-	-
Change in net assets with donor restrictions	7,581,599	-	-	-	-	-
Change in net assets	118,795,744	5,247,529	603,437	49,229	2,730,094	113,555
Net assets, at beginning of year	643,651,021	11,111,103	1,308,247	1,690,517	17,807,950	848,496
Net assets, at end of year	<u>\$ 762,446,765</u>	<u>\$ 16,358,632</u>	<u>\$ 1,911,684</u>	<u>\$ 1,739,746</u>	<u>\$ 20,538,044</u>	<u>\$ 962,051</u>
Change in net assets, controlling interest	\$ 118,855,214	\$ 5,247,529	\$ 603,437	\$ 49,229	\$ 2,730,094	\$ 113,555
Noncontrolling interest in net income	(59,470)	-	-	-	-	-
	<u>\$ 118,795,744</u>	<u>\$ 5,247,529</u>	<u>\$ 603,437</u>	<u>\$ 49,229</u>	<u>\$ 2,730,094</u>	<u>\$ 113,555</u>

National Association of REALTORS®,
Affiliated Institutes, Societies and Councils

COMBINING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS - CONTINUED

Year Ended December 31, 2021

	CCIM Institute	Institute of Real Estate Management	Society of Industrial and Office REALTORS®	Counselors of Real Estate	Elimination Entries	Combined
Income tax benefit	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,947,021
Foreign currency translation gain, net of tax	-	-	-	-	-	55,471
Unrealized loss on swap agreement	-	-	-	-	-	(2,365,938)
Change in postretirement obligation other than net periodic costs	-	-	-	-	-	3,616,000
Change in net assets without donor restrictions	2,093,058	1,008,570	1,097,062	246,269	-	124,402,948
Changes in net assets with donor restrictions						
REALTOR® Relief Foundation contributions	-	-	-	-	-	8,003,056
CCIM Foundation donor restricted contributions	168,300	-	-	-	-	168,300
Investment return, net, on restricted investments	291,423	-	-	-	-	291,423
Net assets released from restrictions	(214,677)	-	-	-	-	(636,134)
Change in net assets with donor restrictions	245,046	-	-	-	-	7,826,645
Change in net assets	2,338,104	1,008,570	1,097,062	246,269	-	132,229,593
Net assets, at beginning of year	20,338,960	5,355,322	10,906,038	2,052,576	-	715,070,230
Net assets, at end of year	<u>\$ 22,677,064</u>	<u>\$ 6,363,892</u>	<u>\$ 12,003,100</u>	<u>\$ 2,298,845</u>	<u>\$ -</u>	<u>\$ 847,299,823</u>
Change in net assets, controlling interest	\$ 2,338,104	\$ 1,008,570	\$ 1,097,062	\$ 246,269	\$ -	\$ 132,289,063
Noncontrolling interest in net income	-	-	-	-	-	(59,470)
	<u>\$ 2,338,104</u>	<u>\$ 1,008,570</u>	<u>\$ 1,097,062</u>	<u>\$ 246,269</u>	<u>\$ -</u>	<u>\$ 132,229,593</u>

BOD BUDGET PROPOSAL

MAY 6, 2022

20
23

 NATIONAL
ASSOCIATION OF
REALTORS®

NATIONAL ASSOCIATION OF REALTORS® - 2023 Budget Highlights

Operating, Advocacy, and Consumer Advertising Campaign Budget Highlights

	Approved 2022	Proposed 2023	2024	Proforma 2025	2026
Membership Projection	1.52 million	1.47 million	1.44 million	1.42 million	1.37 million

NAR membership set a new record high in 2021, reaching 1.56 million members. The growth was driven by a strong housing market over the past two years. Existing-home sales rose 6% and 8% in 2020 and 2021, respectively. Total existing-home sales reached 6.1 million in 2021, the highest in 16 years. Moreover, home prices grew by 9% and 17% over the same periods. Such strength in the market attracted many new members to the profession.

High unemployment arising from the early months of pandemic lockdowns and consequent distressing economic conditions also helped push up membership figures. Generally speaking, when the unemployment rate is high more people try a new profession, including real estate.

The broader job market has been steadily improving, with worker shortages in many industries, but there tends to be some stickiness to membership. The housing market looks to remain stable in upcoming years. In 2022, home sales are expected to decline by 3% while home prices continue to march upward due to the ongoing housing shortage. NAR membership therefore, is expected to see a small decline from 2021 to 2022, followed by modest declines in the subsequent three years without a major shakeout.

Membership Dues Total Revenue	\$ 228,000,000	220,500,000	216,000,000	213,000,000	205,500,000
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Non Dues Revenue	\$ 46,418,522	48,839,011	50,055,654	51,457,679	52,208,101
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Consumer Advertising Campaign Special Assessment	\$ 53,200,000	*66,150,000	*64,800,000	*63,900,000	*61,650,000
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* Program funding in 2023 - 2026 subject to member approval of the five year Campaign.

Total Operating, Advocacy, and Consumer Advertising Campaign Expenses, excluding APOA	-321,165,409	-322,893,763	-333,824,848	-328,648,286	-342,762,617
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Annual Changes to Operating Reserves	6,913,856	2,162,412	-1,763,114	-3,330,337	-9,786,879
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* 2021 Contribution to Operating Reserves \$11 million

Annual Changes to Advocacy Reserves excluding APOA	-1,327,689	4,762,106	-3,956,685	3,206,930	-9,509,206
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Annual Changes to Advertising Campaign Reserves	966,947	5,770,831	2,850,603	-67,201	-4,008,431
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NATIONAL ASSOCIATION OF REALTORS® - Operating Summary

Operating Budget	Approved 2022	Proposed 2023	2024	Proforma 2025	2026
Membership Dues Total	126,160,000	122,010,000	119,520,000	117,860,000	113,710,000
Non Dues Revenue	43,639,376	46,019,471	47,185,644	48,581,959	49,277,871
Revenue Total	169,799,376	168,029,471	166,705,644	166,441,959	162,987,871
Total Operating Gross (Expense)	-154,083,081	-158,128,039	-160,839,097	-162,173,455	-165,280,490
Operating Gross Revenue (Expense)	15,716,295	9,901,432	5,866,547	4,268,504	-2,292,619
Association Non-cash (Expense)	-8,802,440	-7,739,021	-7,629,659	-7,598,840	-7,494,260
Net Income (Loss)	6,913,856	2,162,412	-1,763,114	-3,330,337	-9,786,879

Original 2022 BOD Approved Net Income (Loss)	3,046,462
2022 Proposed Membership Adjustments and Programming Savings	3,867,394
Proposed Net Income (Loss)	6,913,856

2022 membership estimated at 1,520,000 members

2023 membership estimated at 1,470,000 members

2024 membership estimated at 1,440,000 members

2025 membership estimated at 1,420,000 members

2026 membership estimated at 1,370,000 members

NATIONAL ASSOCIATION OF REALTORS® - Gross Revenue Summary

Operating Budget	Approved 2022	Proposed 2023	2024	Proforma 2025	2026
NAR Dues	126,160,000	122,010,000	119,520,000	117,860,000	113,710,000
Institute Affiliate Dues	275,000	275,000	275,000	275,000	275,000
Interest Income	3,357,544	3,654,290	3,954,290	4,255,000	4,500,000
Member Experience, Engagement, and Legal					
Member Experience	177,250	177,250	177,250	177,250	177,250
Engagement	1,627,100	1,803,225	1,807,475	1,823,225	1,828,775
Legal Affairs	58,110	58,110	58,110	58,110	58,110
Research					
Research	627,500	657,500	687,500	717,500	747,500
Internal Operations					
Finance Management	668,208	688,256	708,902	730,169	752,073
Buildings and Facility Management	11,536,535	11,655,861	12,528,844	12,879,415	13,226,244
Information Technology	3,491,993	3,506,122	3,533,519	3,583,884	3,642,680
Member Development					
Member Development	1,895,731	1,958,755	1,973,305	2,119,994	2,200,198
Strategic Business, Innovation, and Technology					
Strategic Business, Innovation and Technology	5,255,024	5,926,000	6,256,000	6,656,000	7,056,000
Talent Development and Resources					
Talent Development and Resources	350,742	350,742	350,742	350,742	350,742
Marketing, Communications, Events, and Leadership Resources					
Public Relations and Communications Strategy	45,000	47,500	49,120	52,675	57,000
Creative and Content Strategy	2,487,740	2,564,010	2,689,704	2,792,545	2,836,249
Meetings and Events	11,785,900	12,696,850	12,135,883	12,110,450	11,570,050
Total Non Dues Revenue	43,639,376	46,019,471	47,185,644	48,581,959	49,277,871
Total Gross Revenue	169,799,376	168,029,471	166,705,644	166,441,959	162,987,871
2022 membership estimated at 1,520,000 members					
2023 membership estimated at 1,470,000 members					
2024 membership estimated at 1,440,000 members					
2025 membership estimated at 1,420,000 members					
2026 membership estimated at 1,370,000 members					

NATIONAL ASSOCIATION OF REALTORS® - Gross Expense Summary

Operating Budget	Approved 2022	Proposed 2023	2024	Proforma 2025	2026
Association Taxes, Insurance and Interest Expenses	-2,061,765	-2,061,943	-2,061,943	-2,061,943	-2,061,943
Total Association Expenses	-2,061,765	-2,061,943	-2,061,943	-2,061,943	-2,061,943
Programmatic Expense Budget					
Member Experience, Engagement, and Legal					
Member Experience	-7,048,447	-7,142,124	-7,647,027	-7,294,002	-7,383,559
Engagement	-7,839,033	-7,977,572	-8,045,585	-8,197,191	-8,391,835
Legal Affairs	-7,946,349	-8,083,190	-8,180,782	-8,272,812	-8,374,757
Research					
Research	-3,993,753	-4,073,877	-4,146,853	-4,231,854	-4,319,415
Internal Operations					
Finance Management	-5,503,943	-5,753,283	-5,904,700	-6,065,004	-6,323,672
Buildings and Facility Management	-14,715,004	-14,593,156	-14,890,718	-15,231,097	-15,538,507
Buildings Reserve Funding	-7,093,859	-7,345,074	-7,388,345	-7,571,018	-7,647,493
Information Technology	-17,227,480	-17,523,278	-17,670,706	-17,431,687	-17,988,014
Member Development					
Member Development	-4,310,332	-4,511,923	-4,553,647	-4,795,029	-4,774,475
Strategic Business, Innovation, and Technology					
Strategic Business, Innovation and Technology	-5,541,702	-5,847,216	-5,977,870	-6,106,161	-6,238,349
Talent Development and Resources					
Talent Development and Resources	-4,253,157	-4,317,239	-4,364,522	-4,434,807	-4,536,858
Marketing, Communications, Events, and Leadership Resources					
Leadership Resources	-6,865,215	-7,427,405	-7,586,095	-7,698,933	-7,871,046
Public Relations and Communications Strategy	-3,712,245	-3,845,103	-3,869,026	-4,018,751	-4,207,049
Creative and Content Strategy	-12,845,631	-12,970,372	-13,125,282	-13,318,090	-13,494,030
Meetings and Events	-19,420,103	-20,895,941	-21,636,214	-21,504,440	-22,103,496
Digital Strategy	-4,325,063	-4,379,343	-4,409,782	-4,560,636	-4,645,992
Realtors Property Resource®	-19,380,000	-19,380,000	-19,380,000	-19,380,000	-19,380,000
Total Programmatic Net (Expense)	-152,021,316	-156,066,096	-158,777,154	-160,111,512	-163,218,547
Operating Gross Expenses	-154,083,081	-158,128,039	-160,839,097	-162,173,455	-165,280,490
Depreciation Expense	-8,802,440	-7,739,021	-7,629,659	-7,598,840	-7,494,260
Total Gross (Expense)	-162,885,521	-165,867,060	-168,468,756	-169,772,295	-172,774,750

NATIONAL ASSOCIATION OF REALTORS® - Combined Net Budget Summary

Association Revenue	Approved 2022	Proposed 2023	2024	Proforma 2025	2026
NAR Dues	126,160,000	122,010,000	119,520,000	117,860,000	113,710,000
Institute Affiliate Dues	275,000	275,000	275,000	275,000	275,000
Interest Income	3,357,544	3,654,290	3,954,290	4,255,000	4,500,000
Total Dues and Interest Income	129,792,544	125,939,290	123,749,290	122,390,000	118,485,000
Association Taxes, Insurance and Interest Expenses	-2,061,765	-2,061,943	-2,061,943	-2,061,943	-2,061,943
Association Revenue and (Expense)	127,730,779	123,877,347	121,687,347	120,328,057	116,423,057
Programmatic Budget					
Member Experience, Engagement, and Legal					
Member Experience	-6,871,197	-6,964,874	-7,469,777	-7,116,752	-7,206,309
Engagement	-6,211,933	-6,174,347	-6,238,110	-6,373,966	-6,563,060
Legal Affairs	-7,888,239	-8,025,080	-8,122,672	-8,214,702	-8,316,647
Research					
Research	-3,366,253	-3,416,377	-3,459,353	-3,514,354	-3,571,915
Internal Operations					
Finance Management	-4,835,735	-5,065,027	-5,195,798	-5,334,835	-5,571,599
Buildings and Facility Management	-3,178,469	-2,937,295	-2,361,874	-2,351,682	-2,312,263
Buildings Reserve Funding	-7,093,859	-7,345,074	-7,388,345	-7,571,018	-7,647,493
Information Technology	-13,735,487	-14,017,156	-14,137,187	-13,847,803	-14,345,334
Member Development					
Member Development	-2,414,601	-2,553,168	-2,580,342	-2,675,035	-2,574,277
Strategic Business, Innovation, and Technology					
Strategic Business, Innovation and Technology	-286,678	78,784	278,130	549,839	817,651
Talent Development and Resources					
Talent Development and Resources	-3,902,415	-3,966,497	-4,013,780	-4,084,065	-4,186,116
Marketing, Communications, Events, and Leadership Resources					
Leadership Resources	-6,865,215	-7,427,405	-7,586,095	-7,698,933	-7,871,046
Public Relations and Communications Strategy	-3,667,245	-3,797,603	-3,819,906	-3,966,076	-4,150,049
Creative and Content Strategy	-10,357,891	-10,406,362	-10,435,578	-10,525,545	-10,657,781
Meetings and Events	-7,634,203	-8,199,091	-9,500,331	-9,393,990	-10,533,446
Digital Strategy	-4,325,063	-4,379,343	-4,409,782	-4,560,636	-4,645,992
Realtors Property Resource®	-19,380,000	-19,380,000	-19,380,000	-19,380,000	-19,380,000
Total Programmatic Net (Expense)	-112,014,483	-113,975,914	-115,820,803	-116,059,554	-118,715,676
Operating Gross Revenue (Expense)	15,716,296	9,901,433	5,866,544	4,268,503	-2,292,619
Depreciation Expense	-8,802,440	-7,739,021	-7,629,659	-7,598,840	-7,494,260
Total Association Net Profit (Expense)	6,913,856	2,162,412	-1,763,114	-3,330,337	-9,786,879

NATIONAL ASSOCIATION OF REALTORS® - Advocacy Summary

Advocacy Budget	Approved 2022	Proposed 2023	2024	Proforma 2025	2026
Dedicated Dues Funding	101,840,000	98,490,000	96,480,000	95,140,000	91,790,000
Non Dues Revenue	2,132,400	2,169,540	2,220,010	2,200,720	2,248,230
Interest Income	646,746	650,000	650,000	675,000	682,000
Total Gross Revenue	104,619,146	101,309,540	99,350,010	98,015,720	94,720,230
Gross Expenses	-105,946,835	-96,547,434	-103,306,695	-94,808,790	-104,229,436
Net Income (Use of Reserves)	-1,327,689	4,762,106	-3,956,685	3,206,930	-9,509,206
Available Advocacy Reserve	98,845,374	88,905,685	89,055,791	78,487,104	77,082,034
American Property Owners Alliance Funding	-8,612,000	-4,612,000	-6,612,000	-4,612,000	-6,612,000
Balance of Advocacy Reserve*	88,905,685	89,055,791	78,487,104	77,082,034	60,960,828

* The required minimum reserve is approximately \$8mm

2022 membership estimated at 1,520,000 members

2023 membership estimated at 1,470,000 members

2024 membership estimated at 1,440,000 members

2025 membership estimated at 1,420,000 members

2026 membership estimated at 1,370,000 members

NATIONAL ASSOCIATION OF REALTORS® - Advocacy Budget Summary

All Program Totals are Net of Non-dues Revenue					
Advocacy Programs	Approved 2022	Proposed 2023	2024	Proforma 2025	2026
Government Advocacy					
Congressional Relations	-3,752,095	-3,802,301	-4,303,264	-3,930,074	-3,941,222
Federal Independent Expenditures	-20,452,400	-363,401	-13,507,830	-386,401	-13,531,521
Federal Public Issues Advocacy	-4,745,020	-8,519,440	-6,447,901	-8,522,407	-6,450,958
Consumer Advocacy Outreach Campaign	-3,926,194	-4,069,448	-3,945,649	-4,077,383	-4,082,288
FPC Program	-967,040	-997,294	-992,706	-1,018,279	-1,009,020
Political Field Operations	-1,407,408	-1,327,289	-1,455,887	-1,377,223	-1,507,319
RPAC Program Operations	-577,884	-591,348	-605,216	-619,500	-626,112
VP Administration - Government Advocacy	-23,800	-23,800	-23,800	-23,800	-23,800
Chief Advocacy Officer Administration	-93,700	-96,700	-99,700	-99,700	-102,700
Political Advocacy					
RPAC Direct Fundraising	-3,421,845	-3,644,726	-3,961,702	-3,987,514	-4,006,480
Major Investor/Presidents Circle Recognition	-1,577,832	-1,714,726	-1,807,848	-1,828,275	-1,839,014
PAC Management System	-2,141,383	-2,245,934	-2,310,211	-2,373,306	-2,407,362
Member Mobilization Program	-1,901,452	-1,906,306	-1,911,315	-1,916,465	-1,921,769
Campaign Services	-8,214,873	-6,910,159	-8,243,850	-6,939,757	-8,274,361
REALTOR Party Training Conference	-1,714,277	-1,967,502	-387,411	-4,044,795	-409,271
GAD Institute	-480,987	-506,765	-512,717	-518,847	-525,162
RPAC Presidents Circle Annual Conference	-2,341,402	-2,576,281	-2,621,847	-2,668,548	-2,716,262
REALTOR Party Liaison Travel	-405,271	-405,470	-419,487	-422,462	-424,386
State and Local Independent Expenditures	-11,879,798	-11,897,914	-11,916,523	-11,935,240	-11,955,020
State and Local Issues Mobilization	-13,207,468	-13,226,899	-13,246,888	-13,267,253	-13,288,478
Professional Development	-609,396	-623,846	-638,429	-653,150	-668,012
VP Administration - RPAC and Campaign Services	-23,800	-23,800	-23,800	-23,800	-23,800
Policy Advocacy					
Fair Housing Program	-2,037,420	-2,052,307	-2,067,641	-2,083,435	-2,099,703
Federal Policy and Industry Relations	-4,240,511	-4,329,877	-4,472,476	-4,557,552	-4,645,182
Real Estate Services	-687,787	-698,022	-710,356	-718,419	-726,723
Real Property Valuation Program	-305,013	-311,396	-317,969	-324,741	-331,716
State and Local Legislative Resources	-694,583	-709,809	-725,402	-741,191	-748,166
VP Policy Advocacy	-23,800	-23,800	-23,800	-23,800	-23,800
Policy Forum	-632,602	-654,790	-665,971	-675,771	-685,865
Strategy and Advocacy Operations					
Community Outreach Program	-2,968,445	-2,993,669	-3,044,648	-3,071,407	-3,098,969
External Engagement Program	-3,459,660	-3,476,417	-3,493,677	-3,511,455	-3,529,766
Congressional Reception	0	-3,100,000	-1,100,000	-1,100,000	-1,100,000
Ride the Brand Nationwide Events	0	-3,600,000	0	0	0
Land Use Initiative	-1,534,380	-1,546,497	-1,558,976	-1,571,830	-1,585,070
Smart Growth and Housing Opportunity	-1,614,791	-1,650,390	-1,693,206	-1,727,224	-1,762,265
Advocacy Resources	-708,130	-722,180	-736,650	-751,557	-766,910
VP Administration - State and Local Services	-32,000	-32,000	-33,500	-33,500	-33,500
Total Program Net (Expense)	-102,804,447	-93,342,503	-100,028,253	-91,526,061	-100,871,952

NATIONAL ASSOCIATION OF REALTORS® - Advocacy Budget Summary

Advocacy Committees	Approved 2022	Proposed 2023	2024	Proforma 2025	2026
Government Advocacy					
REALTOR® Party Member Involvement Committee	-15,507	-15,789	-16,079	-16,378	-16,687
RPAC Trustees Federal Disbursement Committee	-46,901	-47,474	-48,064	-48,672	-49,298
Federal Legislative and Political Forum	-227,934	-234,398	-240,906	-247,460	-257,162
Consumer Advocacy Outreach Advisory Board	-29,401	-29,974	-30,564	-31,172	-31,798
Political Advocacy					
Corporate Investor Council	-21,999	-22,461	-22,937	-23,428	-23,933
REALTOR® Party Trustees State/Local Campaign Services Committee	-52,497	-53,653	-54,843	-56,069	-57,332
RPAC Major Investor Council	-11,799	-11,984	-12,175	-12,371	-12,573
RPAC Participation Council	-21,999	-22,461	-22,937	-23,428	-23,933
RPAC Trustees Fundraising Committee	-21,999	-22,461	-22,937	-23,428	-23,933
State and Local Issues Mobilization Support Committee	-37,498	-38,422	-39,375	-40,356	-41,366
Policy Advocacy					
Business Issues Policy Committee	-23,242	-23,815	-24,406	-25,015	-25,642
Commercial Legislative/Regulatory Advisory Board	-16,615	-16,936	-17,268	-17,608	-17,960
Conventional Finance and Policy Committee	-26,231	-26,873	-27,535	-28,217	-28,919
Fair Housing Committee	-28,231	-28,873	-29,535	-30,217	-30,919
Federal Financing and Housing Policy Committee	-24,731	-25,373	-26,035	-26,717	-27,419
Federal Taxation Committee	-15,115	-15,437	-15,768	-16,108	-16,460
Federal Technology Policy Committee	-14,115	-14,437	-14,768	-15,108	-15,460
Insurance Committee	-16,615	-16,937	-17,268	-17,608	-17,960
Land Use Property Rights and Environmental Committee	-19,115	-19,437	-19,767	-20,108	-20,460
Public Policy Coordinating Committee	-44,931	-45,883	-46,865	-47,875	-48,916
Real Property Valuation Committee	-18,565	-18,887	-19,218	-19,558	-19,910
Real Property Valuation Forum	-14,465	-14,818	-15,183	-15,558	-15,945
Regulatory Issues Forum	-86,112	-89,648	-90,310	-90,992	-91,694
Single Family Investment Management Committee	-29,081	-29,723	-30,385	-31,067	-31,769
State and Local Issues Policy Committee	-15,115	-15,437	-15,768	-16,108	-16,460
Strategy and Advocacy Operations					
Housing Opportunity Committee	-52,540	-53,904	-55,310	-56,758	-58,250
Smart Growth Advisory Board	-77,635	-79,896	-82,226	-84,625	-87,096
Total Advocacy Committee Budgets	-1,009,988	-1,035,391	-1,058,432	-1,082,009	-1,109,254

NATIONAL ASSOCIATION OF REALTORS® - Consumer Advertising Campaign Budget

Program funding in 2023 - 2026 subject to member approval of a five year Campaign and Special Assessment.

SPECIAL ASSESSMENT	Approved	Proposed	Proforma		
CONSUMER ADVERTISING CAMPAIGN BUDGET	2022	2023	2024	2025	2026
Assessment Amount	\$ 35.00	\$ 45.00	\$ 45.00	\$ 45.00	\$ 45.00
Total Revenue from Special Assessment	53,200,000	66,150,000	64,800,000	63,900,000	61,650,000
Non-Dues Revenue	100,000	100,000	100,000	100,000	100,000
Total Consumer Advertising Campaign Expenses	-52,333,053	-60,479,169	-62,049,397	-64,067,201	-65,758,431
Net Income (Loss)	966,947	5,770,831	2,850,603	-67,201	-4,008,431
Carryover of Available Special Assessment	31,355,905	32,322,852	38,093,683	40,944,286	40,877,085
Balance of Special Assessment	32,322,852	38,093,683	40,944,286	40,877,085	36,868,654
2022 membership estimated at 1,520,000 members					
2023 membership estimated at 1,470,000 members					
2024 membership estimated at 1,440,000 members					
2025 membership estimated at 1,420,000 members					
2026 membership estimated at 1,370,000 members					

NATIONAL ASSOCIATION OF REALTORS® - Non Dues Revenue By Program

Operating Non-Dues Revenue Budget	Approved 2022	Proposed 2023	2024	Proforma 2025	2026
Association Level					
Institute Affiliate Dues Income	275,000	275,000	275,000	275,000	275,000
Interest Income	3,357,544	3,654,290	3,954,290	4,255,000	4,500,000
Subtotal	3,632,544	3,929,290	4,229,290	4,530,000	4,775,000
Member Experience					
Commercial Member Services	27,250	27,250	27,250	27,250	27,250
Dispute Resolution	25,000	25,000	25,000	25,000	25,000
Young Professionals Network	125,000	125,000	125,000	125,000	125,000
Subtotal	177,250	177,250	177,250	177,250	177,250
Engagement					
Bilateral Business Partnerships	295,000	295,000	295,000	295,000	295,000
International Night Out	120,000	120,000	120,000	120,000	120,000
MIPIM Pavilion	142,500	315,500	315,500	315,500	315,500
Global Business Council Outreach and Support	3,000	3,000	3,000	3,000	3,000
Global Business Tools	5,000	5,000	5,000	5,000	5,000
Commercial Program Development	8,000	8,000	8,000	8,000	8,000
New AE Orientation	2,000	2,000	2,000	2,000	2,000
RCE Designation	177,850	179,725	183,975	183,975	199,025
MLS Structure and Availability	25,000	25,000	25,000	25,000	25,000
Association Executive Institute	848,750	850,000	850,000	865,750	856,250
Subtotal	1,627,100	1,803,225	1,807,475	1,823,225	1,828,775
Legal Affairs					
Counseling and Defense of NAR	30,360	30,360	30,360	30,360	30,360
Member Board Legal Support	27,750	27,750	27,750	27,750	27,750
Subtotal	58,110	58,110	58,110	58,110	58,110
Research					
Business Insights Research	12,500	12,500	12,500	12,500	12,500
Commercial & International Research	30,000	35,000	40,000	45,000	50,000
Housing Statistics	405,000	425,000	445,000	465,000	485,000
Survey Research and Production	180,000	185,000	190,000	195,000	200,000
Subtotal	627,500	657,500	687,500	717,500	747,500
Finance Management					
Accounts Receivable	65,909	67,888	69,926	72,024	74,185
Payroll and Benefits	162,581	167,460	172,482	177,657	182,986
Accounts Payable	64,831	66,776	68,780	70,843	72,968
Financial Reporting	195,693	201,562	207,607	213,836	220,251
Tax and Financial Compliance	91,976	94,735	97,576	100,503	103,518
Expense Reporting	29,132	30,006	30,907	31,835	32,790
Cash Management	32,958	33,947	34,966	36,013	37,093
Audit	25,128	25,882	26,658	27,458	28,282
Subtotal	668,208	688,256	708,902	730,169	752,073
Buildings & Facility Management					
Meeting Rooms	3,000	3,000	3,000	3,000	3,000
DC Conference Center Administration	18,050	18,050	18,050	18,050	18,050
DC Building	2,173,420	2,107,881	3,016,827	3,144,211	3,231,356
Chicago Building	8,220,388	8,277,784	8,467,002	8,666,402	8,901,284
437 N. Rush Building	183,541	276,332	0	0	0
Ohio Building	917,246	951,924	1,003,075	1,026,862	1,051,664
Mail Services and Convenience Copiers	20,890	20,890	20,890	20,890	20,890
Subtotal	11,536,535	11,655,861	12,528,844	12,879,415	13,226,244

NATIONAL ASSOCIATION OF REALTORS® - Non Dues Revenue By Program

Operating Non-Dues Revenue Budget	Approved 2022	Proposed 2023	2024	Proforma 2025	2026
Information Technology Services					
User Computing	1,000	1,000	1,000	1,000	1,000
Technical Infrastructure	65,680	65,680	65,680	65,680	65,680
M1 and Ecommerce Maintenance	74,313	76,542	78,839	81,204	90,000
RAMCO Support	3,351,000	3,362,900	3,388,000	3,436,000	3,486,000
Subtotal	3,491,993	3,506,122	3,533,519	3,583,884	3,642,680
Member Development					
GRI	39,000	40,000	41,100	40,000	40,000
Global Education and Membership	1,125,541	1,170,770	1,195,445	1,206,895	1,229,086
Financial Wellness	180,500	180,500	180,500	180,500	180,500
Resort Education and Certification	177,090	182,535	187,885	197,599	227,012
At Home With Diversity	217,000	223,510	102,375	145,000	171,600
REALTOR® Sustainability	2,000	2,000	2,000	72,000	72,000
Volunteer Leadership Development	105,600	110,440	215,000	229,000	231,000
Leadership Academy	20,000	20,000	20,000	20,000	20,000
Business Specialties	29,000	29,000	29,000	29,000	29,000
Subtotal	1,895,731	1,958,755	1,973,305	2,119,994	2,200,198
Strategic Business, Innovation and Technology					
Strategic Initiatives and Products	334,000	351,000	356,000	356,000	356,000
REALTOR® Benefits Alliance Program	4,600,000	5,000,000	5,300,000	5,600,000	6,000,000
iOi Summit	321,024	575,000	600,000	700,000	700,000
Subtotal	5,255,024	5,926,000	6,256,000	6,656,000	7,056,000
Talent Development and Resources					
Benefits and Compensation Administration	35,742	35,742	35,742	35,742	35,742
Strategic Association Management	315,000	315,000	315,000	315,000	315,000
Subtotal	350,742	350,742	350,742	350,742	350,742
Public Relations and Communications Strategy					
Communication Directors Institute	45,000	47,500	49,120	52,675	57,000
Subtotal	45,000	47,500	49,120	52,675	57,000
Creative and Content Strategy					
Member Outreach	150,000	150,000	150,000	150,000	150,000
Publishing Programming	2,100,240	2,173,510	2,296,054	2,395,587	2,435,818
Good Neighbor Awards	177,500	177,500	177,500	177,500	177,500
First-Time Buyer Content Promotion	60,000	63,000	66,150	69,458	72,931
Subtotal	2,487,740	2,564,010	2,689,704	2,792,545	2,836,249
Meetings, Sales and Events					
Legislative Meetings	595,150	601,100	607,550	613,600	623,800
REALTOR® Conference and Expo	8,820,000	9,659,000	9,134,500	9,129,500	8,604,500
Annual Governance Meetings	193,000	244,000	224,000	224,600	224,000
Travel Agency	250,000	225,000	202,083	175,000	150,000
Leadership Summit	0	40,000	40,000	40,000	40,000
C5 Summit	1,927,750	1,927,750	1,927,750	1,927,750	1,927,750
Subtotal	11,785,900	12,696,850	12,135,883	12,110,450	11,570,050
Total Operating Non-Dues Revenue	43,639,376	46,019,471	47,185,644	48,581,959	49,277,871

NATIONAL ASSOCIATION OF REALTORS® - Non Dues Revenue By Program

Advocacy Non-Dues Revenue Budget	Approved 2022	Proposed 2023	2024	Proforma 2025	2026
Advocacy					
Interest Income	646,746	650,000	650,000	675,000	682,000
Subtotal	646,746	650,000	650,000	675,000	682,000
Government Advocacy					
Public Issues Advocacy	612,000	612,000	612,000	612,000	612,000
Federal Independent Expenditures	15,000	15,000	15,000	15,000	15,000
Subtotal	627,000	627,000	627,000	627,000	627,000
Policy Advocacy					
Federal Policy Forum	7,500	7,500	7,500	7,500	7,500
Subtotal	7,500	7,500	7,500	7,500	7,500
Political Advocacy					
Campaign Services	80,000	45,000	80,000	45,000	80,000
PAC Management System	99,900	102,540	105,500	108,700	108,700
GAD Institute	135,000	135,000	135,000	135,000	135,000
Presidents Circle Annual Conference	556,000	625,500	638,010	650,520	663,030
State and Local Independent Expenditures	15,000	15,000	15,000	15,000	15,000
State and Local Issues Mobilization	612,000	612,000	612,000	612,000	612,000
Subtotal	1,497,900	1,535,040	1,585,510	1,566,220	1,613,730
Total Advocacy Non-Dues Revenue	2,779,146	2,819,540	2,870,010	2,875,720	2,930,230

NATIONAL ASSOCIATION OF REALTORS® - Committee Budgets

	Approved 2022	Proposed 2023	2024	Proforma 2025	2026
Member Experience					
Executive Committee	-72,462	-83,264	-83,583	-77,504	-78,380
Global Alliances Advisory Board	-46,112	-46,914	-47,646	-48,497	-49,373
Membership Policy and Board Jurisdiction Committee	-42,612	-43,414	-44,131	-44,982	-45,858
Professional Standards Committee	-36,112	-36,914	-37,696	-38,547	-39,423
Professional Standards Forum	-1,000	-1,000	-990	-990	-990
Property Management Forum	-1,100	-1,100	-1,089	-1,089	-1,089
PS Interpretation and Procedures Advisory Board	-89,112	-89,914	-90,086	-90,937	-91,813
Strategic Planning Committee	-418,060	-425,072	-438,254	-444,105	-444,981
Engagement					
AEC-AE Institute Advisory Board	-37,352	-38,282	-39,228	-40,255	-41,315
AEC-RCE Certification Advisory Board	-37,952	-38,882	-39,822	-40,867	-41,945
AEC-Recommendations/Recognition Advisory Board	-41,252	-42,182	-43,089	-44,232	-45,405
AEC-State AE Forum	-2,200	-2,200	-2,178	-2,244	-2,310
AE YPN Forum	-5,100	-5,100	-5,049	-5,201	-5,355
Association Executives Committee	-165,276	-170,089	-173,699	-178,314	-183,071
Commercial Committee	-22,500	-22,500	-22,276	-22,944	-23,640
Community Leadership Forum	-4,700	-4,700	-4,653	-4,793	-4,935
Diversity Committee	-3,000	-3,000	-2,971	-3,060	-3,150
Institute Advisory Committee	-49,392	-50,322	-50,781	-52,155	-53,570
MLS Technology & Emerging Issues Advisory Board	-71,050	-71,050	-68,903	-70,971	-73,110
Multicultural Real Estate Leadership Advisory Group	-81,153	-83,015	-84,842	-87,087	-89,400
Multiple Listing Issues and Policies Committee	-9,310	-9,310	-9,029	-9,301	-9,575
Multiple Listing Service Forum	-7,840	-7,840	-7,574	-7,802	-8,030
Global Business and Alliances Committee	-35,100	-35,100	-34,056	-35,078	-36,140
Global Business Councils Forum	-5,500	-5,500	-5,445	-5,609	-5,785
Legal Affairs					
Legal Action Committee	-36,137	-37,198	-38,261	-39,387	-40,546
Credentials and Campaign Rules Committee	-80,275	-82,397	-84,443	-86,694	-89,013
Risk Management Issues Committee	-34,137	-35,198	-36,281	-37,407	-38,566

	Approved 2022	Proposed 2023	2024	Proforma 2025	2026
Research					
Commercial Economic Issues and Trends Forum	-53,794	-55,025	-56,223	-57,529	-58,874
Commercial Real Estate Research Advisory Board	-52,195	-53,425	-54,639	-55,945	-57,291
Research Committee	-92,323	-94,376	-96,345	-98,522	-100,765
Residential Economic Issues and Trends Forum	-54,194	-55,425	-56,619	-57,925	-59,271
Finance Management					
Finance Committee	-85,234	-86,550	-87,473	-88,868	-90,736
Reserves Investment Advisory Board	-115,934	-117,250	-117,867	-119,262	-121,436
Buildings & Facility Management					
Real Property Operations Committee	-119,726	-120,569	-120,697	-126,542	-127,640
Information Technology Services					
Data Strategies Committee	-102,539	-109,647	-111,817	-114,053	-104,106
Member Development					
Commitment to Excellence Committee	-106,321	-92,956	-90,030	-92,791	-95,251
CIPS Advisory Board	-20,755	-21,839	-22,359	-22,926	-23,509
Idea Exchange Council for Brokers	-41,860	-42,928	-43,976	-45,109	-46,228
Local Leadership Idea Exchange Council	-43,310	-44,378	-45,411	-46,544	-47,711
Professional Development Committee	-62,710	-64,378	-65,459	-65,948	-67,378
State Leadership Idea Exchange Council	-96,121	-98,256	-100,227	-102,493	-104,827
Small Broker Committee	-95,000	-95,000	-95,000	-95,000	-95,000
Sustainability Advisory Group	-69,950	-75,052	-73,052	-78,217	-76,542
Resort and Second Home Real Estate Committee	-43,360	-44,528	-45,857	-46,990	-47,928
AEC Volunteer Leadership Advisory Board	-42,721	-43,789	-44,828	-45,961	-47,128
Leadership Academy Advisory Board	-46,310	-47,378	-48,381	-49,514	-50,681
Broker Engagement Council	-68,165	-69,767	-71,285	-72,985	-74,867
Broker Engagement Committee	-61,610	-60,178	-61,301	-64,909	-65,578
Strategic Business, Innovation and Technology					
Emerging Business and Technology Forum	-54,806	-55,969	-57,166	-58,400	-59,671
Public Relations and Communications Strategy					
Consumer Communications Committee	-47,641	-50,858	-52,557	-59,716	-65,493
Creative and Content Strategy					
Member Communications Committee	-22,756	-23,259	-23,778	-24,312	-24,862
REALTOR® Safety Committee	-234,228	-240,146	-245,984	-252,262	-258,728
Meetings, Sales and Events					
Meeting and Conference Committee	-91,956	-94,505	-96,459	-99,690	-103,016
Total Committee Budgets	-3,361,315	-3,428,888	-3,480,845	-3,562,465	-3,621,285

**NATIONAL ASSOCIATION OF REALTORS®
2022 PROPOSED CAPITAL BUDGET
INTERIORS and TECHNOLOGY**

	DESCRIPTION	2022 Approved Capital Amount	New Requests to 2022 Capital Budget	2022 Proposed Capital Totals
CHICAGO BLDG INTERIORS	General Rehab	\$ 50,000	\$ 300,000	\$ 350,000
	Copiers	\$ 35,000	\$ -	\$ 35,000
	Fixtures, Furnishings, and Equipment - NAR Floors 9 - 11	\$ 5,400,000	\$ -	\$ 5,400,000
	Elevation Conference Center Furniture	\$ -	\$ 135,000	\$ 135,000
	SUBTOTAL CHICAGO BUILDING INTERIORS	\$ 5,485,000	\$ 435,000	\$ 5,920,000
DC BUILDING INTERIORS	Conference Room Equipment	\$ 30,000	\$ -	\$ 30,000
	Fixtures, Furnishings, and Equipment - Floors 9 - 11	\$ 600,000	\$ 1,035,942	\$ 1,635,942
	Copiers - 10th Floor	\$ 15,000	\$ -	\$ 15,000
	General Rehab	\$ 65,000	\$ -	\$ 65,000
	SUBTOTAL DC BUILDING INTERIORS	\$ 710,000	\$ 1,035,942	\$ 1,745,942
MARKETING, COMMUNICATIONS, and EVENTS	NAR Exhibit Booth Upgrades	\$ 75,000	\$ -	\$ 75,000
	Publishing System Upgrades	\$ 23,000	\$ -	\$ 23,000
	Studio & Camera Equipment Replacement	\$ 10,000	\$ 37,395	\$ 47,395
	Web and Application Development	\$ 420,000	\$ -	\$ 420,000
	Chicago Studio and Edit Suite	\$ -	\$ 300,375	\$ 300,375
	Leadership Connect	\$ -	\$ 200,000	\$ 200,000
	SUBTOTAL MARKETING, COMMUNICATIONS, and EVENTS	\$ 528,000	\$ 637,770	\$ 1,065,770
STRATEGIC BUSINESS, INNOVATION AND TECHNOLOGY	REALTOR® Store Redeployment	\$ 37,500	\$ -	\$ 37,500
	SUBTOTAL STRATEGIC BUSINESS, INNOVATION AND TECHNOLOGY	\$ 37,500	\$ -	\$ 37,500
FINANCE MANAGEMENT	Finance Systems Upgrades/Releases	\$ 50,000	\$ -	\$ 50,000
	Financial Systems - procurement, expense reporting, budgeting, reporting	\$ 100,000	\$ -	\$ 100,000
	SUBTOTAL FINANCE MANAGEMENT	\$ 150,000	\$ -	\$ 150,000
INFORMATION TECHNOLOGY	Ecommerce Enhancements	\$ 50,000	\$ -	\$ 50,000
	RAMCO Development	\$ 300,000	\$ -	\$ 300,000
	REALTOR® Ecommerce Network Hardware Refresh	\$ 134,438	\$ -	\$ 134,438
	Membership Network Enhancements	\$ 50,000	\$ -	\$ 50,000
	Chicago and DC Backup Storage Refresh	\$ 100,000	\$ -	\$ 100,000
	DC Capital Equipment Refresh	\$ 437,800	\$ -	\$ 437,800
	Rebuild Legacy Applications	\$ 240,000	\$ -	\$ 240,000
	Chicago and DC Phone System	\$ 200,000	\$ -	\$ 200,000
	Cloud Enablement	\$ 100,000	\$ -	\$ 100,000
	Member Database and Ecommerce Re-Platform	\$ 2,742,575	\$ -	\$ 2,742,575
	SUBTOTAL INFORMATION TECHNOLOGY	\$ 4,354,813	\$ -	\$ 4,354,813
Interiors and Technology Capital		\$ 11,265,313	\$ 2,008,712	\$ 13,274,025
Reserves Available from Operating Depreciation				\$ 8,802,440
(Use of) Reserves				\$ (4,471,585)

**NATIONAL ASSOCIATION OF REALTORS ®
2022 PROPOSED CAPITAL BUDGET
CHICAGO, DC and OHIO BUILDINGS**

	DESCRIPTION	2022 Approved Capital Amount	New Requests to 2022 Capital Budget	2022 Proposed Capital Totals
CHICAGO BUILDING	Exterior Building Tuckpointing	\$ 100,000	\$ -	\$ 100,000
	Induction Valve Replacement	\$ 50,000	\$ -	\$ 50,000
	Emergency Building Contingency	\$ 50,000	\$ -	\$ 50,000
	Landlord Improvements - 9th & 10th Floors	\$ 600,000	\$ -	\$ 600,000
	West Façade Repairs & Window Replacement	\$ 500,000	\$ (450,000)	\$ 50,000
	Lower Michigan Avenue Concrete Repair	\$ 100,000	\$ (100,000)	\$ -
	REALTOR® Plaza	\$ 400,000	\$ -	\$ 400,000
	Schwab Lobby Reno per Lease	\$ -	\$ 383,370	\$ 383,370
	11th Floor Landlord Improvements	\$ -	\$ 128,700	\$ 128,700
	Building Generator and Dock Expansion	\$ -	\$ 990,540	\$ 990,540
	Lobby Renovation	\$ -	\$ 3,493,427	\$ 3,493,427
	Rebuild Retail Glass Atrium and Revolver	\$ -	\$ 1,382,852	\$ 1,382,852
	New Michigan Avenue Large & Small Planters	\$ -	\$ 125,000	\$ 125,000
	Re-clad Michigan Avenue Staircase to Billy Goat	\$ -	\$ 75,000	\$ 75,000
	SUBTOTAL CHICAGO BUILDING	\$ 1,800,000	\$ 6,028,889	\$ 7,828,889
437 RUSH BUILDING	Emergency Building Contingency	\$ 10,000	\$ -	\$ 10,000
	Air Handling Unit Replacement (3)	\$ 135,500	\$ (135,500)	\$ -
	Roof Replacement	\$ 105,000	\$ (105,000)	\$ -
	SUBTOTAL 437 RUSH BUILDING	\$ 250,500	\$ (240,500)	\$ 10,000
DC BUILDING	Restroom Improvements (3rd & 10th Floors)	\$ 368,000	\$ 532,000	\$ 900,000
	Mechanical Improvements (2 Floors)			
	Penthouse Plant	\$ 300,000	\$ 700,000	\$ 1,000,000
	Zone HVAC	\$ 300,000	\$ 825,000	\$ 1,125,000
	Roof Terrace Improvements	\$ -	\$ 345,000	\$ 345,000
	Building Network	\$ -	\$ 150,000	\$ 150,000
	5th Floor Improvement	\$ -	\$ 14,000	\$ 14,000
	Tenant Improvements and Other Lease Incentives:			
	Z Burger	\$ -	\$ 87,348	\$ 87,348
	BNSF Railroad	\$ -	\$ 59,043	\$ 59,043
	Suite 525	\$ -	\$ 28,000	\$ 28,000
	Tenant Lease Commissions:			
	Z Burger	\$ -	\$ 62,922	\$ 62,922
	Studio Remodel	\$ 1,000,000	\$ -	\$ 1,000,000
	9th & 10th Floor Remodel	\$ 2,100,000	\$ -	\$ 2,100,000
	SUBTOTAL DC BUILDING	\$ 4,068,000	\$ 2,803,313	\$ 6,871,313
OHIO BUILDING	Emergency Building Contingency	\$ 10,000	\$ -	\$ 10,000
	Replacement Windows	\$ 5,000	\$ -	\$ 5,000
	Parking Lot Repair and Sealcoat	\$ 14,000	\$ (14,000)	\$ -
	Fire Pump	\$ -	\$ 30,000	\$ 30,000
	SUBTOTAL OHIO BUILDING	\$ 29,000	\$ 16,000	\$ 45,000
	Buildings Capital	\$ 6,147,500	\$ 8,607,702	\$ 14,755,202
	Operating Building Reserve Beginning Balance			\$ 8,327,141
	Current year Building Operating Reserve Funding			\$ 7,093,859
	Master Vision Principal and Interest			\$ (3,723,768)
	Ending Balance			\$ (3,057,970)

**NATIONAL ASSOCIATION OF REALTORS ®
2023 PROPOSED CAPITAL BUDGET
INTERIORS and TECHNOLOGY**

	DESCRIPTION	2023 Proposed Capital Amount	2023 Proposed Capital Totals
CHICAGO BUILDING INTERIORS	Furniture	\$ 150,000	
	General Rehab	\$ 150,000	
	Copiers	\$ 50,000	
	Fixtures, Furnishings, and Equipment - NAR 10th Floor Completion	\$ 3,000,000	
	SUBTOTAL CHICAGO BUILDING INTERIORS	\$ 3,350,000	\$ 3,350,000
DC BUILDING INTERIORS	Conference Room Equipment - 12th Floor	\$ 300,000	
	Fixtures, Furnishings, and Equipment - 11th & 12th Floor	\$ 2,100,000	
	General Rehab	\$ 80,000	
	Copiers - 11th Floor	\$ 23,000	
	SUBTOTAL DC BUILDING INTERIORS	\$ 2,503,000	\$ 2,503,000
MARKETING, COMMUNICATIONS, and EVENTS	NAR Exhibit Booth Upgrades	\$ 75,000	
	Publishing System Upgrades	\$ 23,000	
	Studio Equipment Replacement	\$ 10,000	
	Web and Application Development	\$ 440,000	
	SUBTOTAL MARKETING, COMMUNICATIONS, and EVENTS	\$ 548,000	\$ 548,000
STRATEGIC BUSINESS, INNOVATION AND TECHNOLOGY	REALTOR® Store Redeployment	\$ 37,500	
	SUBTOTAL STRATEGIC BUSINESS, INNOVATION AND TECHNOLOGY	\$ 37,500	\$ 37,500
FINANCE MANAGEMENT	Finance Systems Upgrades/Releases	\$ 50,000	
	SUBTOTAL FINANCE MANAGEMENT	\$ 50,000	\$ 50,000
INFORMATION TECHNOLOGY	Chicago and DC UPS Refresh	\$ 25,000	
	DC Hardware Replacement	\$ 250,000	
	Capital Equipment Refresh Chicago	\$ 773,550	
	RECN Hardware Replacement	\$ 250,000	
	RAMCO Development	\$ 300,000	
	Rebuild Legacy Applications	\$ 209,000	
	Backup Hardware	\$ 200,000	
	Cloud Enablement	\$ 100,000	
	Member Database and Ecommerce Re-Platform	\$ 1,353,833	
	SUBTOTAL INFORMATION TECHNOLOGY	\$ 3,461,383	\$ 3,461,383
	Interiors and Technology Capital	\$ 9,949,883	\$ 9,949,883
Reserves Available from Operating Depreciation			\$ 7,739,021
(Use of) Reserves			\$ (2,210,862)

NATIONAL ASSOCIATION OF REALTORS ®
2023 PROPOSED CAPITAL BUDGET
CHICAGO, DC and OHIO BUILDINGS

	DESCRIPTION	2023 Proposed Capital Amount	2023 Proposed Capital Totals
CHICAGO BUILDING	Exterior Building Tuckpointing	\$ 100,000	
	Induction Valve Replacement	\$ 50,000	
	Emergency Building Contingency	\$ 50,000	
	6th Floor Tenant Improvements	\$ 1,902,480	
	6th Floor Landlord Improvements	\$ 1,250,000	
	West Façade Repairs & Window Replacement	\$ 450,000	
	SUBTOTAL CHICAGO BUILDING	\$ 3,802,480	\$ 3,802,480
437 RUSH BUILDING	Emergency Building Contingency	\$ 10,000	
	SUBTOTAL 437 RUSH BUILDING	\$ 10,000	\$ 10,000
DC BUILDING	Mechanical Improvements		
	Zone HVAC	\$ 1,050,000	
	Restroom Renovations	\$ 450,000	
	Main Lobby	\$ 443,000	
	Elevator Upgrades	\$ 375,000	
	Tenant Improvements and Other Lease Incentives:		
	6th Floor	\$ 825,000	
	7th Floor	\$ 825,000	
	Tenant Lease Commissions:		
	6th Floor	\$ 55,000	
	7th Floor	\$ 110,000	
	South Plaza	\$ 62,000	
	11th & 12th Floor Remodel	\$ 2,000,000	
	SUBTOTAL DC BUILDING	\$ 6,195,000	\$ 6,195,000
OHIO BUILDING	Emergency Building Contingency	\$ 10,000	
	Replacement Windows	\$ 5,000	
	Asphalt Overlay	\$ 5,000	
	SUBTOTAL OHIO BUILDING	\$ 20,000	\$ 20,000
Buildings Capital		\$ 10,027,480	\$ 10,027,480
Operating Building Reserve Beginning Balance			\$ (3,057,970)
Current year Building Operating Reserve Funding			\$ 7,345,074
Master Vision Principal and Interest			\$ (3,723,768)
Ending Balance			\$ (9,464,144)

NATIONAL ASSOCIATION OF REALTORS®
2022 Proposed Operating Budget Adjustments

Approved

Prior Year Approved Operating Net Income (Expense) before proposed adjustments	November 2021	\$	4,467,386
REALTORS® Relief Foundation Fundraising Development Services	November 2021	\$	(365,000)
NAR Legal Insurance Adjustment	November 2021	\$	(695,924)
REALTORS® Legislative BOD Virtual Platform	February 2022	\$	(35,000)
REALTORS® Legislative Virtual Platform	February 2022	\$	(325,000)

Approved Operating Net Income (Expense) before proposed adjustments \$ 3,046,462

Budget Adjustments

Member Experience, Engagement, and Legal	AEI Production	39	\$	(305,000)
	MIPIM revenue reduction	41	\$	(118,000)
	Total Member Experience, Engagement, and Legal		\$	(423,000)
Information Technology Services	New Programming - IT Security	70	\$	(345,187)
Member Development	Small Broker Committee	82	\$	(95,000)
Leadership Resources	Additional Headcount	118-120	\$	(282,957)
Creative and Content Strategy	Creative Operations	124	\$	(210,000)
	REALTOR® Magazine Revenue Scale back	124	\$	(1,834,800)
	Member Outreach	125	\$	(240,492)
	New Programming - Customer Relationship Manager	126	\$	(171,840)
	New Programming - Internal Sales Support	127	\$	(116,868)
	Enhanced Video and Photo Resources (Digital & Creative)	127 & 133	\$	(331,500)
	Total Creative and Content Strategy		\$	(2,905,500)
Meetings and Events	Annual Remote Platform	129	\$	(325,000)
	Annual BOD Remote Platform	129	\$	(35,000)
	Leadership Summit Enhanced Production & appreciation	129	\$	(150,000)
	Annual Enhanced Production	130	\$	(125,000)
	Annual Ed Sessions Virtual Platform	130	\$	(155,000)
	Legislative Transportation	130	\$	(222,000)
	Legislative Hotel	130	\$	(64,500)
	Total Meetings and Events		\$	(1,076,500)
Total Programming Adjustments				\$ (5,128,144)
Total Consent Agenda Adjustments				\$ 8,995,538
Adjusted 2022 Income (Expense)				\$ 6,913,856

2022 Budget Adjustment Funding Request

(Requestor: Complete Blue Shaded Areas Only)

Request Date 3/24/2022

Team	Member Experience, Engagement, and Legal
Committee	AEC/AE Institute Advisory Board
Program Name	Association Executives Institute

Nature of Request

- ☒ Funding Request
- ☐ Reprogramming

NAR Staff Approval

Group Team Leader Katie Johnson

Purpose for Funding Adjustment

The cost for professional production of this event has increased exponentially, as have labor rates.

☐ Additional Memo Explanation & Reprogramming Recommendation Attached (Required)

Budget Funding Request (From attached line item detail)

Revenue			\$ 75,000
Direct Expense			\$ (380,000)
Labor Expense Headcount Additions			0
Net (Expense) Revenue Funding Impact			\$ (305,000)

Approved 2022 Program Budget

Revenue			\$ 848,750
Direct Expense			\$ (1,202,820)
Labor Expense			\$ (324,014)
Net (Expense) Revenue			\$ (678,084)

Approved 2022 Team Budget

Revenue			\$ 1,627,100
Direct Expense			\$ (4,238,875)
Labor Expense			\$ (3,600,158)
Net (Expense) Revenue			\$ (6,211,933)

Finance Committee Review at ☒ March Budget Review ☐ Midyear ☐ Annual ☐ Conference Call

Line Item Detail		
(Requestor: Complete Blue Shaded Areas Only)		
Account Number	Revenue	2022 Budget
30800	Specialty/Designation Dues	\$ -
30850	Dues Application Fee	\$ -
32100	Courses	\$ -
33500	Convention & Meetings	\$ -
33505	Convention & Meetings Registration & Tickets	\$ -
33510	Expo Booth Sales	\$ -
33520	Convention & Meetings Sponsorships	\$ -
33530	Convention Hotel Commissions	\$ -
33900	Seminars	\$ -
34000	Product Sales	\$ -
34500	Survey Consulting	\$ -
35000	Advertising	\$ -
35200	Subscriptions	\$ -
35300	Royalties	\$ -
37900	Service Income	\$ -
38400	Corporate Ally Contributions	\$ -
39200	Donations	\$ -
39300	Sponsorships	\$ 75,000
	Total Revenue	\$ 75,000
Account Number	Expenses	2022 Budget
40900	Temporary Help	\$ -
41500	Staff Education	\$ -
43000	Staff Travel	\$ -
43100	Member/Speaker Travel	\$ -
47100	Consulting	\$ -
47120	Creative Agency	\$ -
47125	Production	\$ -
47130	Media Agency Fees	\$ -
47400	Writers Fees	\$ -
47700	Production R&D	\$ -
47800	Instructor Fees	\$ -
48100	Legal Fees	\$ -
50500	Printing	\$ -
50800	Art Services	\$ -
51000	Service Materials	\$ -
51200	Photography	\$ -
54300	Freight	\$ -
54400	Postage	\$ -
55000	Dues & Subscriptions	\$ -
55800	Gifts/Awards/Flowers	\$ -
55900	Office Supplies	\$ -
56800	Audio Visual Materials	\$ -
57500	Facilities & Meetings	\$ (200,000)
57600	Speaker Fees	\$ -
58100	Booth Rental	\$ -
60000	Equipment Rental	\$ (150,000)
63000	Staff Telephone	\$ -
65000	Equipment Maintenance	\$ -
70000	Advertising	\$ -
70500	Sponsorships	\$ -
70600	Grants	\$ -
74900	Professional Liability Insurance	\$ -
77200	Software	\$ -
77500	Outside Computer Service	\$ (30,000)
78000	527 Political Activity - Federal	\$ -
78100	527 Political Activity - State	\$ -
78200	Political Events	\$ -
78300	Contribution Expense	\$ -
39700	Expenses Charged to NAR Areas	\$ -
39800	Expenses Charged to Affiliates	\$ -
	Total Direct Expenses	\$ (380,000)
Net (Expense) Revenue		\$ (305,000)

2022 Budget Adjustment Funding Request

(Requestor: Complete Blue Shaded Areas Only)

Request Date 3/21/2022

Team	Member Experience, Engagement and Legal
Committee	
Program Name	MIPIM Booth

Nature of Request

- ☒ Funding Request
- ☐ Reprogramming

NAR Staff Approval

Group Team Leader Katie Johnson

Purpose for Funding Adjustment

We are anticipating a short fall in MIPIM Revenue by \$173,000 in 2022. To offset this amount, we have reflected \$55,000 in expense savings out of the cost center. With this, we request a budget adjustment of \$118,000 to make up the shortfall.

☐ Additional Memo Explanation & Reprogramming Recommendation Attached (Required)

Budget Funding Request (From attached line item detail)

Revenue		\$ (173,000)
Direct Expense		\$ 55,000
Labor Expense Headcount Additions		
Net (Expense) Revenue Funding Impact		\$ (118,000)

Approved 2022 Program Budget

Revenue	\$ 142,500
Direct Expense	\$ (352,500)
Labor Expense	\$ (108,005)
Net (Expense) Revenue	\$ (318,005)

Approved 2022 Team Budget

Revenue	\$ 1,627,100
Direct Expense	\$ (4,238,875)
Labor Expense	\$ (3,600,158)
Net (Expense) Revenue	\$ (6,211,933)

Finance Committee Review at

☒ March Budget Review ☐ Midyear ☐ Annual ☐ Conference Call

Line Item Detail		
(Requestor: Complete Blue Shaded Areas Only)		
Account Number	Revenue	2022 Budget
30800	Specialty/Designation Dues	\$ -
30850	Dues Application Fee	\$ -
32100	Courses	\$ -
33500	Convention & Meetings	\$ -
33505	Convention & Meetings Registration & Tickets	\$ -
33510	Expo Booth Sales	\$ -
33520	Convention & Meetings Sponsorships	\$ -
33530	Convention Hotel Commissions	\$ -
33900	Seminars	\$ -
34000	Product Sales	\$ -
34500	Survey Consulting	\$ -
35000	Advertising	\$ -
35200	Subscriptions	\$ -
35300	Royalties	\$ -
37900	Service Income	\$ -
38400	Corporate Ally Contributions	\$ -
39200	Donations	\$ -
39300	Sponsorships	\$ (173,000)
	Total Revenue	\$ (173,000)
Account Number	Expenses	2022 Budget
40900	Temporary Help	\$ -
41500	Staff Education	\$ -
43000	Staff Travel	\$ -
43100	Member/Speaker Travel	\$ -
47100	Consulting	\$ 5,000
47120	Creative Agency	\$ -
47125	Production	\$ -
47130	Media Agency Fees	\$ -
47400	Writers Fees	\$ -
47700	Production R&D	\$ -
47800	Instructor Fees	\$ -
48100	Legal Fees	\$ -
50500	Printing	\$ -
50800	Art Services	\$ -
51000	Service Materials	\$ -
51200	Photography	\$ -
54300	Freight	\$ -
54400	Postage	\$ -
55000	Dues & Subscriptions	\$ -
55800	Gifts/Awards/Flowers	\$ -
55900	Office Supplies	\$ -
56800	Audio Visual Materials	\$ -
57500	Facilities & Meetings	\$ 50,000
57600	Speaker Fees	\$ -
58100	Booth Rental	\$ -
60000	Equipment Rental	\$ -
63000	Staff Telephone	\$ -
65000	Equipment Maintenance	\$ -
70000	Advertising	\$ -
70500	Sponsorships	\$ -
70600	Grants	\$ -
74900	Professional Liability Insurance	\$ -
77200	Software	\$ -
77500	Outside Computer Service	\$ -
78000	527 Political Activity - Federal	\$ -
78100	527 Political Activity - State	\$ -
78200	Political Events	\$ -
78300	Contribution Expense	\$ -
39700	Expenses Charged to NAR Areas	\$ -
39800	Expenses Charged to Affiliates	\$ -
	Total Direct Expenses	\$ 55,000
Net (Expense) Revenue		\$ (118,000)

2022 Budget Adjustment Funding Request

(Requestor: Complete Blue Shaded Areas Only)

Request Date 3/24/2022

Team	Information Technology
Committee	
Program Name	IT Security

Nature of Request

- ☒ Funding Request
- ☐ Reprogramming

NAR Staff Approval

Group Team Leader John Pierpoint

Purpose for Funding Adjustment

Build appropriate technical and physical safeguards through an Information Security program which will help protect the confidentiality, integrity, and availability of NAR business processed and critical assets. This comprehensive Security Program includes four pillars in its strategy: "Prevent - Frontline Protection" - Prevent is about putting up a strong barrier to stop malware attacks in their tracks. "Protect" - Where the prevent stage is about proactively guarding your network and endpoints to shut down potential attacks before they happen, protect is about safeguarding accounts and data. "Recover" - In case NAR becomes a victim of a security incident to reduce the damage and costs create a comprehensive response plan. "Governance & Compliance" - Build the organization understanding to manage cybersecurity risk to systems, assets, data, and capabilities.

Budget Funding Request (From attached line item detail)

Revenue		\$ -
Direct Expense		\$ (345,187)
Labor Expense Headcount Additions		
Net (Expense) Revenue Funding Impact		\$ (345,187)

Approved 2022 Program Budget

Revenue	\$ -
Direct Expense	\$ (345,187)
Labor Expense	\$ (186,348)
Net (Expense) Revenue	\$ (531,535)

Approved 2022 Team Budget

Revenue	\$ 3,491,993
Direct Expense	\$ (10,220,787)
Labor Expense	\$ (7,006,693)
Net (Expense) Revenue	\$ (13,735,487)

Finance Committee Review at ☒ March Budget Review ☐ Midyear ☐ Annual ☐ Conference Call

Line Item Detail		
(Requestor: Complete Blue Shaded Areas Only)		
Account Number	Revenue	2022 Budget
30800	Specialty/Designation Dues	\$ -
30850	Dues Application Fee	\$ -
32100	Courses	\$ -
33500	Convention & Meetings	\$ -
33505	Convention & Meetings Registration & Tickets	\$ -
33510	Expo Booth Sales	\$ -
33520	Convention & Meetings Sponsorships	\$ -
33530	Convention Hotel Commissions	\$ -
33900	Seminars	\$ -
34000	Product Sales	\$ -
34500	Survey Consulting	\$ -
35000	Advertising	\$ -
35200	Subscriptions	\$ -
35300	Royalties	\$ -
37900	Service Income	\$ -
38400	Corporate Ally Contributions	\$ -
39200	Donations	\$ -
39300	Sponsorships	\$ -
	Total Revenue	\$ -
Account Number	Expenses	2022 Budget
40900	Temporary Help	\$ -
41500	Staff Education	\$ -
43000	Staff Travel	\$ (7,500)
43100	Member/Speaker Travel	\$ -
47100	Consulting	\$ (174,880)
47120	Creative Agency	\$ -
47125	Production	\$ -
47130	Media Agency Fees	\$ -
47400	Writers Fees	\$ -
47700	Production R&D	\$ -
47800	Instructor Fees	\$ -
48100	Legal Fees	\$ -
50500	Printing	\$ (1,500)
50800	Art Services	\$ -
51000	Service Materials	\$ -
51200	Photography	\$ -
54300	Freight	\$ -
54400	Postage	\$ (300)
55000	Dues & Subscriptions	\$ (1,000)
55800	Gifts/Awards/Flowers	\$ -
55900	Office Supplies	\$ (3,000)
56800	Audio Visual Materials	\$ -
57500	Facilities & Meetings	\$ (5,000)
57600	Speaker Fees	\$ -
58100	Booth Rental	\$ -
60000	Equipment Rental	\$ -
63000	Staff Telephone	\$ (1,000)
63020	Mobile Connectivity	\$ (2,500)
63021	Mobile WiFi	\$ (300)
65000	Equipment Maintenance	\$ -
70000	Advertising	\$ -
70500	Sponsorships	\$ -
70600	Grants	\$ -
74900	Professional Liability Insurance	\$ -
77200	Software	\$ (146,207)
77500	Outside Computer Service	\$ (2,000)
78000	527 Political Activity - Federal	\$ -
78100	527 Political Activity - State	\$ -
78200	Political Events	\$ -
78300	Contribution Expense	\$ -
39700	Expenses Charged to NAR Areas	\$ -
39800	Expenses Charged to Affiliates	\$ -
	Total Direct Expenses	\$ (345,187)
Net (Expense) Revenue		\$ (345,187)

2022 Budget Adjustment Funding Request

(Requestor: Complete Blue Shaded Areas Only)

Request Date 3/21/2022

Team	Member Development
Committee	Small Broker Committee
Program Name	

Nature of Request	
<input checked="" type="checkbox"/>	Funding Request
<input type="checkbox"/>	Reprogramming

NAR Staff Approval	
Group Team Leader	Marc Gould

Purpose for Funding Adjustment
<p>Funding for new Small Broker Committee.</p> <p>Committee Purpose: To increase the engagement, representation, and feedback of small brokerages regarding NAR's programs, services, and strategic priorities. The committee objectives include:</p> <ul style="list-style-type: none"> • Represent the unique needs of small brokers • Identify, develop, and promote NAR resources specifically for the small broker • Foster broker-to-broker engagement opportunities at the local, state, and national level <p>Rationale: Small Broker Committee will provide the outreach, programs, and services to address the unique needs of small brokerages. In addition, the Small Broker Committee provides NAR governance the necessary perspective of this constituency.</p>

Budget Funding Request (From attached line item detail)			
Revenue		\$	-
Direct Expense		\$	(35,000)
Labor Expense Headcount Additions			(60,000)
Net (Expense) Revenue Funding Impact		\$	(95,000)

Approved 2022 Program Budget	
Revenue	\$ -
Direct Expense	\$ (35,000)
Labor Expense	\$ (60,000)
Net (Expense) Revenue	\$ (95,000)

Approved 2022 Team Budget	
Revenue	\$ 1,895,731
Direct Expense	\$ (2,419,819)
Labor Expense	\$ (1,890,513)
Net (Expense) Revenue	\$ (2,414,601)

Finance Committee Review at	<input checked="" type="checkbox"/> March Budget Review <input type="checkbox"/> Midyear <input type="checkbox"/> Annual <input type="checkbox"/> Conference Call
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Line Item Detail		
(Requestor: Complete Blue Shaded Areas Only)		
Account Number	Revenue	2022 Budget
30800	Specialty/Designation Dues	\$ -
30850	Dues Application Fee	\$ -
32100	Courses	\$ -
33500	Convention & Meetings	\$ -
33505	Convention & Meetings Registration & Tickets	\$ -
33510	Expo Booth Sales	\$ -
33520	Convention & Meetings Sponsorships	\$ -
33530	Convention Hotel Commissions	\$ -
33900	Seminars	\$ -
34000	Product Sales	\$ -
34500	Survey Consulting	\$ -
35000	Advertising	\$ -
35200	Subscriptions	\$ -
35300	Royalties	\$ -
37900	Service Income	\$ -
38400	Corporate Ally Contributions	\$ -
39200	Donations	\$ -
39300	Sponsorships	\$ -
	Total Revenue	\$ -
Account Number	Expenses	2022 Budget
40900	Temporary Help	\$ (2,500)
41500	Staff Education	\$ -
43000	Staff Travel	\$ (2,000)
43100	Member/Speaker Travel	\$ (1,000)
47100	Consulting	\$ (15,000)
47120	Creative Agency	\$ -
47125	Production	\$ -
47130	Media Agency Fees	\$ -
47400	Writers Fees	\$ (1,000)
47700	Production R&D	\$ -
47800	Instructor Fees	\$ -
48100	Legal Fees	\$ -
50500	Printing	\$ -
50800	Art Services	\$ (5,000)
51000	Service Materials	\$ -
51200	Photography	\$ -
54300	Freight	\$ -
54400	Postage	\$ (500)
55000	Dues & Subscriptions	\$ (500)
55800	Gifts/Awards/Flowers	\$ (250)
55900	Office Supplies	\$ (500)
56800	Audio Visual Materials	\$ (1,000)
57500	Facilities & Meetings	\$ (5,000)
57600	Speaker Fees	\$ -
58100	Booth Rental	\$ -
60000	Equipment Rental	\$ -
63000	Staff Telephone	\$ (750)
65000	Equipment Maintenance	\$ -
70000	Advertising	\$ -
70500	Sponsorships	\$ -
70600	Grants	\$ -
74900	Professional Liability Insurance	\$ -
77200	Software	\$ -
77500	Outside Computer Service	\$ -
78000	527 Political Activity - Federal	\$ -
78100	527 Political Activity - State	\$ -
78200	Political Events	\$ -
78300	Contribution Expense	\$ -
39700	Expenses Charged to NAR Areas	\$ -
39800	Expenses Charged to Affiliates	\$ -
	Total Direct Expenses	\$ (35,000)
Net (Expense) Revenue		\$ (35,000)

2022 Budget Adjustment Funding Request

(Requestor: Complete Blue Shaded Areas Only)

Request Date 3/24/2022

Team	Leadership Resources
Committee	
Program Name	

Nature of Request

- ☒ Funding Request
- ☐ Reprogramming

NAR Staff Approval

Group Team Leader Victoria Gillespie

Purpose for Funding Adjustment

Two additional dedicated staff resources

☐ Additional Memo Explanation & Reprogramming Recommendation Attached (Required)

Budget Funding Request (From attached line item detail)

Revenue		\$	-
Direct Expense		\$	-
Labor Expense Headcount Additions			(282,957)
Net (Expense) Revenue Funding Impact		\$	(282,957)

Approved 2022 Program Budget

Revenue	\$	-
Direct Expense	\$	-
Labor Expense	\$	-
Net (Expense) Revenue	\$	-

Approved 2022 Team Budget

Revenue	\$	-
Direct Expense	\$	(4,348,401)
Labor Expense	\$	(2,516,814)
Net (Expense) Revenue	\$	(6,865,215)

Finance Committee Review at ☒ March Budget Review ☐ Midyear ☐ Annual ☐ Conference Call

2022 Budget Adjustment Funding Request

(Requestor: Complete Blue Shaded Areas Only)

Request Date 3/21/2022

Team	Creative and Content Strategy
Committee	
Program Name	Creative Operations

Nature of Request	
<input checked="" type="checkbox"/>	Funding Request
<input type="checkbox"/>	Reprogramming

NAR Staff Approval	
Group Team Leader	Victoria Gillespie

Purpose for Funding Adjustment
<p>We are requesting a budget adjustment for Creative Operations to offset the variances we are experiencing in Temp Labor and Consultant line items. 2021 year-end actuals report an actual spend of \$675,193 in those two line items combined versus a budget of \$95,000 combined. I did already find \$490,000 in savings and reallocated it for 2022-2026, however we are asking for an additional \$210,000 to cover the expected variance. The rationale is that we were never funded or staffed to do what we do as a centralized Creative services team; however, all internal NAR Groups are now utilizing our internal agency capabilities, freeing up those portions of their consultant and art services budgets that were previously used to outsource for these services. We had to significantly supplement resources just to support the existing workload/volume for the creative and promotional needs of the organization and add workflow tools necessary to manage the work, such a Workfront, and utilize outside project management resources to administer the system and project schedules, capacity, and resource management.</p>

Budget Funding Request (From attached line item detail)		
Revenue		\$ -
Direct Expense		\$ (210,000)
Labor Expense Headcount Additions		
Net (Expense) Revenue Funding Impact		\$ (210,000)

Approved 2022 Program Budget	
Revenue	\$ -
Direct Expense	\$ (803,650)
Labor Expense	\$ (1,211,309)
Net (Expense) Revenue	\$ (2,014,959)

Approved 2022 Team Budget	
Revenue	\$ 2,487,740
Direct Expense	\$ (6,954,643)
Labor Expense	\$ (5,890,988)
Net (Expense) Revenue	\$ (10,357,891)

Finance Committee Review at	<input checked="" type="checkbox"/> March Budget Review <input type="checkbox"/> Midyear <input type="checkbox"/> Annual <input type="checkbox"/> Conference Call
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Line Item Detail		
(Requestor: Complete Blue Shaded Areas Only)		
Account Number	Revenue	2022 Budget
30800	Specialty/Designation Dues	\$ -
30850	Dues Application Fee	\$ -
32100	Courses	\$ -
33500	Convention & Meetings	\$ -
33505	Convention & Meetings Registration & Tickets	\$ -
33510	Expo Booth Sales	\$ -
33520	Convention & Meetings Sponsorships	\$ -
33530	Convention Hotel Commissions	\$ -
33900	Seminars	\$ -
34000	Product Sales	\$ -
34500	Survey Consulting	\$ -
35000	Advertising	\$ -
35200	Subscriptions	\$ -
35300	Royalties	\$ -
37900	Service Income	\$ -
38400	Corporate Ally Contributions	\$ -
39200	Donations	\$ -
39300	Sponsorships	\$ -
	Total Revenue	\$ -
Account Number	Expenses	2022 Budget
40900	Temporary Help	\$ (60,000)
41500	Staff Education	\$ -
43000	Staff Travel	\$ -
43100	Member/Speaker Travel	\$ -
47100	Consulting	\$ (150,000)
47120	Creative Agency	\$ -
47125	Production	\$ -
47130	Media Agency Fees	\$ -
47400	Writers Fees	\$ -
47700	Production R&D	\$ -
47800	Instructor Fees	\$ -
48100	Legal Fees	\$ -
50500	Printing	\$ -
50800	Art Services	\$ -
51000	Service Materials	\$ -
51200	Photography	\$ -
54300	Freight	\$ -
54400	Postage	\$ -
55000	Dues & Subscriptions	\$ -
55800	Gifts/Awards/Flowers	\$ -
55900	Office Supplies	\$ -
56800	Audio Visual Materials	\$ -
57500	Facilities & Meetings	\$ -
57600	Speaker Fees	\$ -
58100	Booth Rental	\$ -
60000	Equipment Rental	\$ -
63000	Staff Telephone	\$ -
65000	Equipment Maintenance	\$ -
70000	Advertising	\$ -
70500	Sponsorships	\$ -
70600	Grants	\$ -
74900	Professional Liability Insurance	\$ -
77200	Software	\$ -
77500	Outside Computer Service	\$ -
78000	527 Political Activity - Federal	\$ -
78100	527 Political Activity - State	\$ -
78200	Political Events	\$ -
78300	Contribution Expense	\$ -
39700	Expenses Charged to NAR Areas	\$ -
39800	Expenses Charged to Affiliates	\$ -
	Total Direct Expenses	\$ (210,000)
Net (Expense) Revenue		\$ (210,000)

2022 Budget Adjustment Funding Request

(Requestor: Complete Blue Shaded Areas Only)

Request Date 3/24/2022

Team	Creative and Content Strategy
Committee	
Program Name	REALTOR Magazine Print & Online

Nature of Request	
	<input checked="" type="checkbox"/> Funding Request <input type="checkbox"/> Reprogramming

NAR Staff Approval	
Group Team Leader	Victoria Gillespie

Purpose for Funding Adjustment
<p>The advertising revenue budget for REALTOR Magazine has not been adjusted in the last few years despite industry-wide declines in print revenue. The magazine is also no longer receiving \$500K each year from the Chrysler (FCA) partnership which was in effect 2012-2020. Additional FCA bonuses were also received as sales goals were achieved (~\$200K/yr). In addition, as a proactive measure to mitigate or offset a large part of the decline in revenue, we reduced the number of print issues by two, going from 6x to 5x in 2021 and to a 4x frequency in 2022 (and future years) saving approximately \$1M in outside production expenses, from paper, ink, printing, mailing, and postage. Although this does place the publication in a much better financial position according to actuals, the budget also needs to be adjusted down, relative to the actual sales potential with two fewer issues. We are requesting a reduction in revenue for this cost center according to the attached financial spreadsheet.</p>

Budget Funding Request (From attached line item detail)			
Revenue			\$ (1,834,800)
Direct Expense			\$ -
Labor Expense Headcount Additions			
Net (Expense) Revenue Funding Impact			\$ (1,834,800)

Approved 2022 Program Budget	
Revenue	\$ 2,100,240
Direct Expense	\$ (3,291,960)
Labor Expense	\$ (1,560,718)
Net (Expense) Revenue	\$ (2,752,438)

Approved 2022 Team Budget	
Revenue	\$ 2,487,740
Direct Expense	\$ (6,954,643)
Labor Expense	\$ (5,890,988)
Net (Expense) Revenue	\$ (10,357,891)

Finance Committee Review at	<input checked="" type="checkbox"/> March Budget Review <input type="checkbox"/> Midyear <input type="checkbox"/> Annual <input type="checkbox"/> Conference Call
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Line Item Detail		
(Requestor: Complete Blue Shaded Areas Only)		
Account Number	Revenue	2022 Budget
30800	Specialty/Designation Dues	\$ -
30850	Dues Application Fee	\$ -
32100	Courses	\$ -
33500	Convention & Meetings	\$ -
33505	Convention & Meetings Registration & Tickets	\$ -
33510	Expo Booth Sales	\$ -
33520	Convention & Meetings Sponsorships	\$ -
33530	Convention Hotel Commissions	\$ -
33900	Seminars	\$ -
34000	Product Sales	\$ (22,500)
34500	Survey Consulting	\$ -
35000	Advertising	\$ (1,512,300)
35200	Subscriptions	\$ -
35300	Royalties	\$ -
37900	Service Income	\$ (300,000)
38400	Corporate Ally Contributions	\$ -
39200	Donations	\$ -
39300	Sponsorships	\$ -
	Total Revenue	\$ (1,834,800)
Account Number	Expenses	2022 Budget
40900	Temporary Help	\$ -
41500	Staff Education	\$ -
43000	Staff Travel	\$ -
43100	Member/Speaker Travel	\$ -
47100	Consulting	\$ -
47120	Creative Agency	\$ -
47125	Production	\$ -
47130	Media Agency Fees	\$ -
47400	Writers Fees	\$ -
47700	Production R&D	\$ -
47800	Instructor Fees	\$ -
48100	Legal Fees	\$ -
50500	Printing	\$ -
50800	Art Services	\$ -
51000	Service Materials	\$ -
51200	Photography	\$ -
54300	Freight	\$ -
54400	Postage	\$ -
55000	Dues & Subscriptions	\$ -
55800	Gifts/Awards/Flowers	\$ -
55900	Office Supplies	\$ -
56800	Audio Visual Materials	\$ -
57500	Facilities & Meetings	\$ -
57600	Speaker Fees	\$ -
58100	Booth Rental	\$ -
60000	Equipment Rental	\$ -
63000	Staff Telephone	\$ -
65000	Equipment Maintenance	\$ -
70000	Advertising	\$ -
70500	Sponsorships	\$ -
70600	Grants	\$ -
74900	Professional Liability Insurance	\$ -
77200	Software	\$ -
77500	Outside Computer Service	\$ -
78000	527 Political Activity - Federal	\$ -
78100	527 Political Activity - State	\$ -
78200	Political Events	\$ -
78300	Contribution Expense	\$ -
39700	Expenses Charged to NAR Areas	\$ -
39800	Expenses Charged to Affiliates	\$ -
	Total Direct Expenses	\$ -
Net (Expense) Revenue		\$ (1,834,800)

2022 Budget Adjustment Funding Request

(Requestor: Complete Blue Shaded Areas Only)

Request Date 3/24/2022

Team	Creative and Content Strategy
Committee	
Program Name	Member Outreach

Nature of Request

- ☒ Funding Request
- ☐ Reprogramming

NAR Staff Approval

Group Team Leader Victoria Gillespie

Purpose for Funding Adjustment

The purpose of this budget increase request is to cover the increased industry expenses related to shipping, exhibiting, and storage of the NAR Booth at REALTORS® Legislative Meeting and REALTORS® Conference & Expo.

☐ Additional Memo Explanation & Reprogramming Recommendation Attached (Required)

Budget Funding Request (From attached line item detail)

Revenue		\$ -
Direct Expense		\$ (240,492)
Labor Expense Headcount Additions		
Net (Expense) Revenue Funding Impact		\$ (240,492)

Approved 2022 Program Budget

Revenue	\$ 150,000
Direct Expense	\$ (883,000)
Labor Expense	\$ (501,596)
Net (Expense) Revenue	\$ (1,234,596)

Approved 2022 Team Budget

Revenue	\$ 2,487,740
Direct Expense	\$ (6,954,643)
Labor Expense	\$ (5,890,988)
Net (Expense) Revenue	\$ (10,357,891)

Finance Committee Review at ☒ March Budget Review ☐ Midyear ☐ Annual ☐ Conference Call

Line Item Detail		
(Requestor: Complete Blue Shaded Areas Only)		
Account Number	Revenue	2022 Budget
30800	Specialty/Designation Dues	\$ -
30850	Dues Application Fee	\$ -
32100	Courses	\$ -
33500	Convention & Meetings	\$ -
33505	Convention & Meetings Registration & Tickets	\$ -
33510	Expo Booth Sales	\$ -
33520	Convention & Meetings Sponsorships	\$ -
33530	Convention Hotel Commissions	\$ -
33900	Seminars	\$ -
34000	Product Sales	\$ -
34500	Survey Consulting	\$ -
35000	Advertising	\$ -
35200	Subscriptions	\$ -
35300	Royalties	\$ -
37900	Service Income	\$ -
38400	Corporate Ally Contributions	\$ -
39200	Donations	\$ -
39300	Sponsorships	\$ -
	Total Revenue	\$ -
Account Number	Expenses	2022 Budget
40900	Temporary Help	\$ -
41500	Staff Education	\$ -
43000	Staff Travel	\$ -
43100	Member/Speaker Travel	\$ -
47100	Consulting	\$ -
47120	Creative Agency	\$ -
47125	Production	\$ -
47130	Media Agency Fees	\$ -
47400	Writers Fees	\$ -
47700	Production R&D	\$ -
47800	Instructor Fees	\$ -
48100	Legal Fees	\$ -
50500	Printing	\$ -
50800	Art Services	\$ -
51000	Service Materials	\$ -
51200	Photography	\$ -
54300	Freight	\$ (41,692)
54400	Postage	\$ -
55000	Dues & Subscriptions	\$ -
55800	Gifts/Awards/Flowers	\$ -
55900	Office Supplies	\$ -
56800	Audio Visual Materials	\$ -
57500	Facilities & Meetings	\$ -
57600	Speaker Fees	\$ -
58100	Booth Rental	\$ -
60000	Equipment Rental	\$ (159,000)
62700	Electric	\$ (29,500)
63000	Staff Telephone	\$ -
65000	Equipment Maintenance	\$ (10,300)
70000	Advertising	\$ -
70500	Sponsorships	\$ -
70600	Grants	\$ -
74900	Professional Liability Insurance	\$ -
77200	Software	\$ -
77500	Outside Computer Service	\$ -
78000	527 Political Activity - Federal	\$ -
78100	527 Political Activity - State	\$ -
78200	Political Events	\$ -
78300	Contribution Expense	\$ -
39700	Expenses Charged to NAR Areas	\$ -
39800	Expenses Charged to Affiliates	\$ -
	Total Direct Expenses	\$ (240,492)
Net (Expense) Revenue		\$ (240,492)

2022 Budget Adjustment Funding Request

(Requestor: Complete Blue Shaded Areas Only)

Request Date 3/24/2022

Team	Creative and Content Strategy
Committee	
Program Name	CRM

Nature of Request

- ☒ Funding Request
- ☐ Reprogramming

NAR Staff Approval

Group Team Leader Victoria Gillespie

Purpose for Funding Adjustment

In mid-2021, it was requested that we investigate an organizational sales CRM (Customer Relationship Management) solution to provide the visibility needed across teams, increase productivity, and allow for collaboration across contacts. The lack of central record-keeping, data integrity and transparency across the organization, led to NAR's understanding of the relationships built across partners, exhibitors, sponsors, donors, and other contacts, and the importance of being able to identify who our customers are and what they do with us, at any given moment. This is about how to improve our relationships with our partners and better leverage those relationships for the greater good of NAR in terms of growing overall revenue. In the case of a CRM, we would like to track those relationships, allowing specific teams access to communications/sales/giving histories and develop further relationships across all teams, promoting growth and efficiency across NAR. With the guidance and consultation of a third-party consultant and our internal IT team, Microsoft Dynamics has been confirmed as the preferred go-forward system for our enterprise CRM solution at NAR. Attached to the request are the costs associated with implementation, inclusive of service and support, as well as licensing fees, for your consideration and approval.

☐ Additional Memo Explanation & Reprogramming Recommendation Attached (Required)

Budget Funding Request (From attached line item detail)

Revenue		\$ -
Direct Expense		\$ (171,840)
Labor Expense Headcount Additions		
Net (Expense) Revenue Funding Impact		\$ (171,840)

Approved 2022 Program Budget

Revenue	\$ -
Direct Expense	\$ (171,840)
Labor Expense	\$ -
Net (Expense) Revenue	\$ (171,840)

Approved 2022 Team Budget

Revenue	\$ 2,487,740
Direct Expense	\$ (6,954,643)
Labor Expense	\$ (5,890,988)
Net (Expense) Revenue	\$ (10,357,891)

Finance Committee Review at ☒ March Budget Review ☐ Midyear ☐ Annual ☐ Conference Call

Line Item Detail		
(Requestor: Complete Blue Shaded Areas Only)		
Account Number	Revenue	2022 Budget
30800	Specialty/Designation Dues	\$ -
30850	Dues Application Fee	\$ -
32100	Courses	\$ -
33500	Convention & Meetings	\$ -
33505	Convention & Meetings Registration & Tickets	\$ -
33510	Expo Booth Sales	\$ -
33520	Convention & Meetings Sponsorships	\$ -
33530	Convention Hotel Commissions	\$ -
33900	Seminars	\$ -
34000	Product Sales	\$ -
34500	Survey Consulting	\$ -
35000	Advertising	\$ -
35200	Subscriptions	\$ -
35300	Royalties	\$ -
37900	Service Income	\$ -
38400	Corporate Ally Contributions	\$ -
39200	Donations	\$ -
39300	Sponsorships	\$ -
	Total Revenue	\$ -
Account Number	Expenses	2022 Budget
40900	Temporary Help	\$ (51,840)
41500	Staff Education	\$ -
43000	Staff Travel	\$ -
43100	Member/Speaker Travel	\$ -
47100	Consulting	\$ (75,000)
47120	Creative Agency	\$ -
47125	Production	\$ -
47130	Media Agency Fees	\$ -
47400	Writers Fees	\$ -
47700	Production R&D	\$ -
47800	Instructor Fees	\$ -
48100	Legal Fees	\$ -
50500	Printing	\$ -
50800	Art Services	\$ (1,500)
51000	Service Materials	\$ -
51200	Photography	\$ -
54300	Freight	\$ -
54400	Postage	\$ -
55000	Dues & Subscriptions	\$ -
55800	Gifts/Awards/Flowers	\$ -
55900	Office Supplies	\$ -
56800	Audio Visual Materials	\$ -
57500	Facilities & Meetings	\$ -
57600	Speaker Fees	\$ -
58100	Booth Rental	\$ -
60000	Equipment Rental	\$ -
63000	Staff Telephone	\$ -
65000	Equipment Maintenance	\$ -
70000	Advertising	\$ -
70500	Sponsorships	\$ -
70600	Grants	\$ -
74900	Professional Liability Insurance	\$ -
77200	Software	\$ (43,500)
77500	Outside Computer Service	\$ -
78000	527 Political Activity - Federal	\$ -
78100	527 Political Activity - State	\$ -
78200	Political Events	\$ -
78300	Contribution Expense	\$ -
39700	Expenses Charged to NAR Areas	\$ -
39800	Expenses Charged to Affiliates	\$ -
	Total Direct Expenses	\$ (171,840)
Net (Expense) Revenue		\$ (171,840)

2022 Budget Adjustment Funding Request

(Requestor: Complete Blue Shaded Areas Only)

Request Date 3/24/2022

Team	Creative and Content Strategy
Committee	
Program Name	xxx Internal Sales Support

Nature of Request

- ☒ Funding Request
- ☐ Reprogramming

NAR Staff Approval

Group Team Leader Victoria Gillespie

Purpose for Funding Adjustment

The sales team within MCE which currently supports our larger meetings, has been asked to take on a broader role in increasing the professionalism, consistency and growth of sales across several other NAR events, being managed by NAR Groups outside of MCE. There is not currently sufficient staff or a budget that exist to support this additional sales activity. We are requesting a minimal budget to support those groups/teams with their non-dues revenue efforts, inclusive of temporary help, the service of sponsorship deliverables, invoicing and collections, and travel to their events to manage onsite details with sponsors and further build those relationships.

☒ Additional Memo Explanation & Reprogramming Recommendation Attached (Required)

Budget Funding Request (From attached line item detail)

Revenue		\$	-
Direct Expense		\$	(116,868)
Labor Expense Headcount Additions			
Net (Expense) Revenue Funding Impact		\$	(116,868)

Approved 2022 Program Budget

Revenue	\$	-
Direct Expense	\$	(116,868)
Labor Expense	\$	-
Net (Expense) Revenue	\$	(116,868)

Approved 2022 Team Budget

Revenue	\$	2,487,740
Direct Expense	\$	(6,954,643)
Labor Expense	\$	(5,890,988)
Net (Expense) Revenue	\$	(10,357,891)

Finance Committee Review at ☒ March Budget Review ☐ Midyear ☐ Annual ☐ Conference Call

Line Item Detail		
(Requestor: Complete Blue Shaded Areas Only)		
Account Number	Revenue	2022 Budget
30800	Specialty/Designation Dues	\$ -
30850	Dues Application Fee	\$ -
32100	Courses	\$ -
33500	Convention & Meetings	\$ -
33505	Convention & Meetings Registration & Tickets	\$ -
33510	Expo Booth Sales	\$ -
33520	Convention & Meetings Sponsorships	\$ -
33530	Convention Hotel Commissions	\$ -
33900	Seminars	\$ -
34000	Product Sales	\$ -
34500	Survey Consulting	\$ -
35000	Advertising	\$ -
35200	Subscriptions	\$ -
35300	Royalties	\$ -
37900	Service Income	\$ -
38400	Corporate Ally Contributions	\$ -
39200	Donations	\$ -
39300	Sponsorships	\$ -
	Total Revenue	\$ -
Account Number	Expenses	2022 Budget
40900	Temporary Help	\$ (96,768)
41500	Staff Education	\$ -
43000	Staff Travel	\$ (7,500)
43100	Member/Speaker Travel	\$ -
47100	Consulting	\$ (5,000)
47120	Creative Agency	\$ -
47125	Production	\$ -
47130	Media Agency Fees	\$ -
47400	Writers Fees	\$ -
47700	Production R&D	\$ -
47800	Instructor Fees	\$ -
48100	Legal Fees	\$ -
50500	Printing	\$ -
50800	Art Services	\$ (7,600)
51000	Service Materials	\$ -
51200	Photography	\$ -
54300	Freight	\$ -
54400	Postage	\$ -
55000	Dues & Subscriptions	\$ -
55800	Gifts/Awards/Flowers	\$ -
55900	Office Supplies	\$ -
56800	Audio Visual Materials	\$ -
57500	Facilities & Meetings	\$ -
57600	Speaker Fees	\$ -
58100	Booth Rental	\$ -
60000	Equipment Rental	\$ -
63000	Staff Telephone	\$ -
65000	Equipment Maintenance	\$ -
70000	Advertising	\$ -
70500	Sponsorships	\$ -
70600	Grants	\$ -
74900	Professional Liability Insurance	\$ -
77200	Software	\$ -
77500	Outside Computer Service	\$ -
78000	527 Political Activity - Federal	\$ -
78100	527 Political Activity - State	\$ -
78200	Political Events	\$ -
78300	Contribution Expense	\$ -
39700	Expenses Charged to NAR Areas	\$ -
39800	Expenses Charged to Affiliates	\$ -
	Total Direct Expenses	\$ (116,868)
Net (Expense) Revenue		\$ (116,868)

2022 Budget Adjustment Funding Request

(Requestor: Complete Blue Shaded Areas Only)

Request Date 3/24/2022

Team	Marketing, Communication, Events, and Leadership Resources
Committee	
Program Name	Creative & Digital Operation

Nature of Request

- ☒ Funding Request
- ☐ Reprogramming

NAR Staff Approval

Group Team Leader Victoria Gillespie

Purpose for Funding Adjustment

To accomplish the directive to deliver specialized and personalized social media support and ensure the quality and professionalism required, we are strongly recommending that these positions be NAR employees as the work is high-touch and requires close contact with our highest levels of leadership, demanding consistency, discretion, confidentiality, and an intimate understanding of our organization we cannot guarantee with contracted resources

☐ Additional Memo Explanation & Reprogramming Recommendation Attached (Required)

Budget Funding Request (From attached line item detail)

Revenue			\$ -
Direct Expense			\$ -
Labor Expense Headcount Additions			(331,500)
Net (Expense) Revenue Funding Impact			\$ (331,500)

Approved 2022 Program Budget

Revenue			-
Direct Expense			(1,010,500)
Labor Expense			(2,015,252)
Net (Expense) Revenue			(3,025,752)

Approved 2022 Team Budget

Revenue			2,487,740
Direct Expense			(6,744,643)
Labor Expense			(5,890,988)
Net (Expense) Revenue			(10,147,891)

Finance Committee Review at ☒ March Budget Review ☐ Midyear ☐ Annual ☐ Conference Call

ENHANCED VIDEO AND PHOTO RESOURCES PROPOSAL

CREATIVE AND CONTENT STRATEGY MARKETING, COMMUNICATIONS AND EVENTS

Submitted by: Victoria Gillespie, Chief Marketing and Communications Officer

Date: February 9, 2022

INTRODUCTION

It was requested by President-Elect, Kenny Parcell, that the MCE team determine expenses and resource requirements to put forth a solution for specialized and personalized social media support and additional live/event photography.

The Digital Strategy, CCS and Events teams arrived at a proposed solution to satisfy the request, which is two-fold:

First, to offer more immediacy in the delivery of event photos and elevate the quality and relevancy of event photography in general for use both during the event, and within NAR social channels and leadership's (personal) social networks. There was also a general disappointment in the types and quality of photos being captured, creating the need for added creative direction and oversight.

Also, building upon the concierge service extended to our LT -- specifically the current and incoming President -- it has been requested that we establish "behind-the-scenes", documentary-style coverage, through video and photography, of the sitting NAR President through their personal social networks and NAR channels, to further support their story and communicate their priorities to members-at-large.

RESOURCE REQUIREMENTS

To execute on these initiatives successfully, we estimate the need for three full-time staff positions as we do foresee overlap between the sitting and incoming Presidents. Some elements can be managed by existing staff. Estimated salary + benefits are below:

Photo Editor: No cost (utilize existing staff)

Photography Assist: No cost (utilize existing staff)

Creative Writer: \$75,000 + .30 benefits = \$97,500 (contractor already in place)

Multimedia Journalist: \$75,000 - \$90,000 + .30 benefits = \$97,500 - \$117,000 (new)

Social Media Strategist: \$90,000 + .30 benefits = \$117,000 (new)

Total: \$214,500 - \$331,500

To accomplish the directive and ensure the quality and professionalism required, we are strongly recommending that these positions be NAR employees as the work is high-touch and requires close contact with our highest levels of leadership, demanding consistency, discretion, confidentiality, and an intimate understanding of our organization we cannot guarantee with contracted resources.

In fact, we would advise against implementing this type of initiative at all with contract resources due to the highly-sensitive nature of the work and the oversight that would be required with those who are not tied closely to NAR, when dealing so personally with our leadership.



We are also modifying our terms and enhancing the direction provided to our official event photographer, Oscar & Associates, to ensure wi-fi enabled cameras/equipment are being utilized to allow for the immediate upload of photos to a web location where the Photo Editor can then curate, based on clear direction provided as to what and who to capture, prior to sharing them with Projection and the Social team.

TIMELINE AND FINANCIAL IMPACT

The timing for roll out is proposed to align with the 2022 Leadership Summit, in August. There would be a partial financial impact in 2022.

Full Impact 2023 - 2026: \$214,500 - \$331,500

POSITION DESCRIPTIONS

Photo Editor is responsible for gathering the required shot list and understanding tone, quality and aesthetic needed. Will review, curate and edit uploaded imagery from official photographers and provide vetted photos to Projection for immediate use on screens and the Social team for posting. Will make photo and video assignments, judge and alter pictures and videos to meet assignment needs, and make sure all deadlines are met.

Photography Assist will help the professional photographers plan, set up, and complete photoshoots in studios and at external locations. Assist with setting up and managing lighting equipment and modifiers. Be an extra set of eyes during shoot – help look out for stray hairs, wrinkled clothes, make-up needs, etc. Help to pose and direct subjects during sessions. Offer creative ideas during sessions.

Creative Writer will work collaboratively across the organization, capture details and strategically translate facts and information into compelling, high-engagement copy that connects, educates, and motivates target audiences. More specifically, this role will develop story arcs, event scripting, video scripts and feature stories that can be used across multiple channels. Will also be responsible for aiding in the development of a comprehensive communications plan for the sitting NAR President, and in conjunction with the Marketing, Communications and Digital teams, manage the execution of that plan.

Multimedia Journalist will provide content creation, including audio, video and other digital assets that supports multimedia on behalf of NAR's President, including recommending audiences to tag, relevant hashtags, and high-level positioning. Will work collaboratively with other MCE staff, such as Digital Strategy and Leadership Resources, to identify leadership-related stories that are best told using multimedia and that content is aligned with NAR's strategic priorities.

Social Media Strategist will be responsible for developing the social media strategy and managing the NAR President's social media channels. This role will work collaboratively with the Director of Digital Communications, Multimedia Journalist, Chief Storyteller, and Leadership Resources to create, optimize, and distribute engaging social media content on behalf of NAR's President.

2022 Budget Adjustment Funding Request

(Requestor: Complete Blue Shaded Areas Only)

Request Date 3/24/2022

Team	Meetings & Events
Committee	
Program Name	Annual Business Meetings

Nature of Request

☒ Funding Request

☐ Reprogramming

NAR Staff Approval

Group Team Leader Victoria Gillespie

Purpose for Funding Adjustment

Increase funds for Annual to add Hybrid equipment (Visual, Audio, Internet, electrical) for over 100 governance meetings. In August 2020, NAR's Leadership Team adopted the following recommendation based on the Governance PAG's stated desire to make NAR's governance system more transparent and accessible. "That NAR adopt a policy that allows members to participate in governance meetings electronically and ensures that proper security measures are in place to limit access to NAR members and voting by committee members only."

☐ Additional Memo Explanation & Reprogramming Recommendation Attached (Required)

Budget Funding Request (From attached line item detail)

Revenue			\$	-
Direct Expense			\$	(325,000)
Labor Expense Headcount Additions				0
Net (Expense) Revenue Funding Impact			\$	(325,000)

Approved 2022 Program Budget

Revenue	\$	193,000
Direct Expense	\$	(1,940,000)
Labor Expense	\$	(762,591)
Net (Expense) Revenue	\$	(2,509,591)

Approved 2022 Team Budget

Revenue	\$	11,785,900
Direct Expense	\$	(16,307,353)
Labor Expense	\$	(3,112,750)
Net (Expense) Revenue	\$	(7,634,203)

Finance Committee Review at

☒ March Budget Review ☐ Midyear ☐ Annual ☐ Conference Call

Line Item Detail		
(Requestor: Complete Blue Shaded Areas Only)		
929		
Account Number	Revenue	2022 Budget
30800	Specialty/Designation Dues	\$ -
30850	Dues Application Fee	\$ -
32100	Courses	\$ -
33500	Convention & Meetings	\$ -
33505	Convention & Meetings Registration & Tickets	\$ -
33510	Expo Booth Sales	\$ -
33520	Convention & Meetings Sponsorships	\$ -
33530	Convention Hotel Commissions	\$ -
33900	Seminars	\$ -
34000	Product Sales	\$ -
34500	Survey Consulting	\$ -
35000	Advertising	\$ -
35200	Subscriptions	\$ -
35300	Royalties	\$ -
37900	Service Income	\$ -
38400	Corporate Ally Contributions	\$ -
39200	Donations	\$ -
39300	Sponsorships	\$ -
	Total Revenue	\$ -
Account Number	Expenses	2022 Budget
40900	Temporary Help	\$ -
41500	Staff Education	\$ -
43000	Staff Travel	\$ -
43100	Member/Speaker Travel	\$ -
47100	Consulting	\$ -
47120	Creative Agency	\$ -
47125	Production	\$ -
47130	Media Agency Fees	\$ -
47400	Writers Fees	\$ -
47700	Production R&D	\$ -
47800	Instructor Fees	\$ -
48100	Legal Fees	\$ -
50500	Printing	\$ -
50800	Art Services	\$ -
51000	Service Materials	\$ -
51200	Photography	\$ -
54300	Freight	\$ -
54400	Postage	\$ -
55000	Dues & Subscriptions	\$ -
55800	Gifts/Awards/Flowers	\$ -
55900	Office Supplies	\$ -
56800	Audio Visual Materials	\$ -
57500	Facilities & Meetings	\$ -
57600	Speaker Fees	\$ -
58100	Booth Rental	\$ -
60000	Equipment Rental	\$ (325,000)
63000	Staff Telephone	\$ -
65000	Equipment Maintenance	\$ -
70000	Advertising	\$ -
70500	Sponsorships	\$ -
70600	Grants	\$ -
74900	Professional Liability Insurance	\$ -
77200	Software	\$ -
77500	Outside Computer Service	\$ -
78000	527 Political Activity - Federal	\$ -
78100	527 Political Activity - State	\$ -
78200	Political Events	\$ -
78300	Contribution Expense	\$ -
39700	Expenses Charged to NAR Areas	\$ -
39800	Expenses Charged to Affiliates	\$ -
	Total Direct Expenses	\$ (325,000)
Net (Expense) Revenue		\$ (325,000)

2022 Budget Adjustment Funding Request

(Requestor: Complete Blue Shaded Areas Only)

Request Date 3/24/2022

Team	Meetings & Events
Committee	
Program Name	BOD

Nature of Request

- ☒ Funding Request
- ☐ Reprogramming

NAR Staff Approval

Group Team Leader Victoria Gillespie

Purpose for Funding Adjustment

Production equipment and labor to offer to Directors via Zoom and stream Board of Directors remotely to members at the Annual Meetings. In August 2020, NAR's Leadership Team adopted the following recommendation based on the Governance PAG's stated desire to make NAR's governance system more transparent and accessible. "That NAR adopt a policy that allows members to participate in governance meetings electronically and ensures that proper security measures are in place to limit access to NAR members and voting by committee members only."

☐ Additional Memo Explanation & Reprogramming Recommendation Attached (Required)

Budget Funding Request (From attached line item detail)

Revenue			\$ -
Direct Expense			\$ (35,000)
Labor Expense Headcount Additions			
Net (Expense) Revenue Funding Impact			\$ (35,000)

Approved 2022 Program Budget

Revenue	\$ -
Direct Expense	\$ (521,880)
Labor Expense	\$ (33,156)
Net (Expense) Revenue	\$ (555,036)

Approved 2022 Team Budget

Revenue	\$ 11,785,900
Direct Expense	\$ (16,307,353)
Labor Expense	\$ (3,112,750)
Net (Expense) Revenue	\$ (7,634,203)

Finance Committee Review at ☒ March Budget Review ☐ Midyear ☐ Annual ☐ Conference Call

Line Item Detail		
(Requestor: Complete Blue Shaded Areas Only)		
959		
Account Number	Revenue	2022 Budget
30800	Specialty/Designation Dues	\$ -
30850	Dues Application Fee	\$ -
32100	Courses	\$ -
33500	Convention & Meetings	\$ -
33505	Convention & Meetings Registration & Tickets	\$ -
33510	Expo Booth Sales	\$ -
33520	Convention & Meetings Sponsorships	\$ -
33530	Convention Hotel Commissions	\$ -
33900	Seminars	\$ -
34000	Product Sales	\$ -
34500	Survey Consulting	\$ -
35000	Advertising	\$ -
35200	Subscriptions	\$ -
35300	Royalties	\$ -
37900	Service Income	\$ -
38400	Corporate Ally Contributions	\$ -
39200	Donations	\$ -
39300	Sponsorships	\$ -
	Total Revenue	\$ -
Account Number	Expenses	2022 Budget
40900	Temporary Help	\$ -
41500	Staff Education	\$ -
43000	Staff Travel	\$ -
43100	Member/Speaker Travel	\$ -
47100	Consulting	\$ -
47120	Creative Agency	\$ -
47125	Production	\$ -
47130	Media Agency Fees	\$ -
47400	Writers Fees	\$ -
47700	Production R&D	\$ -
47800	Instructor Fees	\$ -
48100	Legal Fees	\$ -
50500	Printing	\$ -
50800	Art Services	\$ -
51000	Service Materials	\$ -
51200	Photography	\$ -
54300	Freight	\$ -
54400	Postage	\$ -
55000	Dues & Subscriptions	\$ -
55800	Gifts/Awards/Flowers	\$ -
55900	Office Supplies	\$ -
56800	Audio Visual Materials	\$ -
57500	Facilities & Meetings	\$ -
57600	Speaker Fees	\$ -
58100	Booth Rental	\$ -
60000	Equipment Rental	\$ (35,000)
63000	Staff Telephone	\$ -
65000	Equipment Maintenance	\$ -
70000	Advertising	\$ -
70500	Sponsorships	\$ -
70600	Grants	\$ -
74900	Professional Liability Insurance	\$ -
77200	Software	\$ -
77500	Outside Computer Service	\$ -
78000	527 Political Activity - Federal	\$ -
78100	527 Political Activity - State	\$ -
78200	Political Events	\$ -
78300	Contribution Expense	\$ -
39700	Expenses Charged to NAR Areas	\$ -
39800	Expenses Charged to Affiliates	\$ -
	Total Direct Expenses	\$ (35,000)
Net (Expense) Revenue		\$ (35,000)

2022 Budget Adjustment Funding Request

(Requestor: Complete Blue Shaded Areas Only)

Request Date 3/24/2022

Team	Meetings & Events
Committee	
Program Name	Leadership Summit

Nature of Request

- ☒ Funding Request
- ☐ Reprogramming

NAR Staff Approval

Group Team Leader Victoria Gillespie

Purpose for Funding Adjustment

The first item is \$75,000 for meaningful gifts with tangible benefits for all attendees of Leadership Summit. The second item is an additional \$75,000 for production costs related to Leadership Summit. The additional funds allow NAR to explore the latest in technology and stage design giving NAR the ability to create more immersive and cutting-edge events for our members, allowing NAR to continue to be an industry leader on our large-scale productions moving us from truly fantastic to iconic events. In addition to improved production values, NAR will also be able to better support NAR's storytelling and messaging platforms important to our members and leadership team and allows for the possibility of more interactive virtual events further driving member engagement. By creating more dynamic holistic experiences catered to the needs of our members, we demonstrate that NAR is committed to their success and to their pride in being a REALTOR® and the value they bring to the real estate transaction. Potential uses for the funds include projection mapping that would allow us to create immersive experiences throughout the room using projectors and lighting (like the immersive art exhibits that have become so popular lately). Funds would also be used to create more dynamic stage sets that are not currently within our budget that reinforces our branding including custom pieces specifically created to highlight the REALTOR® brand. These examples are just a couple of ways for us to create fun and exciting sessions that reinforce NAR messages and provide attendees with unforgettable events and WOW moments.

Budget Funding Request (From attached line item detail)

Revenue		\$ -
Direct Expense		\$ (150,000)
Labor Expense Headcount Additions		
Net (Expense) Revenue Funding Impact		\$ (150,000)

Approved 2022 Program Budget

Revenue	\$ -
Direct Expense	\$ (2,432,350)
Labor Expense	\$ (165,781)
Net (Expense) Revenue	\$ (2,598,131)

Approved 2022 Team Budget

Revenue	\$ 11,785,900
Direct Expense	\$ (16,307,353)
Labor Expense	\$ (3,112,750)
Net (Expense) Revenue	\$ (7,634,203)

Finance Committee Review at

☒ March Budget Review ☐ Midyear ☐ Annual ☐ Conference Call

Line Item Detail

(Requestor: Complete Blue Shaded Areas Only)

Account Number	Revenue	2022 Budget
30800	Specialty/Designation Dues	\$ -
30850	Dues Application Fee	\$ -
32100	Courses	\$ -
33500	Convention & Meetings	\$ -
33505	Convention & Meetings Registration & Tickets	\$ -
33510	Expo Booth Sales	\$ -
33520	Convention & Meetings Sponsorships	\$ -
33530	Convention Hotel Commissions	\$ -
33900	Seminars	\$ -
34000	Product Sales	\$ -
34500	Survey Consulting	\$ -
35000	Advertising	\$ -
35200	Subscriptions	\$ -
35300	Royalties	\$ -
37900	Service Income	\$ -
38400	Corporate Ally Contributions	\$ -
39200	Donations	\$ -
39300	Sponsorships	\$ -
	Total Revenue	\$ -

Account Number	Expenses	2022 Budget
40900	Temporary Help	\$ -
41500	Staff Education	\$ -
43000	Staff Travel	\$ -
43100	Member/Speaker Travel	\$ -
47100	Consulting	\$ -
47120	Creative Agency	\$ -
47125	Production	\$ -
47130	Media Agency Fees	\$ -
47400	Writers Fees	\$ -
47700	Production R&D	\$ -
47800	Instructor Fees	\$ -
48100	Legal Fees	\$ -
50500	Printing	\$ -
50800	Art Services	\$ -
51000	Service Materials	\$ -
51200	Photography	\$ -
54300	Freight	\$ -
54400	Postage	\$ -
55000	Dues & Subscriptions	\$ -
55800	Gifts/Awards/Flowers	\$ (75,000)
55900	Office Supplies	\$ -
56800	Audio Visual Materials	\$ -
57500	Facilities & Meetings	\$ -
57600	Speaker Fees	\$ -
58100	Booth Rental	\$ -
60000	Equipment Rental	\$ (75,000)
63000	Staff Telephone	\$ -
65000	Equipment Maintenance	\$ -
70000	Advertising	\$ -
70500	Sponsorships	\$ -
70600	Grants	\$ -
74900	Professional Liability Insurance	\$ -
77200	Software	\$ -
77500	Outside Computer Service	\$ -
78000	527 Political Activity - Federal	\$ -
78100	527 Political Activity - State	\$ -
78200	Political Events	\$ -
78300	Contribution Expense	\$ -
39700	Expenses Charged to NAR Areas	\$ -
39800	Expenses Charged to Affiliates	\$ -
	Total Direct Expenses	\$ (150,000)

Net (Expense) Revenue	\$ (150,000)
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2022 Budget Adjustment Funding Request

(Requestor: Complete Blue Shaded Areas Only)

Request Date 3/24/2022

Team	Meetings & Events
Committee	
Program Name	General Sessions Conference & Expo

Nature of Request

- ☒ Funding Request
- ☐ Reprogramming

NAR Staff Approval

Group Team Leader Victoria Gillespie

Purpose for Funding Adjustment

The Production Team is requesting an additional \$125,000 for production costs related to REALTORS® Conference & Expo. The additional funds allow NAR to explore the latest in technology and stage design giving NAR the ability to create more immersive and cutting-edge events for our members, allowing NAR to continue to be an industry leader on our large-scale productions moving us from truly fantastic to iconic events. In addition to improved production values, NAR will also be able to better support NAR's storytelling and messaging platforms important to our members and leadership team and allows for the possibility of more interactive virtual events further driving member engagement. By creating more dynamic holistic experiences catered to the needs of our members, we demonstrate that NAR is committed to their success and to their pride in being a REALTOR® and the value they bring to the real estate transaction. Potential uses for the funds include projection mapping that would allow us to create immersive experiences throughout the room using projectors and lighting (like the immersive art exhibits that have become so popular lately). Funds would also be used to create more dynamic stage sets that are not currently within our budget that reinforces our branding including custom pieces specifically created to highlight the REALTOR® brand. These examples are just a couple of ways for us to create fun and exciting sessions that reinforce NAR messages and provide attendees with unforgettable events and WOW moments.

Budget Funding Request (From attached line item detail)

Revenue			\$ -
Direct Expense			\$ (125,000)
Labor Expense Headcount Additions			
Net (Expense) Revenue Funding Impact			\$ (125,000)

Approved 2022 Program Budget

Revenue	\$	8,820,000
Direct Expense	\$	(6,245,648)
Labor Expense	\$	(1,057,069)
Net (Expense) Revenue	\$	1,517,283

Approved 2022 Team Budget

Revenue	\$	11,785,900
Direct Expense	\$	(16,307,353)
Labor Expense	\$	(3,112,750)
Net (Expense) Revenue	\$	(7,634,203)

Finance Committee Review at

☒ March Budget Review ☐ Midyear ☐ Annual ☐ Conference Call

Line Item Detail		
(Requestor: Complete Blue Shaded Areas Only)		
General Session		947
Account Number	Revenue	2022 Budget
30800	Specialty/Designation Dues	\$ -
30850	Dues Application Fee	\$ -
32100	Courses	\$ -
33500	Convention & Meetings	\$ -
33505	Convention & Meetings Registration & Tickets	\$ -
33510	Expo Booth Sales	\$ -
33520	Convention & Meetings Sponsorships	\$ -
33530	Convention Hotel Commissions	\$ -
33900	Seminars	\$ -
34000	Product Sales	\$ -
34500	Survey Consulting	\$ -
35000	Advertising	\$ -
35200	Subscriptions	\$ -
35300	Royalties	\$ -
37900	Service Income	\$ -
38400	Corporate Ally Contributions	\$ -
39200	Donations	\$ -
39300	Sponsorships	\$ -
	Total Revenue	\$ -
Account Number	Expenses	2022 Budget
40900	Temporary Help	\$ -
41500	Staff Education	\$ -
43000	Staff Travel	\$ -
43100	Member/Speaker Travel	\$ -
47100	Consulting	\$ -
47120	Creative Agency	\$ -
47125	Production	\$ -
47130	Media Agency Fees	\$ -
47400	Writers Fees	\$ -
47700	Production R&D	\$ -
47800	Instructor Fees	\$ -
48100	Legal Fees	\$ -
50500	Printing	\$ -
50800	Art Services	\$ -
51000	Service Materials	\$ -
51200	Photography	\$ -
54300	Freight	\$ -
54400	Postage	\$ -
55000	Dues & Subscriptions	\$ -
55800	Gifts/Awards/Flowers	\$ -
55900	Office Supplies	\$ -
56800	Audio Visual Materials	\$ -
57500	Facilities & Meetings	\$ -
57600	Speaker Fees	\$ -
58100	Booth Rental	\$ -
60000	Equipment Rental	\$ (125,000)
63000	Staff Telephone	\$ -
65000	Equipment Maintenance	\$ -
70000	Advertising	\$ -
70500	Sponsorships	\$ -
70600	Grants	\$ -
74900	Professional Liability Insurance	\$ -
77200	Software	\$ -
77500	Outside Computer Service	\$ -
78000	527 Political Activity - Federal	\$ -
78100	527 Political Activity - State	\$ -
78200	Political Events	\$ -
78300	Contribution Expense	\$ -
39700	Expenses Charged to NAR Areas	\$ -
39800	Expenses Charged to Affiliates	\$ -
	Total Direct Expenses	\$ (125,000)
Net (Expense) Revenue		\$ (125,000)

2022 Budget Adjustment Funding Request

(Requestor: Complete Blue Shaded Areas Only)

Request Date 3/24/2022

Team	Meetings & Events
Committee	
Program Name	Ed Sessions - Conference & Expo

Nature of Request

- ☒ Funding Request
- ☐ Reprogramming

NAR Staff Approval

Group Team Leader Victoria Gillespie

Purpose for Funding Adjustment

Provide virtual platform for General Sessions and two tracks of education sessions for Conference & Expo, including production costs and platform costs for members to participate in Conference remotely (no governance meetings on platform).

☐ Additional Memo Explanation & Reprogramming Recommendation Attached (Required)

Budget Funding Request (From attached line item detail)

Revenue		\$ 195,000
Direct Expense		\$ (350,000)
Labor Expense Headcount Additions		
Net (Expense) Revenue Funding Impact		\$ (155,000)

Approved 2022 Program Budget

Revenue	\$ 8,820,000
Direct Expense	\$ (6,245,648)
Labor Expense	\$ (1,057,069)
Net (Expense) Revenue	\$ 1,517,283

Approved 2022 Team Budget

Revenue	\$ 11,785,900
Direct Expense	\$ (16,307,353)
Labor Expense	\$ (3,112,750)
Net (Expense) Revenue	\$ (7,634,203)

Finance Committee Review at

☒ March Budget Review ☐ Midyear ☐ Annual ☐ Conference Call

Line Item Detail		
(Requestor: Complete Blue Shaded Areas Only)		
Conference & Expo - Ed Session		946
Account Number	Revenue	2022 Budget
30800	Specialty/Designation Dues	\$ -
30850	Dues Application Fee	\$ -
32100	Courses	\$ -
33500	Convention & Meetings	\$ -
33505	Convention & Meetings Registration & Tickets	\$ 195,000
33510	Expo Booth Sales	\$ -
33520	Convention & Meetings Sponsorships	\$ -
33530	Convention Hotel Commissions	\$ -
33900	Seminars	\$ -
34000	Product Sales	\$ -
34500	Survey Consulting	\$ -
35000	Advertising	\$ -
35200	Subscriptions	\$ -
35300	Royalties	\$ -
37900	Service Income	\$ -
38400	Corporate Ally Contributions	\$ -
39200	Donations	\$ -
39300	Sponsorships	\$ -
	Total Revenue	\$ 195,000
Account Number	Expenses	2022 Budget
40900	Temporary Help	\$ -
41500	Staff Education	\$ -
43000	Staff Travel	\$ -
43100	Member/Speaker Travel	\$ -
47100	Consulting	\$ (350,000)
47120	Creative Agency	\$ -
47125	Production	\$ -
47130	Media Agency Fees	\$ -
47400	Writers Fees	\$ -
47700	Production R&D	\$ -
47800	Instructor Fees	\$ -
48100	Legal Fees	\$ -
50500	Printing	\$ -
50800	Art Services	\$ -
51000	Service Materials	\$ -
51200	Photography	\$ -
54300	Freight	\$ -
54400	Postage	\$ -
55000	Dues & Subscriptions	\$ -
55800	Gifts/Awards/Flowers	\$ -
55900	Office Supplies	\$ -
56800	Audio Visual Materials	\$ -
57500	Facilities & Meetings	\$ -
57600	Speaker Fees	\$ -
58100	Booth Rental	\$ -
60000	Equipment Rental	\$ -
63000	Staff Telephone	\$ -
65000	Equipment Maintenance	\$ -
70000	Advertising	\$ -
70500	Sponsorships	\$ -
70600	Grants	\$ -
74900	Professional Liability Insurance	\$ -
77200	Software	\$ -
77500	Outside Computer Service	\$ -
78000	527 Political Activity - Federal	\$ -
78100	527 Political Activity - State	\$ -
78200	Political Events	\$ -
78300	Contribution Expense	\$ -
39700	Expenses Charged to NAR Areas	\$ -
39800	Expenses Charged to Affiliates	\$ -
	Total Direct Expenses	\$ (350,000)
Net (Expense) Revenue		\$ (155,000)

2022 Budget Adjustment Funding Request

(Requestor: Complete Blue Shaded Areas Only)

Request Date 3/21/2022

Team	Meetings & Events
Committee	Meeting & Conference Committee
Program Name	Transportation - Legislative

Nature of Request

- ☒ Funding Request
- ☐ Reprogramming

NAR Staff Approval

Group Team Leader Victoria Gillespie

Purpose for Funding Adjustment

When the 2022 budget 01-911-577 was originally created there was only one bus route that picked up at three hotels in the Marriott Wardman Park location. The new location for the REALTORS® Legislative Meetings will require shuttle service for 12-14 hotels. The revised cost of transportation will be \$280,000 (current budget for transportation is \$58,000). Therefore Meetings & Events requests a budget adjustment of \$222,000.

☐ Additional Memo Explanation & Reprogramming Recommendation Attached (Required)

Budget Funding Request (From attached line item detail)

Revenue		\$ -
Direct Expense		(222,000)
Labor Expense Headcount Additions		
Net (Expense) Revenue Funding Impact		\$ (222,000)

Approved 2022 Program Budget

Revenue	\$ 595,150
Direct Expense	\$ (2,351,650)
Labor Expense	\$ (696,279)
Net (Expense) Revenue	\$ (2,452,779)

Approved 2022 Team Budget

Revenue	\$ 11,785,900
Direct Expense	\$ (16,307,353)
Labor Expense	\$ (3,112,750)
Net (Expense) Revenue	\$ (7,634,203)

Finance Committee Review at ☒ March Budget Review ☐ Midyear ☐ Annual ☐ Conference Call

Line Item Detail		
(Requestor: Complete Blue Shaded Areas Only)		
911		
Account Number	Revenue	2022 Budget
30800	Specialty/Designation Dues	\$ -
30850	Dues Application Fee	\$ -
32100	Courses	\$ -
33500	Convention & Meetings	\$ -
33505	Convention & Meetings Registration & Tickets	\$ -
33510	Expo Booth Sales	\$ -
33520	Convention & Meetings Sponsorships	\$ -
33530	Convention Hotel Commissions	\$ -
33900	Seminars	\$ -
34000	Product Sales	\$ -
34500	Survey Consulting	\$ -
35000	Advertising	\$ -
35200	Subscriptions	\$ -
35300	Royalties	\$ -
37900	Service Income	\$ -
38400	Corporate Ally Contributions	\$ -
39200	Donations	\$ -
39300	Sponsorships	\$ -
	Total Revenue	\$ -
Account Number	Expenses	2022 Budget
40900	Temporary Help	\$ -
41500	Staff Education	\$ -
43000	Staff Travel	\$ -
43100	Member/Speaker Travel	\$ -
47100	Consulting	\$ -
47120	Creative Agency	\$ -
47125	Production	\$ -
47130	Media Agency Fees	\$ -
47400	Writers Fees	\$ -
47700	Production R&D	\$ -
47800	Instructor Fees	\$ -
48100	Legal Fees	\$ -
50500	Printing	\$ -
50800	Art Services	\$ -
51000	Service Materials	\$ -
51200	Photography	\$ -
54300	Freight	\$ -
54400	Postage	\$ -
55000	Dues & Subscriptions	\$ -
55800	Gifts/Awards/Flowers	\$ -
55900	Office Supplies	\$ -
56800	Audio Visual Materials	\$ -
57500	Facilities & Meetings	\$ -
57600	Speaker Fees	\$ -
57700	Transportation	\$ (222,000)
58100	Booth Rental	\$ -
60000	Equipment Rental	\$ -
63000	Staff Telephone	\$ -
65000	Equipment Maintenance	\$ -
70000	Advertising	\$ -
70500	Sponsorships	\$ -
70600	Grants	\$ -
74900	Professional Liability Insurance	\$ -
77200	Software	\$ -
77500	Outside Computer Service	\$ -
78000	527 Political Activity - Federal	\$ -
78100	527 Political Activity - State	\$ -
78200	Political Events	\$ -
78300	Contribution Expense	\$ -
39700	Expenses Charged to NAR Areas	\$ -
39800	Expenses Charged to Affiliates	\$ -
	Total Direct Expenses	\$ (222,000)
Net (Expense) Revenue		\$ (222,000)

2022 Budget Adjustment Funding Request

(Requestor: Complete Blue Shaded Areas Only)

Request Date 3/24/2022

Team	Meetings & Events
Committee	
Program Name	Offices - Legislative

Nature of Request

- ☒ Funding Request
- ☐ Reprogramming

NAR Staff Approval

Group Team Leader Victoria Gillespie

Purpose for Funding Adjustment

Hotel rates at new location for Legislative Meetings 30% higher than Marriott Wardman Park area so this is the increased amount needed to fund the more expensive hotels.

☐ Additional Memo Explanation & Reprogramming Recommendation Attached (Required)

Budget Funding Request (From attached line item detail)

Revenue		\$ -
Direct Expense		\$ (64,500)
Labor Expense Headcount Additions		
Net (Expense) Revenue Funding Impact		\$ (64,500)

Approved 2022 Program Budget

Revenue	\$ 595,150
Direct Expense	\$ (2,351,650)
Labor Expense	\$ (696,279)
Net (Expense) Revenue	\$ (2,452,779)

Approved 2022 Team Budget

Revenue	\$ 11,785,900
Direct Expense	\$ (16,307,353)
Labor Expense	\$ (3,112,750)
Net (Expense) Revenue	\$ (7,634,203)

Finance Committee Review at ☒ March Budget Review ☐ Midyear ☐ Annual ☐ Conference Call

Line Item Detail		
(Requestor: Complete Blue Shaded Areas Only)		
910		
Account Number	Revenue	2022 Budget
30800	Specialty/Designation Dues	\$ -
30850	Dues Application Fee	\$ -
32100	Courses	\$ -
33500	Convention & Meetings	\$ -
33505	Convention & Meetings Registration & Tickets	\$ -
33510	Expo Booth Sales	\$ -
33520	Convention & Meetings Sponsorships	\$ -
33530	Convention Hotel Commissions	\$ -
33900	Seminars	\$ -
34000	Product Sales	\$ -
34500	Survey Consulting	\$ -
35000	Advertising	\$ -
35200	Subscriptions	\$ -
35300	Royalties	\$ -
37900	Service Income	\$ -
38400	Corporate Ally Contributions	\$ -
39200	Donations	\$ -
39300	Sponsorships	\$ -
	Total Revenue	\$ -
Account Number	Expenses	2022 Budget
40900	Temporary Help	\$ -
41500	Staff Education	\$ -
43000	Staff Travel	\$ (64,500)
43100	Member/Speaker Travel	\$ -
47100	Consulting	\$ -
47120	Creative Agency	\$ -
47125	Production	\$ -
47130	Media Agency Fees	\$ -
47400	Writers Fees	\$ -
47700	Production R&D	\$ -
47800	Instructor Fees	\$ -
48100	Legal Fees	\$ -
50500	Printing	\$ -
50800	Art Services	\$ -
51000	Service Materials	\$ -
51200	Photography	\$ -
54300	Freight	\$ -
54400	Postage	\$ -
55000	Dues & Subscriptions	\$ -
55800	Gifts/Awards/Flowers	\$ -
55900	Office Supplies	\$ -
56800	Audio Visual Materials	\$ -
57500	Facilities & Meetings	\$ -
57600	Speaker Fees	\$ -
58100	Booth Rental	\$ -
60000	Equipment Rental	\$ -
63000	Staff Telephone	\$ -
65000	Equipment Maintenance	\$ -
70000	Advertising	\$ -
70500	Sponsorships	\$ -
70600	Grants	\$ -
74900	Professional Liability Insurance	\$ -
77200	Software	\$ -
77500	Outside Computer Service	\$ -
78000	527 Political Activity - Federal	\$ -
78100	527 Political Activity - State	\$ -
78200	Political Events	\$ -
78300	Contribution Expense	\$ -
39700	Expenses Charged to NAR Areas	\$ -
39800	Expenses Charged to Affiliates	\$ -
	Total Direct Expenses	\$ (64,500)
Net (Expense) Revenue		\$ (64,500)

NATIONAL ASSOCIATION OF REALTORS®
2022 Proposed Advocacy Budget Adjustments

Approved Advocacy Net Income before proposed adjustments	\$	5,548,635
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Budget Adjustments

	<u>Budget</u> <u>Document Page</u> <u>Reference</u>		
Federal Independent Expenditures	93	\$	(6,996,000)
External Engagement Program	106	\$	(3,000,000)
Total Programming Adjustments		\$	(9,996,000)
Additional American Property Owners Alliance Funding	110	\$	(2,000,000)
Total Consent Agenda Adjustments		\$	3,119,676
Adjusted Advocacy Net Income (Expense) after proposed changes		\$	(1,327,689)
Advocacy Reserve Balance 1/1/22		\$	98,845,374
American Property Owners Alliance Funding		\$	(8,612,000)
Balance of Advocacy 12/31/22 Reserve		\$	88,905,685

2022 Budget Adjustment Funding Request

(Requestor: Complete Blue Shaded Areas Only)

Request Date 3/21/2022

Team	Government Advocacy
Committee	
Program Name	Federal Independent Expenditures

Nature of Request	
	<input checked="" type="checkbox"/> Funding Request <input type="checkbox"/> Reprogramming

NAR Staff Approval	
Group Team Leader	Shannon McGahn

Purpose for Funding Adjustment
Funding budget enhancement request to increase the 527 Political Activity for Federal Independent Expenditures in 2022.
<input type="checkbox"/> Additional Memo Explanation & Reprogramming Recommendation Attached (Required)

Budget Funding Request (From attached line item detail)			
Revenue			\$ -
Direct Expense			\$ (6,966,000)
Labor Expense Headcount Additions			
Net (Expense) Revenue Funding Impact			\$ (6,966,000)

Approved 2022 Program Budget	
Revenue	\$ 15,000
Direct Expense	\$ (20,100,000)
Labor Expense	\$ (367,000)
Net (Expense) Revenue	\$ (20,452,000)

Approved 2022 Team Budget	
Revenue	\$ 627,000
Direct Expense	\$ (32,453,200)
Labor Expense	\$ (4,439,084)
Net (Expense) Revenue	\$ (36,265,284)

Finance Committee Review at	<input checked="" type="checkbox"/> March Budget Review <input type="checkbox"/> Midyear <input type="checkbox"/> Annual <input type="checkbox"/> Conference Call
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Line Item Detail		
(Requestor: Complete Blue Shaded Areas Only)		
Account Number	Revenue	2022 Budget
30800	Specialty/Designation Dues	\$ -
30850	Dues Application Fee	\$ -
32100	Courses	\$ -
33500	Convention & Meetings	\$ -
33505	Convention & Meetings Registration & Tickets	\$ -
33510	Expo Booth Sales	\$ -
33520	Convention & Meetings Sponsorships	\$ -
33530	Convention Hotel Commissions	\$ -
33900	Seminars	\$ -
34000	Product Sales	\$ -
34500	Survey Consulting	\$ -
35000	Advertising	\$ -
35200	Subscriptions	\$ -
35300	Royalties	\$ -
37900	Service Income	\$ -
38400	Corporate Ally Contributions	\$ -
39200	Donations	\$ -
39300	Sponsorships	\$ -
	Total Revenue	\$ -
Account Number	Expenses	2022 Budget
40900	Temporary Help	\$ -
41500	Staff Education	\$ -
43000	Staff Travel	\$ -
43100	Member/Speaker Travel	\$ -
47100	Consulting	\$ -
47120	Creative Agency	\$ -
47125	Production	\$ -
47130	Media Agency Fees	\$ -
47400	Writers Fees	\$ -
47700	Production R&D	\$ -
47800	Instructor Fees	\$ -
48100	Legal Fees	\$ -
50500	Printing	\$ -
50800	Art Services	\$ -
51000	Service Materials	\$ -
51200	Photography	\$ -
54300	Freight	\$ -
54400	Postage	\$ -
55000	Dues & Subscriptions	\$ -
55800	Gifts/Awards/Flowers	\$ -
55900	Office Supplies	\$ -
56800	Audio Visual Materials	\$ -
57500	Facilities & Meetings	\$ -
57600	Speaker Fees	\$ -
58100	Booth Rental	\$ -
60000	Equipment Rental	\$ -
63000	Staff Telephone	\$ -
65000	Equipment Maintenance	\$ -
70000	Advertising	\$ -
70500	Sponsorships	\$ -
70600	Grants	\$ -
74900	Professional Liability Insurance	\$ -
77200	Software	\$ -
77500	Outside Computer Service	\$ -
78000	527 Political Activity - Federal	\$ (6,966,000)
78100	527 Political Activity - State	\$ -
78200	Political Events	\$ -
78300	Contribution Expense	\$ -
39700	Expenses Charged to NAR Areas	\$ -
39800	Expenses Charged to Affiliates	\$ -
	Total Direct Expenses	\$ (6,966,000)
Net (Expense) Revenue		\$ (6,966,000)

2022 Budget Adjustment Funding Request

(Requestor: Complete Blue Shaded Areas Only)

Request Date 3/24/2022

Team	Strategy and Advocacy Operations
Committee	
Program Name	External Engagement Program

Nature of Request	
	<input checked="" type="checkbox"/> Funding Request <input type="checkbox"/> Reprogramming

NAR Staff Approval	
Group Team Leader	Shannon McGahn

Purpose for Funding Adjustment
Funding to establish and expand relationships with advocacy and charitable groups outside of NAR by participating annually in sponsorships, coalition memberships, charitable organizations, and DC-based events.
<input type="checkbox"/> Additional Memo Explanation & Reprogramming Recommendation Attached (Required)

Budget Funding Request (From attached line item detail)			
Revenue			\$ -
Direct Expense			\$ (3,000,000)
Labor Expense Headcount Additions			
Net (Expense) Revenue Funding Impact			\$ (3,000,000)

Approved 2022 Program Budget	
Revenue	\$ -
Direct Expense	\$ (3,000,000)
Labor Expense	\$ (459,660)
Net (Expense) Revenue	\$ (3,459,660)

Approved 2022 Team Budget	
Revenue	\$ -
Direct Expense	\$ (7,573,172)
Labor Expense	\$ (2,874,409)
Net (Expense) Revenue	\$ (10,447,581)

Finance Committee Review at	<input checked="" type="checkbox"/> March Budget Review <input type="checkbox"/> Midyear <input type="checkbox"/> Annual <input type="checkbox"/> Conference Call
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Line Item Detail		
(Requestor: Complete Blue Shaded Areas Only)		
Account Number	Revenue	2022 Budget
30800	Specialty/Designation Dues	\$ -
30850	Dues Application Fee	\$ -
32100	Courses	\$ -
33500	Convention & Meetings	\$ -
33505	Convention & Meetings Registration & Tickets	\$ -
33510	Expo Booth Sales	\$ -
33520	Convention & Meetings Sponsorships	\$ -
33530	Convention Hotel Commissions	\$ -
33900	Seminars	\$ -
34000	Product Sales	\$ -
34500	Survey Consulting	\$ -
35000	Advertising	\$ -
35200	Subscriptions	\$ -
35300	Royalties	\$ -
37900	Service Income	\$ -
38400	Corporate Ally Contributions	\$ -
39200	Donations	\$ -
39300	Sponsorships	\$ -
	Total Revenue	\$ -
Account Number	Expenses	2022 Budget
40900	Temporary Help	\$ -
41500	Staff Education	\$ -
43000	Staff Travel	\$ (10,000)
43100	Member/Speaker Travel	\$ (20,000)
47100	Consulting	\$ (57,600)
47120	Creative Agency	\$ -
47125	Production	\$ -
47130	Media Agency Fees	\$ -
47400	Writers Fees	\$ -
47700	Production R&D	\$ -
47800	Instructor Fees	\$ -
48100	Legal Fees	\$ -
50500	Printing	\$ -
50800	Art Services	\$ -
51000	Service Materials	\$ -
51200	Photography	\$ -
54300	Freight	\$ -
54400	Postage	\$ -
55000	Dues & Subscriptions	\$ (1,000,000)
55800	Gifts/Awards/Flowers	\$ (3,000)
55900	Office Supplies	\$ -
56800	Audio Visual Materials	\$ -
57500	Facilities & Meetings	\$ (333,450)
57600	Speaker Fees	\$ -
58100	Booth Rental	\$ -
60000	Equipment Rental	\$ -
63000	Staff Telephone	\$ -
65000	Equipment Maintenance	\$ -
70000	Advertising	\$ -
70500	Sponsorships	\$ (1,000,000)
70600	Grants	\$ -
74900	Professional Liability Insurance	\$ -
77200	Software	\$ -
77500	Outside Computer Service	\$ -
78000	527 Political Activity - Federal	\$ -
78100	527 Political Activity - State	\$ -
78200	Political Events	\$ (575,950)
78300	Contribution Expense	\$ -
39700	Expenses Charged to NAR Areas	\$ -
39800	Expenses Charged to Affiliates	\$ -
	Total Direct Expenses	\$ (3,000,000)
Net (Expense) Revenue		\$ (3,000,000)

2022 Budget Adjustment Funding Request

(Requestor: Complete Blue Shaded Areas Only)

Request Date 3/21/2022

Team	Advocacy
Committee	
Program Name	American Property Owners Alliance

Nature of Request

- ☒ Funding Request
- ☐ Reprogramming

NAR Staff Approval

Group Team Leader Shannon McGahn

Purpose for Funding Adjustment

Funding budget enhancement request to increase the Grants activity for the American Property Owners Alliance in 2022.

☐ Additional Memo Explanation & Reprogramming Recommendation Attached (Required)

Budget Funding Request (From attached line item detail)

Revenue			\$ -
Direct Expense			\$ (2,000,000)
Labor Expense Headcount Additions			
Net (Expense) Revenue Funding Impact			\$ (2,000,000)

Approved 2022 Program Budget

Revenue			-
Direct Expense			(8,612,000)
Labor Expense			-
Net (Expense) Revenue			(8,612,000)

Approved 2022 Team Budget

Revenue			
Direct Expense			
Labor Expense			
Net (Expense) Revenue			

Finance Committee Review at

☒ March Budget Review ☐ Midyear ☐ Annual ☐ Conference Call

Line Item Detail		
(Requestor: Complete Blue Shaded Areas Only)		
Account Number	Revenue	2022 Budget
30800	Specialty/Designation Dues	\$ -
30850	Dues Application Fee	\$ -
32100	Courses	\$ -
33500	Convention & Meetings	\$ -
33505	Convention & Meetings Registration & Tickets	\$ -
33510	Expo Booth Sales	\$ -
33520	Convention & Meetings Sponsorships	\$ -
33530	Convention Hotel Commissions	\$ -
33900	Seminars	\$ -
34000	Product Sales	\$ -
34500	Survey Consulting	\$ -
35000	Advertising	\$ -
35200	Subscriptions	\$ -
35300	Royalties	\$ -
37900	Service Income	\$ -
38400	Corporate Ally Contributions	\$ -
39200	Donations	\$ -
39300	Sponsorships	\$ -
	Total Revenue	\$ -
Account Number	Expenses	2022 Budget
40900	Temporary Help	\$ -
41500	Staff Education	\$ -
43000	Staff Travel	\$ -
43100	Member/Speaker Travel	\$ -
47100	Consulting	\$ -
47120	Creative Agency	\$ -
47125	Production	\$ -
47130	Media Agency Fees	\$ -
47400	Writers Fees	\$ -
47700	Production R&D	\$ -
47800	Instructor Fees	\$ -
48100	Legal Fees	\$ -
50500	Printing	\$ -
50800	Art Services	\$ -
51000	Service Materials	\$ -
51200	Photography	\$ -
54300	Freight	\$ -
54400	Postage	\$ -
55000	Dues & Subscriptions	\$ -
55800	Gifts/Awards/Flowers	\$ -
55900	Office Supplies	\$ -
56800	Audio Visual Materials	\$ -
57500	Facilities & Meetings	\$ -
57600	Speaker Fees	\$ -
58100	Booth Rental	\$ -
60000	Equipment Rental	\$ -
63000	Staff Telephone	\$ -
65000	Equipment Maintenance	\$ -
70000	Advertising	\$ -
70500	Sponsorships	\$ -
70600	Grants	\$ (2,000,000)
74900	Professional Liability Insurance	\$ -
77200	Software	\$ -
77500	Outside Computer Service	\$ -
78000	527 Political Activity - Federal	\$ -
78100	527 Political Activity - State	\$ -
78200	Political Events	\$ -
78300	Contribution Expense	\$ -
39700	Expenses Charged to NAR Areas	\$ -
39800	Expenses Charged to Affiliates	\$ -
	Total Direct Expenses	\$ (2,000,000)
Net (Expense) Revenue		\$ (2,000,000)

NATIONAL ASSOCIATION OF REALTORS®
2022 Proposed Consumer Advertising Campaign Budget Adjustments

Approved Consumer Advertising Campaign Net (Expense) before proposed adjustments	\$	(1,386,799)
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Programming Adjustments

Campaign Media Fees and Programming	Page 135	\$	(1,052,244)
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Total Programming Adjustments	\$	(1,052,244)
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Total Consent Agenda Adjustments	\$	3,405,989
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Adjusted Consumer Advertising Campaign Net (Expense) after proposed change	\$	966,946
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Carryover of Available Consumer Advertising Campaign Reserve 12/31/22	\$	32,322,852
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2022 Budget Adjustment Funding Request

(Requestor: Complete Blue Shaded Areas Only)

Request Date 3/24/2022

Team	MCE - CAC
Committee	
Program Name	Consumer Ad Campaign

Nature of Request

- ☒ Funding Request
- ☐ Reprogramming

NAR Staff Approval

Group Team Leader Victoria Gillespie

Purpose for Funding Adjustment

TV production talent costs varies each year - based on the approved media plan for the year. For 2022, requesting SAG (Screen Actors Guild) talent fees to be paid from CAC carry forward as these are outside of production costs. Fees are paid SAG Scale according to planned CAC media channel and frequency mix and include talent Holding Fees through end of 2022. Also request carry forward funds to support messaging leading up to the assessment renewal in May, inclusive of Creative Development Fees and Paid Display/Social media messaging to members about the brand benefits of the ad campaign.

☒ Additional Memo Explanation & Reprogramming Recommendation Attached (Required)

Budget Funding Request (From attached line item detail)

Revenue			\$ -
Direct Expense			\$ (1,052,244)
Labor Expense Headcount Additions			
Net (Expense) Revenue Funding Impact			\$ (1,052,244)

Approved 2022 Program Budget

Revenue	\$	53,200,000
Direct Expense	\$	(46,258,606)
Labor Expense	\$	(221,805)
Net (Expense) Revenue	\$	6,719,589

Approved 2022 Team Budget

Revenue	\$	53,300,000
Direct Expense	\$	(50,626,863)
Labor Expense	\$	(1,706,190)
Net (Expense) Revenue	\$	966,947

Finance Committee Review at

☒ March Budget Review ☐ Midyear ☐ Annual ☐ Conference Call

Line Item Detail		
(Requestor: Complete Blue Shaded Areas Only)		
Account Number	Revenue	2022 Budget
30800	Specialty/Designation Dues	\$ -
30850	Dues Application Fee	\$ -
32100	Courses	\$ -
33500	Convention & Meetings	\$ -
33505	Convention & Meetings Registration & Tickets	\$ -
33510	Expo Booth Sales	\$ -
33520	Convention & Meetings Sponsorships	\$ -
33530	Convention Hotel Commissions	\$ -
33900	Seminars	\$ -
34000	Product Sales	\$ -
34500	Survey Consulting	\$ -
35000	Advertising	\$ -
35200	Subscriptions	\$ -
35300	Royalties	\$ -
37900	Service Income	\$ -
38400	Corporate Ally Contributions	\$ -
39200	Donations	\$ -
39300	Sponsorships	\$ -
	Total Revenue	\$ -
Account Number	Expenses	2022 Budget
40900	Temporary Help	\$ -
41500	Staff Education	\$ -
43000	Staff Travel	\$ -
43100	Member/Speaker Travel	\$ -
47100	Consulting	\$ -
47120	Creative Agency	\$ (30,000)
47125	Production	\$ (902,244)
47130	Media Agency Fees	\$ -
47400	Writers Fees	\$ -
47700	Production R&D	\$ -
47800	Instructor Fees	\$ -
48100	Legal Fees	\$ -
50500	Printing	\$ -
50800	Art Services	\$ -
51000	Service Materials	\$ -
51200	Photography	\$ -
54300	Freight	\$ -
54400	Postage	\$ -
55000	Dues & Subscriptions	\$ -
55800	Gifts/Awards/Flowers	\$ -
55900	Office Supplies	\$ -
56800	Audio Visual Materials	\$ -
57500	Facilities & Meetings	\$ -
57600	Speaker Fees	\$ -
58100	Booth Rental	\$ -
60000	Equipment Rental	\$ -
63000	Staff Telephone	\$ -
65000	Equipment Maintenance	\$ -
70000	Advertising	\$ -
70100	Campaign Media Fees	\$ (120,000)
70500	Sponsorships	\$ -
70600	Grants	\$ -
74900	Professional Liability Insurance	\$ -
77200	Software	\$ -
77500	Outside Computer Service	\$ -
78000	527 Political Activity - Federal	\$ -
78100	527 Political Activity - State	\$ -
78200	Political Events	\$ -
78300	Contribution Expense	\$ -
39700	Expenses Charged to NAR Areas	\$ -
39800	Expenses Charged to Affiliates	\$ -
	Total Direct Expenses	\$ (1,052,244)
Net (Expense) Revenue		\$ (1,052,244)

**National Association of REALTORS®
2022 Capital Adjustments**

**NATIONAL ASSOCIATION OF REALTORS ®
2022 PROPOSED CAPITAL BUDGET
INTERIORS and TECHNOLOGY**

	DESCRIPTION	2022 Approved Capital Amount	New Requests to 2022 Capital Budget	2022 Proposed Capital Totals
CHICAGO BLDG INTERIORS	General Rehab	\$ 50,000	\$ 300,000	\$ 350,000
	Copiers	\$ 35,000	\$ -	\$ 35,000
	Fixtures, Furnishings, and Equipment - NAR Floors 9 - 11	\$ 5,400,000	\$ -	\$ 5,400,000
	Elevation Conference Center Furniture	\$ -	\$ 135,000	\$ 135,000
	SUBTOTAL CHICAGO BUILDING INTERIORS	\$ 5,485,000	\$ 435,000	\$ 5,920,000
DC BUILDING INTERIORS	Conference Room Equipment	\$ 30,000	\$ -	\$ 30,000
	Fixtures, Furnishings, and Equipment - Floors 9 - 11	\$ 600,000	\$ 1,035,942	\$ 1,635,942
	Copiers - 10th Floor	\$ 15,000	\$ -	\$ 15,000
	General Rehab	\$ 65,000	\$ -	\$ 65,000
	SUBTOTAL DC BUILDING INTERIORS	\$ 710,000	\$ 1,035,942	\$ 1,745,942
MARKETING, COMMUNICATIONS, and EVENTS	NAR Exhibit Booth Upgrades	\$ 75,000	\$ -	\$ 75,000
	Publishing System Upgrades	\$ 23,000	\$ -	\$ 23,000
	Studio & Camera Equipment Replacement	\$ 10,000	\$ 37,395	\$ 47,395
	Web and Application Development	\$ 420,000	\$ -	\$ 420,000
	Chicago Studio and Edit Suite	\$ -	\$ 300,375	\$ 300,375
	Leadership Connect	\$ -	\$ 200,000	\$ 200,000
	SUBTOTAL MARKETING, COMMUNICATIONS, and EVENTS	\$ 528,000	\$ 537,770	\$ 1,065,770
STRATEGIC BUSINESS, INNOVATION AND TECHNOLOGY	REALTOR® Store Redeployment	\$ 37,500	\$ -	\$ 37,500
	SUBTOTAL STRATEGIC BUSINESS, INNOVATION AND TECHNOLOGY	\$ 37,500	\$ -	\$ 37,500
FINANCE MANAGEMENT	Finance Systems Upgrades/Releases	\$ 50,000	\$ -	\$ 50,000
	Financial Systems - procurement, expense reporting, budgeting, reporting	\$ 100,000	\$ -	\$ 100,000
	SUBTOTAL FINANCE MANAGEMENT	\$ 150,000	\$ -	\$ 150,000
INFORMATION TECHNOLOGY	Ecommerce Enhancements	\$ 50,000	\$ -	\$ 50,000
	RAMCO Development	\$ 300,000	\$ -	\$ 300,000
	REALTOR® Ecommerce Network Hardware Refresh	\$ 134,438	\$ -	\$ 134,438
	Membership Network Enhancements	\$ 50,000	\$ -	\$ 50,000
	Chicago and DC Backup Storage Refresh	\$ 100,000	\$ -	\$ 100,000
	DC Capital Equipment Refresh	\$ 437,800	\$ -	\$ 437,800
	Rebuild Legacy Applications	\$ 240,000	\$ -	\$ 240,000
	Chicago and DC Phone System	\$ 200,000	\$ -	\$ 200,000
	Cloud Enablement	\$ 100,000	\$ -	\$ 100,000
	Member Database and Ecommerce Re-Platform	\$ 2,742,575	\$ -	\$ 2,742,575
	SUBTOTAL INFORMATION TECHNOLOGY	\$ 4,354,813	\$ -	\$ 4,354,813
Interiors and Technology Capital		\$ 11,265,313	\$ 2,008,712	\$ 13,274,025
Reserves Available from Operating Depreciation				\$ 8,802,440
(Use of) Reserves				\$ (4,471,585)

**NATIONAL ASSOCIATION OF REALTORS ®
2022 PROPOSED CAPITAL BUDGET
CHICAGO, DC and OHIO BUILDINGS**

	DESCRIPTION	2022 Approved Capital Amount	New Requests to 2022 Capital Budget	2022 Proposed Capital Totals
CHICAGO BUILDING	Exterior Building Tuckpointing	\$ 100,000	\$ -	\$ 100,000
	Induction Valve Replacement	\$ 50,000	\$ -	\$ 50,000
	Emergency Building Contingency	\$ 50,000	\$ -	\$ 50,000
	Landlord Improvements - 9th & 10th Floors	\$ 600,000	\$ -	\$ 600,000
	West Façade Repairs & Window Replacement	\$ 500,000	\$ (450,000)	\$ 50,000
	Lower Michigan Avenue Concrete Repair	\$ 100,000	\$ (100,000)	\$ -
	REALTOR® Plaza	\$ 400,000	\$ -	\$ 400,000
	Schwab Lobby Reno per Lease	\$ -	\$ 383,370	\$ 383,370
	11th Floor Landlord Improvements	\$ -	\$ 128,700	\$ 128,700
	Building Generator and Dock Expansion	\$ -	\$ 990,540	\$ 990,540
	Lobby Renovation	\$ -	\$ 3,493,427	\$ 3,493,427
	Rebuild Retail Glass Atrium and Revolver	\$ -	\$ 1,382,852	\$ 1,382,852
	New Michigan Avenue Large & Small Planters	\$ -	\$ 125,000	\$ 125,000
	Re-clad Michigan Avenue Staircase to Billy Goat	\$ -	\$ 75,000	\$ 75,000
	SUBTOTAL CHICAGO BUILDING	\$ 1,800,000	\$ 6,028,889	\$ 7,828,889
437 RUSH BUILDING	Emergency Building Contingency	\$ 10,000	\$ -	\$ 10,000
	Air Handling Unit Replacement (3)	\$ 135,500	\$ (135,500)	\$ -
	Roof Replacement	\$ 105,000	\$ (105,000)	\$ -
	SUBTOTAL 437 RUSH BUILDING	\$ 250,500	\$ (240,500)	\$ 10,000
DC BUILDING	Restroom Improvements (3rd & 10th Floors)	\$ 368,000	\$ 532,000	\$ 900,000
	Mechanical Improvements (2 Floors)			
	Penthouse Plant	\$ 300,000	\$ 700,000	\$ 1,000,000
	Zone HVAC	\$ 300,000	\$ 825,000	\$ 1,125,000
	Roof Terrace Improvements	\$ -	\$ 345,000	\$ 345,000
	Building Network	\$ -	\$ 150,000	\$ 150,000
	5th Floor Improvement	\$ -	\$ 14,000	\$ 14,000
	Tenant Improvements and Other Lease Incentives:			
	Z Burger	\$ -	\$ 87,348	\$ 87,348
	BNSF Railroad	\$ -	\$ 59,043	\$ 59,043
	Suite 525	\$ -	\$ 28,000	\$ 28,000
	Tenant Lease Commissions:			
	Z Burger	\$ -	\$ 62,922	\$ 62,922
	Studio Remodel	\$ 1,000,000	\$ -	\$ 1,000,000
	9th & 10th Floor Remodel	\$ 2,100,000	\$ -	\$ 2,100,000
	SUBTOTAL DC BUILDING	\$ 4,068,000	\$ 2,803,313	\$ 6,871,313
OHIO BUILDING	Emergency Building Contingency	\$ 10,000	\$ -	\$ 10,000
	Replacement Windows	\$ 5,000	\$ -	\$ 5,000
	Parking Lot Repair and Sealcoat	\$ 14,000	\$ (14,000)	\$ -
	Fire Pump	\$ -	\$ 30,000	\$ 30,000
	SUBTOTAL OHIO BUILDING	\$ 29,000	\$ 16,000	\$ 45,000
	Buildings Capital	\$ 6,147,500	\$ 8,607,702	\$ 14,755,202
	Operating Building Reserve Beginning Balance			\$ 8,327,141
	Current year Building Operating Reserve Funding			\$ 7,093,859
	Master Vision Principal and Interest			\$ (3,723,768)
	Ending Balance			\$ (3,057,970)

Operating Consent Agenda - Information Only

<u>Team</u>	<u>Description</u>	<u>Budget Document Page Reference</u>	<u>Amount</u>
Buildings	Chicago Real Estate Taxes	64 & 66	\$ (157,416)
	DC	64	\$ (314,740)
	Ohio - Rent & CAM Increases	65	\$ 27,677
	437 N Rush Tenant Occupancy Revenue Reduction	65	\$ (176,743)
	Mail Services Savings	67	\$ 20,000
			\$ (601,222)
Information Technology Services	RAMCO revenue increase	72	\$ 289,000
Member Development	Wellness Revenue Increase	76	\$ 158,000
	At Home With Diversity Revenue Increase	77	\$ 126,350
	Total Member Development		\$ 284,350
Strategic Business, Innovation, and Strategy	REALTOR® Benefits Alliance Revenue Increase	86	\$ 500,000
	Total Consent Agenda Adjustments		\$ 472,128
Association Level	Revision to Membership Count		\$ 7,470,000
	Reduction to Institute Affiliate Dues		\$ (25,125)
	Revision to Association Depreciation		\$ (77,128)
	Net True Up of Operating staff labor, net of offsetting expense reductions		\$ (182,496)
	Advocacy Labor Allocation		\$ 1,338,159
	Total Association Level Adjustments		\$ 8,523,410
	Total Consent Agenda		\$ 8,995,538

Advocacy Consent Agenda - Information

<u>Description</u>		Amount
Increased Membership Count	\$	6,030,000
Net True Up of Staff Labor	\$	(442,379)
Net Program Changes: GAD, FPC, Consumer Advocacy Outreach	\$	217,214
REALTOR® Party Training Conference	\$	(1,347,000)
Advocacy Labor Allocations	\$	(1,338,159)
Total Consent Agenda Adjustments		\$ 3,119,676

Consumer Advertising Campaign Consent Agenda - Information Only

Increased Membership Count	\$	3,150,000
Net True Up of Staff Labor	\$	255,989

<i>Total Consent Agenda Adjustments</i>	\$	3,405,989
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NATIONAL ASSOCIATION OF REALTORS®



Financial Statements Period
Ended March 31, 2022

BALANCE SHEET

- ⇒ \$122.5 million in cash
- ⇒ \$370.4 million in marketable securities
- ⇒ \$417.8 million equity investment in subsidiaries
- ⇒ \$37.7 million debt on real estate (Chicago)
- ⇒ \$114.8 million property and equipment, net (cost, net of depreciation)
- ⇒ \$343.7 million board designated net assets, including \$72.9 million core reserves requirement

RESERVES

- ◆ The minimum operating reserves requirement for 2022 is \$72.9 million. The Reserves balance at December 31, 2021 was \$174 million
- ◆ The minimum advocacy reserves requirement for 2022 is \$8.2 million. The Reserves balance at December 31, 2021 was \$98.9 million

MAJOR CAPITAL IMPROVEMENTS

- ◆ Construction on the Washington Building 9th floor is has been completed and staff have begun to occupy the space. Construction on the 10th floor begins in April.
- ◆ A multi-phased renovation of the ground floor lobby commenced October 2021. New structural steel has been installed which will support the glass curtain wall. The new lobby project with be completed late summer 2022.
- ◆ The Chicago Building 11th floor has been demolished. Framing, drywall, plumbing and electrical are in the process of being updated. Expected completion is July 2022.



MEMBERSHIP

- ◆ Collected \$216.7 million in membership dues revenue, 95.0% of the annual dues budget as of March 31.
- ◆ REALTORS® M1: Members First Engagement System membership count was 1,531,070 an increase of 4.6% from the prior year at this time.

NET FINANCIAL RESULTS

- ◆ The operating income variance is approximately \$1.6 million and the advocacy net income variance is approximately \$374,000.
- ◆ Net realized and unrealized investment losses for Operating and Advocacy of approximately \$10.3 million is contributing to overall (\$6.3) million net income variance.
- ◆ The mortgage on the DC building has been paid in full.

BUDGET NOTE

- ◆ Annual budget includes adjustments subject to Board of Directors approval at the May meetings.

NATIONAL ASSOCIATION OF REALTORS® NET FINANCIAL RESULTS

March 31, 2022

	Year-to-Date Actual	Year-to-Date Budget	Variance Actual to Budget	Annual Budget
Operating and Advocacy				
Membership Dues Revenue (\$150/member)	\$ 216,678,538	\$ 216,678,538	\$ -	\$ 228,000,000
Non-Dues Revenue	10,936,353	10,712,849	223,504	46,288,123
Total Gross Revenue	227,614,891	227,391,387	223,504	274,288,123
Gross Program Expenses - Operating and Advocacy, net of budgeted use of Advocacy reserves	46,418,470	48,171,439	1,752,969	268,701,956
Net Revenue (Expense) - Operating and Advocacy	181,196,421	179,219,948	1,976,473	5,586,167
Political Advocacy Fund	696,745	-	696,745	-
Realized/Unrealized Gains (Losses) on Investment Securities				
Operating Investment Portfolio, net losses	(9,287,549)	-	(9,287,549)	-
Advocacy Investment Portfolio, net losses	(1,050,760)	-	(1,050,760)	-
Unrealized Gains (Losses) on Swap	1,340,065	-	1,340,065	-
Other Income (Expense)	(8,301,499)	-	(8,301,499)	-
Total Net Revenue (Expense)	\$ 172,894,922	\$ 179,219,948	\$ (6,325,026)	\$ 5,586,167
Use of Advocacy Reserves excluding APOA				(1,327,689)
Addition to Operating Reserves				6,913,856

Notes

Increase of budgeted membership from 1,430,000 to 1,520,000 was approved by the Finance Committee subject to Board of Directors approval at the May meetings.

See page 1 for a summary of NAR's year-to-date performance.

NATIONAL ASSOCIATION OF REALTORS®
OPERATING NET INCOME (EXPENSE)

March 31, 2022

Net by Area:	Year-to-Date Actual	Year-to-Date Budget	Variance Actual To Budget	Annual Budget
Membership Dues Revenue (\$83/Member)	\$ 119,895,458	\$ 119,895,458	\$ -	\$ 126,160,000
Institute Affiliate Dues Income	200,880	200,880	-	275,000
Interest Income	1,248,881	884,811	364,070	3,357,544
Total Dues and Interest Income	\$ 121,345,219	\$ 120,981,149	\$ 364,070	\$ 129,792,544
Association Taxes, Insurance and Interest Expenses	2,567,751	2,550,303	17,448	2,061,765
Total Association Level Net Revenue	\$ 118,777,467	\$ 118,430,846	\$ 381,518	\$ 127,730,779
Member Experience, Engagement, and Legal Affairs				
Member Experience	1,330,246	1,375,334	45,088	6,871,197
Engagement	651,754	753,919	102,166	6,211,933
Legal Affairs	1,744,855	1,921,579	176,724	7,888,239
Research	575,316	595,676	20,360	3,366,253
Strategic Business, Innovation and Technology	293,174	467,684	174,510	286,678
Member Development	(271,777)	(161,970)	109,807	2,414,601
Internal Operations				
Finance Management	1,015,191	1,135,977	120,786	4,835,735
Buildings and Facilities Management	512,669	598,383	85,714	3,178,469
Building Reserve Funding	1,773,465	1,773,465	-	7,093,859
Information Technology	2,692,549	2,773,303	80,754	13,735,487
Talent Development and Resources	926,227	964,304	38,077	3,902,415
Marketing, Communications, Events, and Leadership Resources				
Leadership Resources	1,476,402	1,506,876	30,474	6,865,215
Public Relations and Communications Strategy	741,656	757,204	15,548	3,667,245
Creative and Content Strategy	1,937,317	2,157,679	220,362	10,357,891
Meetings and Events	848,071	879,131	31,060	7,634,203
Digital Strategy	737,559	809,059	71,500	4,325,063
Realtors Property Resource®	2,000,000	2,000,000	-	19,380,000
Total Program Net Expense	\$ 18,984,674	\$ 20,307,603	\$ 1,322,929	\$ 112,014,483
Operating Gross Revenue (Expense)	\$ 99,792,794	\$ 98,123,243	\$ 1,704,447	\$ 15,716,296
Association Non-cash (Expense)				
Depreciation Expense	(2,267,526)	(2,200,611)	(66,915)	(8,802,440)
Total Net Revenue (Expense)	\$ 97,525,268	\$ 95,922,632	\$ 1,637,532	\$ 6,913,856

Notes

See page 1 for a summary of NAR's year-to-date performance

NATIONAL ASSOCIATION OF REALTORS® ADVOCACY RESULTS

March 31, 2022

ADVOCACY	Year-to-Date Actual	Year-to-Date Budget	Variance Actual to Budget	Annual Budget
Dedicated Dues Funding (\$67/member)	\$ 96,783,080	\$ 96,783,080	\$ -	\$ 101,840,000
Non-Dues Revenue	696,648	865,351	(168,703)	1,997,400
Interest Income	221,599	161,688	59,911	646,746
Total Gross Revenue	\$ 97,701,327	\$ 97,810,119	\$ (108,792)	\$ 104,484,146
Political Advocacy	8,493,015	8,722,767	229,752	49,450,475
Strategy and Advocacy Operations	1,161,517	1,167,127	5,610	10,447,581
Government Advocacy	2,522,804	2,594,158	71,354	36,892,284
Policy Advocacy	1,852,837	2,028,751	175,914	9,021,495
Total Gross Program Expense	14,030,173	14,512,803	482,630	105,811,835
Net Revenue (Expense)	83,671,154	83,297,316	373,838	(1,327,689)
Realized and Unrealized Gains (Losses) on Investment Securities	(1,050,760)	-	(1,050,760)	-
Total Net Revenue (Expense)	\$ 82,620,394	\$ 83,297,316	\$ (676,922)	\$ (1,327,689)
Advocacy Reserve:				
Current Year Net Revenue (Expense)	\$ 82,620,394	\$ 83,297,316	\$ (676,922)	\$ (1,327,689)
Advocacy Reserves Carryforward from Prior Year	98,845,374	98,845,374	-	98,845,374
American Property Owners Alliance Funding	-	-	-	(8,612,000)
Balance of Advocacy Reserve	\$ 181,465,768	\$ 182,142,690	\$ (676,922)	\$ 88,905,685
Corporate Ally revenue is \$198,538 as of March 31, 2022, or 15.8% of the \$1,254,000 annual budget.				
Advocacy Grant Commitments				
	Committed Funds	Budget	Percent Committed	
Issues Mobilization	\$ 2,722,287	\$ 11,800,000	23%	
RPAC Fundraising	312,558	2,072,475	15%	
Community Outreach	824,209	2,068,098	40%	
Consumer Advocacy Outreach	335,500	750,000	45%	
REALTOR® Party Conference Grants	5,000	144,040	3%	
Broker Engagement Grant Program	5,763	90,000	6%	
Fair Housing	-	60,000	0%	
FPC Program Grants	-	15,000	0%	
	\$ 4,205,317	\$ 16,999,613	25%	

See page 1 for a summary of NAR's year-to-date performance.

NATIONAL ASSOCIATION OF REALTORS®

CONSUMER ADVERTISING CAMPAIGN

March 31, 2022

CONSUMER ADVERTISING CAMPAIGN	Year-to-Date Actual	Year-to-Date Budget	Variance Actual to Budget	Annual Budget
Revenue from Special Assessments	\$ 51,066,280	\$ 51,066,280	\$ -	\$ 53,200,000
National Advertising Campaign	11,902,716	11,917,172	14,456	46,480,411
HouseLogic.com	417,888	483,900	66,012	2,379,910
Real Estate Today Radio Show	62,088	77,750	15,662	521,211
Video Show	41,594	50,059	8,465	1,447,247
Digital Apps and Tools	71,661	71,915	254	399,445
Social/Digital Content, Distribution, and Promotion	150,106	172,317	22,211	1,004,829
Campaign Net Expenses	\$ 12,646,053	\$ 12,773,113	\$ 127,060	\$ 52,233,053
Net Revenue (Expense)	\$ 38,420,227	\$ 38,293,167	\$ 127,060	\$ 966,947
Current Year Net Results	\$ 38,420,227	\$ 38,293,167	\$ 127,060	\$ 966,947
Carryforward from Prior Year	<u>31,355,905</u>	<u>31,355,905</u>	<u>-</u>	<u>31,355,905</u>
Balance of Campaign Funds	\$ 69,776,132	\$ 69,649,072	\$ 127,060	\$ 32,322,852