INDIANA ASSOCIATION OF REALTORS®, INC.

CONSOLIDATED FINANCIAL STATEMENTS

AND

SUPPLEMENTARY INFORMATION

DECEMBER 31, 2017 AND 2016

CPAs / ADVISORS

blue

INDIANA ASSOCIATION OF REALTORS®, INC.

TABLE OF CONTENTS
DECEMBER 31, 2017 AND 2016

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REPORT OF INDEPENDENT AUDITORS

Board of Directors
Indiana Association of REALTORS®, Inc.
Indianapolis, Indiana

We have audited the accompanying consolidated financial statements of Indiana Association of REALTORS®, Inc. and its subsidiaries (the Organization), which comprise the consolidated statements of financial position as of December 31, 2017 and 2016, and the related consolidated statements of activities, changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

REPORT OF INDEPENDENT AUDITORS
(Continued)

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2017 and 2016, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Consolidating Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information in the consolidating statements of financial position and the consolidating statements of activities on pages 30 through 35 is presented for purposes of additional analysis rather than to present the financial position and changes in net assets of the individual organizations, and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Blue & Co., LLC

Carmel, Indiana
April 17, 2018

INDIANA ASSOCIATION OF REALTORS®, INC.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2017 AND 2016

ASSETS

	2017	2016
Cash and cash equivalents	$ 537,572	$ 1,505,092
Accounts receivable, net	113,972	58,859
Prepaid expenses and other assets	414,274	271,687
Property and equipment, net	8,079,872	3,421,039
Investments		
Operating	3,643,771	4,126,639
Restricted	268,628	207,342
	$ 13,058,089	$ 9,590,658

LIABILITIES AND NET ASSETS

	2017	2016
Liabilities		
Accounts payable	$ 993,936	$ 521,462
Deferred revenue	899,831	767,766
Other liabilities	17,500	29,065
Funds held for the benefit of others	268,628	207,342
Post-retirement benefits, other than pensions	106,548	114,161
Bank debt	2,257,607	-0-
Total liabilities	4,544,050	1,639,796
Net assets		
Unrestricted		
Undesignated	7,095,996	6,370,491
Board designated	1,583,987	1,580,371
	8,679,983	7,950,862
One Forty Three MM members' equity		
Controlling interest	(408,868)	-0-
Noncontrolling interest in subsidiary	242,924	-0-
Total net assets	8,514,039	7,950,862
	$ 13,058,089	$ 9,590,658

See accompanying notes to consolidated financial statements.

INDIANA ASSOCIATION OF REALTORS®, INC.

CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
Revenue		
Membership assessments	$ 4,081,982	$ 3,842,357
Event registration and educational programs	1,262,939	1,382,621
Grant income	142,429	-0-
Rental income	164,417	163,617
Royalties	16,142	16,004
Total revenue	5,667,909	5,404,599
Expenses		
Program		
Legal affairs	593,320	541,197
Government affairs	571,317	546,407
RPAC support	17,070	24,472
REALTORS® defense fund	622,183	241,940
Community and industry development	634,820	644,973
Communications	177,972	172,249
Leadership	723,614	723,372
Education	1,403,664	1,432,135
Total program expenses	4,743,960	4,326,745
Management and general	806,636	697,258
Total expenses	5,550,596	5,024,003
Change in net assets before other income	117,313	380,596
Other income		
Investment return, net	171,513	126,191
Interest expense	(966)	(726)
Miscellaneous	32,121	19,618
Total other income	202,668	145,083
Change in net assets	319,981	525,679
Change in net assets attributable to noncontrolling interest in subsidiary	(272)	-0-
Change in net assets attributable to Indiana Association of REALTORS®	$ 320,253	$ 525,679

See accompanying notes to consolidated financial statements.

INDIANA ASSOCIATION OF REALTORS®, INC.

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2017 AND 2016

		One Forty Three MM		
	Unrestricted Net Assets	Controlling Interest	Noncontrolling Interest in Subsidiary	Consolidated
Balances, December 31, 2015	$ 7,425,183	$ -0-	$ -0-	$ 7,425,183
Change in net assets	525,679	-0-	-0-	525,679
Balances, December 31, 2016	7,950,862	-0-	-0-	7,950,862
Accumulated losses in One Forty Three at time of admission of One Forty Three MM as a member	374,770	(374,770)	-0-	-0-
Investor member contributed capital	-0-	-0-	243,196	243,196
Change in net assets	354,351	(34,098)	(272)	319,981
Balances, December 31, 2017	$ 8,679,983	$ (408,868)	$ 242,924	$ 8,514,039

See accompanying notes to consolidated financial statements.

INDIANA ASSOCIATION OF REALTORS®, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
Operating activities		
Change in net assets	$ 319,981	$ 525,679
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	119,402	88,340
Amortization of prepaid expenses and other assets	9,865	822
Amortization of debt issuance costs	67	-0-
Realized and unrealized gains on investments, net	(86,763)	(48,717)
Changes in assets and liabilities:		
Accounts receivable	(55,113)	55,681
Prepaid expenses and other assets	(152,452)	(70,384)
Accounts payable	289,337	20,293
Deferred revenue	132,065	164,825
Other liabilities	(11,565)	29,065
Post retirement benefit, other than pensions	(7,613)	13,254
Net cash flows from operating activities	557,211	778,858
Investing activities		
Purchases of property and equipment	(3,070,179)	(317,126)
Purchases of investments	(427,004)	(1,806,409)
Proceeds from sales and maturities of investments	996,635	1,330,591
Net cash flows from investing activities	(2,500,548)	(792,944)
Financing activities		
Borrowings on bank debt	2,000,000	-0-
Repayments on bank debt	(1,000,000)	-0-
Debt issuance costs incurred	(267,379)	-0-
Investor member contributed capital	243,196	-0-
Net cash flows from financing activities	975,817	-0-
Net change in cash and cash equivalents	(967,520)	(14,086)
Cash and cash equivalents, beginning of year	1,505,092	1,519,178
Cash and cash equivalents, end of year	$ 537,572	$ 1,505,092
Supplemental disclosure of cash flows information		
Change in accounts payable related to purchases of property and equipment	$ 183,137	$ 206,425
Debt-financed purchases of property and equipment	$ 1,524,919	$ -0-
Cash paid for interest	$ 24,509	$ 726

See accompanying notes to consolidated financial statements.

1. PRINCIPLES OF CONSOLIDATION AND NATURE OF ACTIVITIES

Principles of Consolidation

The accompanying consolidated financial statements include Indiana Association of REALTORS®, Inc. (the Association), Indiana REALTORS® Education Foundation, Inc. (the Foundation), Indiana School of Real Estate, LLC (the School), One Forty Three MM, LLC (One Forty Three MM), One Forty Three, LLC (One Forty Three), and One Forty Three MT, LLC (One Forty Three MT). Collectively, the entities will be referred to as the Organization. These entities are all legally separate entities.

The Association consolidates the remaining entities into its financial statements based on the following:

- The Association appoints a majority of the Foundation's board of trustees and has an economic interest in the Foundation's activities.
- The Association is the sole member of the School, which is a single member limited liability company.
- Prior to November 29, 2017, the Association was the sole member of One Forty Three, which was a single member limited liability company.
- Effective November 29, 2017, based on the restructuring noted herein, the Association is the sole member of One Forty Three MM, which is a single member limited liability company. One Forty Three MM is the managing member (with control) of One Forty Three and One Forty Three MT, which are also limited liability companies.

All significant intercompany balances and transactions have been eliminated in consolidation.

Nature of Activities

The Association is a non-profit association of Indiana REALTORS®. The mission of the Association is to advocate on behalf of the real estate industry, promote ethical and professional standards among its members, and enhance consumer confidence in using a REALTOR®. The Association represents approximately 36% and 60% of consolidated total assets at December 31, 2017 and 2016, respectively, and approximately 75% and 72% of consolidated revenue for the years ended December 31, 2017 and 2016, respectively.

The Foundation was formed primarily to provide scholarships to individuals who are pursuing a career in real estate. The Foundation represents approximately 1% and 2% of consolidated total assets at December 31, 2017 and 2016, respectively, and 0% of consolidated revenue for both of the years ended December 31, 2017 and 2016.

The School provides a real estate training program. The School represents approximately 2% of consolidated total assets at December 31, 2017 and 2016, and approximately 22% and 25% of consolidated revenue for the years ended December 31, 2017 and 2016, respectively.

In 2015, One Forty Three was formed primarily to further the tax-exempt purposes of the Association, specifically including the purpose of investing in, holding and managing real estate.

One Forty Three acquired a building in August 2015 to serve as the Organization's headquarters, as well as providing significant space that is expected to be leased to third parties. The rehabilitation of the building commenced in 2016. The Organization moved its offices into the building in 2017.

The Organization determined that the rehabilitation of the building will qualify for the federal historic rehabilitation tax credit (HTC). Therefore, effective November 29, 2017, One Forty Three was restructured, whereby the following occurred:

- The Association formed One Forty Three MM as a single member limited liability company owned by the Association.
- The Association withdrew as the sole member of One Forty Three, with One Forty Three MM being admitted as the new sole member.
- One Forty Three MT was formed to serve as the master tenant to lease the building from One Forty Three, and to receive the pass-through of the HTC, to be passed to its members. One Forty Three MT received an initial capital investment of $12,283 from One Forty Three MM, as the managing member and 1% owner, and received an initial capital investment of $243,196 from an unrelated investor member (Investor Member), which is the 99% owner (as discussed in Note 8 it is anticipated that the Investor Member will make total capital contributions aggregating $1,215,980).
- One Forty Three MT made an initial capital contribution of $255,479 to One Forty Three to acquire a 10% ownership interest in One Forty Three (future capital contributions will be made by One Forty Three MT as it receives capital contributions from the Investor Member). As a result, One Forty Three is owned 90% by One Forty Three MM, which is the managing member, and is owned 10% by One Forty Three MT.
- As a result of the control exercised by One Forty Three MM as managing member of One Forty Three and One Forty Three MT, these entities are consolidated into the Organization's financial statements as subsidiaries of One Forty Three MM.

One Forty Three MM and subsidiaries (structured only as One Forty Three prior to November 29, 2017) represent approximately 61% and 36% of consolidated total assets at December 31, 2017 and 2016, respectively, and approximately 3% of consolidated revenue for both of the years ended December 31, 2017 and 2016.

Following is a summary of the major programs administered by the Organization:

- *Legal Affairs* – Legal Affairs expenditures support the Association attorneys and staff in educating members on the laws governing the REALTOR® profession and real estate transactions. Specifically, these expenditures produce and maintain an electronic library of legal forms available to all members to guide their clients through every type of real estate transaction and administer the Legal Hotline, a toll-free telephone and e-mail address by which managing brokers may seek free legal guidance. Said expenditures also promote and enforce the national REALTOR® Code of Ethics through the Shared Professional Standards enforcement program, and provide Equal Opportunity and Housing, and Risk Reduction training at Association events. Association attorneys also help with courses and materials for the Association-owned Real Estate Certification

Program (RECP). Legal Affairs also administers the Legal Action Program to help alleviate litigation costs for members and/or local associations involved in litigation. The purpose of the Legal Action Program is to provide financial assistance to support litigation of significance to the Association, including matters relevant to the practice of real estate, the operation of real estate associations, ownership and use of real estate, and private property rights. Legal Action funds are to be used exclusively to pay the legal fees, costs, and expenses incurred in connection with the litigation for which assistance is requested and provided.

- *Government Affairs* – Government Affairs expenditures support Association staff in promoting legislation at both the local, state and federal levels that enhance the freedom and ability of REALTORS® to conduct business successfully with integrity and competency. Said expenditures also provide defense against legislation harmful to REALTORS® and the individual right to own real property. Specific expenditures include, but are not limited to research, lobbying, REALTORS® Political Action Committee solicitation, and general office supplies.

- *RPAC Support* – These funds support the Indiana REALTORS® Political Action Committee (RPAC) including office space and staffing (Note 12).

- *REALTORS® Defense Fund* – The REALTORS® Defense Fund is an ongoing coordinated set of political programs to educate members, the public, elected officials, and media. It includes candidate campaign assistance, grassroots and Broker involvement programs, and issue advocacy. By utilizing visible, active advocacy on the value of homeownership and the challenges of the commercial market, and by leveraging the unique strength of our industry-grassroots capacity, the Defense Fund will provide regular, high profile communication of positive solutions to real estate industry problems.

- *Community and Industry Development* – Expenses support the Indiana Business Research Center at Indiana University and the Indiana Economic Digest, a web-based compilation of top economic news from around the state and country that members and the public can freely search by topic, region or county. Monies in this fund also support state, regional, and local economic and community development efforts in partnership with state and regional agencies and academic institutions. Monies also support the Indiana Real Estate Markets Report and comprehensive statewide data warehouse of Multiple Listing Service (MLS) and Broker Listing Cooperative (BLC) information. In addition, monies fund the statewide Realist Product, which provides tax and other public records data to the MLSs and BLCs across the state.

- *Communications* – These monies support all Organization activities through the wide variety of communications channels used to recruit for, promote, and improve them. Channels include, but are not limited to, email, text club, indianarealtors.com, social media, advertising, meetings, and graphic design.

- *Leadership* – Monies in this fund facilitate member leadership and governance. Specific expenses include, but are not limited to professional memberships, travel to and participation in national association events, REALTOR® of the Year banquet, president's inaugural ball, Fall and Winter Legislative Conferences, leadership summits, state Board of Directors and Executive Committee meetings, local board outreach programs, strategic planning and the Indiana REALTOR® Leadership Academy, a program to foster future leader development.

- *Education* – The School's purpose is to provide the highest quality pre-license and continuing education training to REALTORS®, real estate licensees, home inspection professionals, and those preparing to enter the real estate industry, thereby raising and maintaining the highest level of professionalism of those working in the industry.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The consolidated financial statements report net assets and changes in net assets in classes that are based upon the existence or absence of restrictions on use that are placed by the Organization's donors as follows:

Unrestricted net assets – Unrestricted net assets are resources available to support operations. The only limits on the use of unrestricted net assets are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

A portion of the unrestricted net assets has been designated by the Board of Directors (Note 7).

Temporarily restricted net assets – Temporarily restricted net assets are resources that are restricted by a donor for use for a particular purpose or in a particular future period. The Organization's unspent contributions are classified in this class if the donor limited their use.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the consolidated financial statements by reclassifying the net assets from temporarily restricted to unrestricted net assets. There are no temporarily restricted net assets at December 31, 2017 and 2016.

Use of Estimates

Management uses estimates and assumptions in preparing consolidated financial statements in accordance with accounting principles generally accepted in the United States of America. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with original maturities of three months or less when purchased to be cash equivalents, but excludes cash equivalents held by investment managers and included in investments. There are no cash equivalents at December 31, 2017 and 2016.

Accounts Receivable

Accounts receivable consist of amounts billed or billable for membership dues or services provided, net of an allowance for doubtful accounts. The Organization's policy for determining when receivables are past due is on a case by case basis. Management estimates an allowance for uncollectible accounts based upon an evaluation of historical losses, specific circumstances and general economic conditions. No late fees or finance charges are assessed. Amounts are considered uncollectible at the time management believes all collections efforts have been exhausted. At December 31, 2017 and 2016, management has determined that an allowance for doubtful accounts is not necessary.

Prepaid Expenses and Other Assets

Prepaid expenses and other assets include direct lease costs in the amount of $196,678 and $68,233, net of accumulated amortization of $10,687 and $822 at December 31, 2017 and 2016, respectively. These costs are amortized over the life of the related lease agreements. Amortization of direct lease costs is anticipated to be approximately $13,000 in 2018 and approximately $24,000 annually for the next four years thereafter. The remaining balance of prepaid expenses and other assets is comprised of prepaid curriculum expenses, insurance policy premiums, and other prepaid expenses.

Property and Equipment

Property and equipment are recorded at cost. All investments in land and buildings are capitalized. Building improvements, furniture and office equipment in excess of $1,000 are capitalized if they have a useful life when acquired of more than one year. Repairs and maintenance that do not significantly increase the useful life of the asset are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The Organization depreciates its furniture and office equipment over lives ranging from 3 to 10 years. The Organization depreciates buildings and improvements over lives ranging from 5 to 39 years. Depreciation expense for the years ended December 31, 2017 and 2016 was $119,402 and $88,340, respectively.

Property and equipment are reviewed for impairment when a significant change in the asset's use or another indicator of possible impairment is present. No impairment losses were recognized in the consolidated financial statements in the years ended December 31, 2017 and 2016.

Investments and Investment Return

Certificates of deposit are carried at cost, which approximates fair value. The Organization held investments in certificates of deposit issued under the Certificate of Deposit Account Registry Service (CDARS). Under the CDARS program, the Organization's funds were invested in certificates of deposit in different banks within the CDARS network in increments such that all deposits were provided full Federal Deposit Insurance Corporation (FDIC) coverage. These investments matured during 2017 and were not renewed.

Investments in debt and equity securities having a readily determinable market value are reported at fair value. Assets held in investment limited partnerships (alternative investments) are recorded based on estimated fair values provided by the limited partnership. Because such investments are not readily marketable and may be subject to withdrawal restrictions, their estimated values are subject to uncertainty (including the use of valuation assumptions) and therefore, may differ from the value that would have been used had a ready market for such investments existed. Such differences could be material.

Changes in unrealized appreciation or depreciation of investments are reflected in the consolidated statement of activities in the period the changes occur. Realized gains and losses are recorded based on the cost of the specific securities sold. Interest and dividend income is recorded when earned.

Revenue Recognition

Membership assessments are recognized as revenue in the applicable membership period. Event registration and educational program fees are recognized at the completion of the event or program. Deferred revenue results from advance payment of assessments or fees.

Contributions are recognized as support in the period the contribution is received or the promise is made. Support that is not restricted by the donor is reported as an increase in unrestricted net assets. Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recorded. All other donor-restricted support is reported as an increase in temporarily restricted net assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets released from restrictions.

All other revenues are recognized when earned.

Functional Allocation of Expenses

The costs of providing the programs and services of the Organization have been summarized on a functional basis in the consolidated statement of activities. Accordingly, certain costs have been allocated among the programs and supporting activities benefited based on the actual direct expenditures and cost allocations of indirect expenses based on time and usage by personnel. Although the methods used were appropriate, other methods could produce different results.

Income Taxes

The Association is organized as a not-for-profit corporation under Section 501(c)(6) of the United States Internal Revenue Code and corresponding state tax law. The Foundation is organized as a not-for-profit corporation under Section 501(c)(3) of the United States Internal Revenue Code and corresponding state tax law. The activities of the School (and of One Forty Three through November 29, 2017) are exempt as programs under the Association's not-for-profit exemption. The above exemptions are on all revenue except unrelated business income.

One Forty Three MM is a single member limited liability company owned by the Association that is treated as a taxable corporation for federal and state income tax purposes. Deferred income taxes arise from temporary differences between the tax bases of assets and liabilities and their reported amounts in the consolidated financial statements. The principal temporary differences relate to the depreciation of property and equipment related to the flow-through income from One Forty Three and One Forty Three MT.

Effective November 29, 2017, One Forty Three and One Forty Three MT are limited liability companies taxed as partnerships for federal and state income tax purposes. Their operating results are included in the income tax returns of their members. Consequently, no provision for income taxes has been provided in the accompanying consolidated financial statements with respect to the portion owned by the Investor Member.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by various federal and state taxing authorities. Management has analyzed the tax positions taken by the Organization and has concluded that as of December 31, 2017 and 2016, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the accompanying consolidated financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Recently Issued Accounting Standards

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities (Topic 958)* that amends how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance, and cash flows. This new standard, which the Organization is not required to adopt until its year ending December 31, 2018, requires improved presentation and disclosures to help not-for-profits provide more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors, and other users. This ASU completes the first phase of a two phase project to amend not-for-profit financial reporting requirements.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The core principle of this new guidance is that "an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services." In August 2015, the FASB further amended this guidance and issued ASU 2015-14, *Revenue from Contracts with Customers (Topic 606)*, which deferred the effective date for all entities by one year. These new standards, which the Organization is not required to adopt until its year ending December 31, 2019, deal with the timing of reporting revenues from contracts with customers, and disclosures related thereto.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. This new standard, which the Organization is not required to adopt until its year ending December 31, 2020, is intended to improve financial reporting about leasing transactions by requiring entities that lease assets to recognize on their statement of financial position the assets and liabilities for the rights and obligations created by those leases, and to provide additional disclosures regarding the leases. Leases with terms (as defined in the ASU) of twelve months or less are not required to be reflected on an entity's statement of financial position.

The Organization is presently evaluating the effects that these ASUs will have on its future financial statements, including related disclosures.

Reclassifications

Certain amounts in the 2016 consolidated statements of activities and cash flows have been reclassified herein in order to conform to the 2017 presentation. The reclassifications had no effect on the previously reported change in net assets or cash flows for 2016.

Subsequent Events

The Organization evaluates events occurring subsequent to the date of the consolidated financial statements in determining the accounting for and disclosure of transactions and events that affect the consolidated financial statements. Subsequent events have been evaluated through April 17, 2018, which is the date the consolidated financial statements were available to be issued.

3. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	2017	2016
Land	$ 200,000	$ 200,000
Buildings and improvements	4,457,039	2,860,324
Furniture and office equipment	447,961	410,647
Construction in process	3,228,020	355,334
	8,333,020	3,826,305
Accumulated depreciation	(253,148)	(405,266)
	$ 8,079,872	$ 3,421,039

Construction in process includes costs associated with building improvements not completed as of the end of the year. At December 31, 2017 and 2016, $389,562 and $206,425, respectively, of the costs related to this construction in process is included in accounts payable. At December 31, 2017, the Organization has contracts in place with various vendors of $455,577 to complete these improvements. The improvements are anticipated to be completed in 2018. Interest capitalized into the construction costs amounted to $28,978 during the year ended December 31, 2017.

4. INVESTMENTS

Investments consist of the following at December 31:

	2017	2016
Money market mutual funds	$ 295,178	$ 381,006
Certificates of deposit	86	518,968
Mutual funds		
Fixed income	1,288,961	1,204,775
International equity	544,483	494,983
Domestic equity	435,009	452,210
Government obligations	909,603	890,931
Multi strategy	149,739	86,862
Commodities	289,340	206,067
Alternative (private equity)	-0-	98,179
	$ 3,912,399	$ 4,333,981

Investments are reported on the consolidated statements of financial position as follows at December 31:

	2017	2016
Operating	$ 3,643,771	$ 4,126,639
Restricted	268,628	207,342
	$ 3,912,399	$ 4,333,981

The following schedule summarizes the investment return, including return on cash and cash equivalents but excluding return on restricted investments held for the benefit of others, for the years ended December 31:

	2017	2016
Interest and dividend income	$ 102,888	$ 94,516
Realized and unrealized gains, net	86,763	48,717
Investment service fees	(18,138)	(17,042)
	$ 171,513	$ 126,191

5. FAIR VALUE

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The standard defines the levels within the hierarchy of inputs as follows:

- Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

- Level 2 – Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3 – Inputs to the valuations methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2017 and 2016.

> *Money market mutual funds:* Generally transact subscription and redemption activity at a $1 stable net asset value (NAV); however, on a daily basis the funds are valued at their daily NAV calculated using the amortized cost of the securities held in the fund.
>
> *Mutual funds:* Valued at the daily closing price as reported by the fund. Mutual funds are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily NAV; and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.
>
> *Alternatives:* The Organization held one investment in a private equity limited partnership, which was redeemed during the year ended December 31, 2017. The private equity investment was valued at the NAV of units held by the Organization. The NAV was based on the fair value of the underlying investments held by the limited partnership less its liabilities.
>
> The private equity investment strategy is to operate as a venture fund by investing in equities, debt securities with equity participation, secured short-term and long-term loans, and as participants with other funds.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in different fair value measurements at the reporting date.

The following tables set forth by level, within the fair value hierarchy, the Organization's investments measured at fair value on a recurring basis as of December 31:

	2017			
	Carrying Amount	Level 1	Level 2	Level 3
Operating investments				
Money market mutual funds	$ 295,178	$ -0-	$ 295,178	$ -0-
Mutual funds				
Fixed income				
International bonds	112,350	112,350	-0-	-0-
Inflation protected bonds	298,319	298,319	-0-	-0-
Intermediate-term bonds	758,137	758,137	-0-	-0-
Long-term bonds	55,311	55,311	-0-	-0-
International equity				
Emerging markets	64,498	64,498	-0-	-0-
Foreign large blend	456,695	456,695	-0-	-0-
Domestic equity	254,515	254,515	-0-	-0-
Government obligations - short-term	909,603	909,603	-0-	-0-
Multi-strategy	149,739	149,739	-0-	-0-
Commodities	289,340	289,340	-0-	-0-
Total investments at fair value	3,643,685	$ 3,348,507	$ 295,178	$ -0-
Certificates of deposit	86			
Total operating investments	$ 3,643,771			
Restricted investments				
Mutual funds				
Fixed income	$ 64,844	$ 64,844	$ -0-	$ -0-
International equity	23,290	23,290	-0-	-0-
Domestic equity	180,494	180,494	-0-	-0-
Total restricted investments	$ 268,628	$ 268,628	$ -0-	$ -0-

	2016			
	Carrying Amount	Level 1	Level 2	Level 3
Operating investments				
Money market mutual funds	$ 381,006	$ -0-	$ 381,006	$ -0-
Mutual funds				
Fixed income				
International bonds	110,370	110,370	-0-	-0-
Inflation protected bonds	278,206	278,206	-0-	-0-
Intermediate-term bonds	688,911	688,911	-0-	-0-
Long-term bonds	73,384	73,384	-0-	-0-
International equity				
Foreign large blend	477,841	477,841	-0-	-0-
Domestic equity	315,914	315,914	-0-	-0-
Government obligations - short-term	890,931	890,931	-0-	-0-
Multi-strategy	86,862	86,862	-0-	-0-
Commodities	206,067	206,067	-0-	-0-
Alternative (private equity)	98,179	-0-	-0-	98,179
Total investments at fair value	3,607,671	$ 3,128,486	$ 381,006	$ 98,179
Certificates of deposit	518,968			
Total operating investments	$ 4,126,639			
Restricted investments				
Mutual funds				
Fixed income	$ 53,904	$ 53,904	$ -0-	$ -0-
International equity	17,142	17,142	-0-	-0-
Domestic equity	136,296	136,296	-0-	-0-
Total restricted investments	$ 207,342	$ 207,342	$ -0-	$ -0-

The Organization's policy is to recognize transfers between levels as of the end of the reporting period. There were no transfers between levels at December 31, 2017 and 2016.

The change in investments with significant unobservable (Level 3) inputs is as follows for the years ended December 31:

	2017	2016
Balance, beginning of year	$ 98,179	$ 94,471
Realized and unrealized gain (loss)	(16,239)	3,708
Redemptions	(81,940)	-0-
Balance, end of year	$ -0-	$ 98,179

The Organization holds investments which are exposed to various risks such as interest rate, market, and credit. Due to the level of risk associated with these securities and the level of uncertainty related to changes in the value, it is at least reasonably possible that changes in the various risk factors will occur in the near term that could materially affect the amounts reported in the accompanying consolidated financial statements.

6. BANK DEBT

Bank debt consists of the following at December 31, 2017:

Revolving line of credit facility payable to bank in monthly installments of interest through maturity date of November 29, 2019, bearing interest at a variable rate, additional terms are discussed herein	$ 300,000
Note payable to bank in monthly installments of interest through November 29, 2018, and then monthly installments of principal and interest through the maturity date of November 29, 2023, bearing interest at a variable rate, additional terms are discussed herein	700,000
Construction note payable to bank in monthly installments of interest through October 31, 2018 and then monthly installments of principal and interest to be paid based on a twenty-year amortization period through the maturity date of November 29, 2023 at a fixed interest rate of 4.65%, additional terms are discussed herein	1,524,919
	$ 2,524,919
Unamortized debt issuance costs	(267,312)
	$ 2,257,607

Line of Credit Agreements

During April 2017, the Association entered into a $1,000,000 revolving line of credit facility with a bank that was available for short-term borrowing needs. Borrowings under this line of credit bore interest at the bank's prime lending rate minus 0.5% and were secured by substantially all of the Association's assets. During the year ended December 31, 2017, the Association repaid all borrowings with proceeds from the line of credit described below and terminated this revolving line of credit.

During November 2017, the Association entered into a $1,300,000 revolving line of credit facility with the same bank that is available through November 29, 2019. Borrowings under this line of credit bear interest at the bank's prime lending rate minus 1% (3.5% at December 31, 2017) and are secured by one of the Association's investment brokerage accounts. Borrowings may not exceed 70% of the market value of stock and mutual funds plus 100% of any cash balance in the investment brokerage account. The investment brokerage account has a balance of $1,901,758 at December 31, 2017. Borrowings under this line of credit were $300,000 at December 31, 2017.

Note Payable to Bank

During November 2017, the Association entered into a note payable to a bank. This note is payable in monthly installments of interest through November 29, 2018, and then monthly installments of principal and interest through the maturity date of November 29, 2023, with each monthly payment to be calculated based on the bank's prime lending rate (4.5% at December 31, 2017). The note is secured by substantially all of the Association's assets. Borrowings under this note were $700,000 at December 31, 2017.

Construction Note Payable to Bank

During November 2017, One Forty Three entered into a construction note payable to a bank to provide funding for the building project. Under terms of this note, One Forty Three may borrow up to $3,145,000. The note calls for interest only payments through October 1, 2018. Commencing November 1, 2018 and through the maturity date of November 29, 2023, the note calls for monthly installments of principal and interest to be paid based on a twenty-year amortization, with a balloon payment due upon maturity. The note bears interest at a fixed rate of 4.65% through the maturity date. The note is subject to prepayment penalties and is secured by all business assets of One Forty Three, including a mortgage on the property, the assignment of rents, the assignment of leasehold rents, and the assignment and subordination of the property management agreement. Additionally, the note is guaranteed by the Association.

Certain loan agreements contain restrictive covenants, including restrictions on the creation of indebtedness and liens, the making of loans, issuance of guarantees, and the maintenance of a minimum annual global cash flow coverage ratio and minimum level of liquidity. No covenant violations exist at December 31, 2017.

The line of credit facility and other bank debt are subject to cross-collateralization and cross-default provisions.

Annual principal maturities of bank debt, including the expected amortization of the construction note based on the borrowings currently outstanding, are as follows as of December 31, 2017:

Year Ending December 31,	
2018	$ 18,164
2019	475,908
2020	184,064
2021	192,598
2022	201,528
Thereafter	1,452,657
	$ 2,524,919

The debt issuance costs of $4,000 incurred in issuing the line of credit facility and note payable to bank are being amortized over the life of the related debt. Amortization expense included in interest expense was $67 for the year ended December 31, 2017. Accumulated amortization was $67 at December 31, 2017.

At December 31, 2017, debt issuance costs include $263,379 of capitalized costs related to the construction note payable to bank. Amortization of these costs will begin when the term note begins amortizing on November 1, 2018.

Future amortization of debt issuance costs is expected to approximate the following annually as of December 31, 2017:

Year Ending December 31,	
2018	$ 9,583
2019	53,480
2020	53,480
2021	53,480
2022	53,393
Thereafter	43,896
	$ 267,312

7. NET ASSETS

Board Designated

Board designated net assets of $1,583,987 and $1,580,371 at December 31, 2017 and 2016, respectively, are unrestricted net assets that are designated by the Board of Directors to be used for the REALTORS Defense Fund.

8. ONE FORTY THREE MM AND SUBSIDIARIES

One Forty Three MM

One Forty Three MM was formed effective August 28, 2017 as a single member limited liability company, with the Association as its sole member. Effective November 29, 2017, upon the completion of the reorganization transaction, One Forty Three MM is the managing member and 90% owner of One Forty Three, and is the managing member and 1% owner of One Forty Three MT. One Forty Three MM consolidates both entities into its financial statements based on the control assigned to it as managing member under the entities' operating agreements.

One Forty Three

One Forty Three acquired a building in August 2015 to serve as the Organization's headquarters, as well as providing significant space that is expected to be leased to third parties. Prior to November 29, 2017, the Association was the sole member of One Forty Three, which was a single member limited liability company. Effective November 29, 2017, One Forty Three is owned 90% by One Forty Three MM, which is the managing member, and is owned 10% by One Forty Three MT.

On November 29, 2017, One Forty Three MT made an initial capital contribution of $255,479 to One Forty Three to acquire a 10% ownership interest in One Forty Three (future capital contributions will be made by One Forty Three MT as it receives capital contributions from its Investor Member). It is anticipated that the total capital contributions from One Forty Three MT will aggregate $1,228,263.

One Forty Three MT

One Forty Three MT was formed effective August 28, 2017, to serve as the master tenant to lease the building from One Forty Three, and to receive the pass-through of the Federal HTC, to be passed to its members. One Forty Three MT, in turn, subleases office space to the tenants of the building, including the Organization.

One Forty Three MT received an initial capital investment of $12,283 from One Forty Three MM, as the managing member and 1% owner, and received an initial capital investment of $243,196 from the Investor Member, which is the 99% owner. All profits, losses and tax credits shall be allocated to the members based on their respective percentage interests. The One Forty Three MT operating agreement calls for a change in the ownership percentages following January 1 of the year in which the HTC recapture period expires. On the percentage interest redetermination date, as defined, One Forty Three MM shall become the 95% owner, and the Investor Member shall become the 5% owner.

The "noncontrolling interest is subsidiary" reflected in net assets in the consolidated statement of financial position at December 31, 2017 represents the equity in One Forty Three MT that is attributable to the Investor Member. The "change in net assets attributable to noncontrolling interest in subsidiary" reflected in the consolidated statement of activities for the year ended December 31, 2017 represents the portion of One Forty Three MT's change in net assets for the year that is attributable to the Investor Member.

It is reasonably expected that the Investor Member will make a second capital contribution of $668,789 upon the achievement of certain project milestones related to the building renovation, and that it will make a third capital contribution of $303,995 upon the achievement of the next phase of project milestones.

Effective November 29, 2017, One Forty Three MM and the Association signed a Performance, Completion and Operating Deficit Guaranty (the Guaranty Agreement) with One Forty Three MT's Investor Member as the beneficiary. The guarantors' obligations under the agreement, which are unfunded, shall only arise following a material event of default, as defined, under the agreement. The Guaranty Agreement requires the guarantors to agree to various provisions, including the following:

- The funding of operating deficits, as defined, of One Forty Three or One Forty Three MT through loans to those entities.
- The punctual payment and performance by One Forty Three MM of its obligations under the master building lease and the One Forty Three MT operating agreement.

The One Forty Three MT operating agreement contains a redemption option whereby the Investor Member can require that its Member Interest, as defined, be redeemed by One Forty Three MT from and for a period of six months after January 1 following the fifth anniversary of the placement in service of the final portion of the renovation project. The redemption price shall be the lesser of (i) the fair market value of the Investor Member's interest, as defined, and (ii) 5% of the total amount of capital contributions made by the Investor Member to One Forty Three MT.

9. LEASES

<u>As Lessee</u>

The Organization leases various office spaces in downtown Indianapolis, Indiana and in Bloomington, Indiana under non-cancelable operating leases. One Indianapolis operating lease was executed in October 2014 and matured during September 2017, at which point the Organization rented the space on a month-to-month basis through December 31, 2017. This lease was not renewed, as the Organization moved to its new headquarters building during

December 2017. One Bloomington lease expired in October 2017 and was renewed; this lease matures in October 2018. The Organization has the option to renew the lease for an additional one-year term.

The Organization also entered into an operating lease for an additional classroom facility in downtown Indianapolis, which matures in April 2018. Under this lease, the Organization is required to pay insurance, property taxes, maintenance and repairs on the facility. The Organization has the option to renew the lease for an additional two-year term.

Total rent expense charged to the Organization totaled $252,403 and $204,764 for the years ended December 31, 2017 and 2016, respectively.

Future minimum lease payments required under the non-cancelable operating leases at December 31, 2017 are $26,148 through October 31, 2018.

As Lessor

The Organization is the lessor under three tenant agreements for space in its new headquarters building. The Organization initially was the lessor for one tenant for 29% of the square footage of the building under an agreement that expired on November 30, 2016; after which the tenant renegotiated a new lease for less space. In 2016, a second tenant also signed a lease for space in the same building. These new leases both began in December 2016 and expire in November 2023. Together they lease 21.3% (10.7% and 10.6%, respectively) of the square footage of the entire building. During 2017, a third tenant signed a lease for space in the building (21% of total square footage) with a lease term to begin in October 2018 and expire in September 2028. This lease contains a five-year renewal option followed by a three-year renewal option. Occupancy expenses related to the tenants are included in management and general expenses.

Total rental income under operating leases was $164,417 and $163,617 for the years ended December 31, 2017 and 2016, respectively.

Future minimum rental payments due under these lease agreements at December 31, 2017 are as follows:

Year Ending December 31,		
2017	$	212,470
2018		356,626
2019		356,626
2020		357,747
2021		361,108
Thereafter		1,304,093
	$	2,948,670

Two of the leases described above include two different cancellation clauses. Either tenant can terminate their lease agreement if they provide 120 days' written notice to the Organization. If this cancellation option is exercised, the tenants will reimburse the Organization for tenant improvements and real estate commissions up to specified limits. Additionally, should either tenant receive written notice from the State Budget Agency notifying them that funds are not appropriated or available to support their lease payments, the leases shall be cancelled.

10. RETIREMENT PLANS

The Organization has a 401(k) deferred compensation plan covering substantially all employees. Under the plan, eligible employees may defer a portion of their compensation into a qualified trust maintained through the Organization. The Organization matches individual contributions on a two to one basis up to the first 2.5% of the employee's compensation for a maximum match of 5%. The Organization may also make discretionary contributions to the plan. The Organization's contributions to the plan were $81,515 and $75,254 for the years ended December 31, 2017 and 2016, respectively.

The Organization has a 457(b) non-qualified deferred compensation plan covering certain employees. Under the plan, employees may defer a portion of their compensation into a trust maintained through the Organization. The assets remain assets of the Organization but are not available for general operations of the Organization. Therefore, the assets are reported as restricted investments with an offsetting liability in the consolidated statement of financial position. The balance in the plan is $268,628 and $207,342 at December 31, 2017 and 2016, respectively.

11. POSTRETIREMENT BENEFITS OTHER THAN PENSIONS

The Organization provides health insurance coverage for a former employee and a former employee's spouse, as approved by the Board of Directors. The Plan is non-contributory and is not funded.

The following sets forth the Plan's status at December 31:

	2017	2016
Benefit obligation	$ 106,298	$ 114,161
Fair value of plan assets	-0-	-0-
Unfunded status	$ 106,298	$ 114,161

The following set forth the amounts recognized in the financial statements as of and for the years ended December 31:

	2017	2016
Benefit obligation	$ 106,298	$ 114,161
Employer contribution	$ 22,156	$ 21,547
Benefits paid	$ 22,156	$ 21,547
Measurement date	12/31/2017	12/31/2016

Estimated future benefit payments are as follows at December 31, 2017:

Year Ending December 31,	
2018	$ 23,818
2019	25,604
2020	27,524
2021	28,610
2022	10,739
2023	4,048
	$ 120,343

Assumptions used:

Discount rate	5%
Rate of increase in insurance premiums	7.5%

For measurement purposes, a 7.5% increase in the cost of health care benefits was assumed for 2017 and 2016. Thereafter, the rate was assumed to remain constant at 7.5%.

Assumed health care cost trend rates significantly impact reported amounts. The effect of a one-percentage-point change in assumed rates would alter the amounts of the benefit obligation of postretirement benefit expense as follows:

	2017	
	Increase	Decrease
Effect on the postretirement benefit obligation	$ 3,296	$ (3,218)
Effect on the sum of the service cost and interest cost components	$ 382	$ (371)

	2016	
	Increase	Decrease
Effect on the postretirement benefit obligation	$ 3,201	$ 3,121
Effect on the sum of the service cost and interest cost components	$ 459	$ (446)

Expected employer contributions for 2018 are $23,818, given consistent assumptions. A liability of $106,298 and $114,161 is recorded in the consolidated statement of financial position at December 31, 2017 and 2016, respectively, to approximate the amount of discounted estimated future contributions.

12. RELATED PARTY TRANSACTIONS

The Association is related through the existence of common members of the Board of Trustees and management with the Indiana REALTORS® Political Action Committee (RPAC). The Association provides RPAC office space and staffing. For the years ended December 31, 2017 and 2016, the Association paid additional administrative expenses incurred by RPAC of $17,070 and $24,472, respectively. In addition, the Association collects and remits dues on behalf of RPAC and held cash of $108,265 and $12,565 on RPAC's behalf (with a corresponding payable to RPAC included in accounts payable) at December 31, 2017 and 2016, respectively.

The Association periodically enters into transactions with outside organizations where members of the Association's Board of Directors or management may be involved in a Board or management role. Under the Association's conflict of interest policy, these transactions are disclosed on an annual basis. For the years ended December 31, 2017 and 2016, the Association paid $36,500 and $10,500, respectively, for dues or contributions to not-for-profit organizations for which a member of the Association's management serves as a Board member.

During 2017 and 2016, the Association paid current board of director members' instruction fees totaling $10,840 and $14,641, respectively. Additionally, the President of the Board of Directors was paid a stipend of $18,000 in both 2017 and 2016.

The Association is a state affiliate of the National Association of Realtors® (NAR). During the year ended December 31, 2017, the Association received a $142,429 grant from NAR to be used to help the Association with issues mobilization related to long-term funding for roads and bridges within Indiana. All related expenses were incurred prior to grant approval.

13. CONCENTRATIONS

The Organization maintains its cash in bank deposit, savings, and investment accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts.

At December 31, 2017 and 2016, one investment management firm held 93% and 81%, respectively, of total investments.

At December 31, 2017 and 2016, the Association was invested in three mutual funds that comprised 54% and 47%, respectively, of total investments.

14. COMMITMENT

During 2017, the Organization entered into an agreement with a vendor to provide property management, operation, and maintenance services through June 30, 2019. As of December 31, 2017, the Organization's remaining commitment related to this contract is $72,000.

SUPPLEMENTARY INFORMATION

INDIANA ASSOCIATION OF REALTORS®, INC.

CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017

ASSETS	Indiana Association of REALTORS®	Indiana REALTORS® Education Foundation	Indiana School of Real Estate	Consolidated One Forty Three MM	Eliminations	Consolidated
Cash and cash equivalents	$ 509,064	$ -0-	$ 17,344	$ 11,164	$ -0-	$ 537,572
Accounts receivable, net	2,255,357	-0-	6,844	50,579	(2,198,808)	113,972
Prepaid expenses and other assets	47,286	-0-	162,117	204,871	-0-	414,274
Property and equipment, net	326,743	-0-	42,531	7,710,598	-0-	8,079,872
Investments						
Operating	3,485,831	157,940	-0-	-0-	-0-	3,643,771
Restricted	268,628	-0-	-0-	-0-	-0-	268,628
Investment in related entities	4,215,977	-0-	-0-	-0-	(4,215,977)	-0-
	$ 11,108,886	$ 157,940	$ 228,836	$ 7,977,212	$ (6,414,785)	$ 13,058,089
LIABILITIES AND NET ASSETS						
Liabilities						
Accounts payable	$ 351,889	$ -0-	$ 58,788	$ 592,794	$ (9,535)	$ 993,936
Deferred revenue	863,711	-0-	36,120	-0-	-0-	899,831
Due to Indiana Association of REALTORS®	-0-	-0-	-0-	783,474	(783,474)	-0-
Other liabilities	-0-	-0-	405,799	17,500	(405,799)	17,500
Funds held for the benefit of others	268,628	-0-	-0-	-0-	-0-	268,628
Post-retirement benefits, other than pensions	106,548	-0-	-0-	-0-	-0-	106,548
Bank debt	996,067	-0-	-0-	1,261,540	-0-	2,257,607
Note payable to Indiana Association of REALTORS®	-0-	-0-	-0-	1,000,000	(1,000,000)	-0-
Total liabilities	2,586,843	-0-	500,707	3,655,308	(2,198,808)	4,544,050
Net assets						
Unrestricted	8,522,043	157,940	(271,871)	-0-	271,871	8,679,983
One Forty Three MM members' equity						
Controlling interest	-0-	-0-	-0-	4,078,980	(4,487,848)	(408,868)
Noncontrolling interest in subsidiary	-0-	-0-	-0-	242,924	-0-	242,924
Total net assets	8,522,043	157,940	(271,871)	4,321,904	(4,215,977)	8,514,039
	$ 11,108,886	$ 157,940	$ 228,836	$ 7,977,212	$ (6,414,785)	$ 13,058,089

See report of independent auditors on pages 1 and 2.

INDIANA ASSOCIATION OF REALTORS®, INC.

CONSOLIDATING STATEMENT OF FINANCIAL POSITION
ONE FORTY THREE MM, LLC AND SUBSIDIARIES
DECEMBER 31, 2017

ASSETS	One Forty Three MM	One Forty Three MT	One Forty Three	Eliminations	Consolidated
Cash and cash equivalents	$ -0-	$ -0-	$ 11,164	$ -0-	$ 11,164
Accounts receivable, net	-0-	9,535	116,220	(75,176)	50,579
Prepaid expenses and other assets	-0-	138,310	66,561	-0-	204,871
Property and equipment, net	-0-	-0-	7,710,598	-0-	7,710,598
Investment in subsidiaries	4,487,848	255,479	-0-	(4,743,327)	-0-
	$ 4,487,848	$ 403,324	$ 7,904,543	$ (4,818,503)	$ 7,977,212
LIABILITIES AND NET ASSETS					
Liabilities					
Accounts payable	$ -0-	$ 144,331	$ 523,639	$ (75,176)	$ 592,794
Due to Indiana Association of REALTORS®	-0-	-0-	783,474	-0-	783,474
Other liabilities	-0-	-0-	17,500	-0-	17,500
Bank debt	-0-	-0-	1,261,540	-0-	1,261,540
Note payable to Indiana Association of REALTORS®	-0-	-0-	1,000,000	-0-	1,000,000
Total liabilities	-0-	144,331	3,586,153	(75,176)	3,655,308
Members' equity					
Controlling interest	4,487,848	12,318	4,066,699	(4,487,886)	4,078,980
Noncontrolling interest in subsidiary	-0-	246,675	251,691	(255,441)	242,924
Total members' equity	4,487,848	258,993	4,318,390	(4,743,327)	4,321,904
	$ 4,487,848	$ 403,324	$ 7,904,543	$ (4,818,503)	$ 7,977,212

INDIANA ASSOCIATION OF REALTORS®, INC.

CONSOLIDATING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2016

ASSETS	Indiana Association of REALTORS®	Indiana REALTORS® Education Foundation	Indiana School of Real Estate	One Forty Three, LLC	Eliminations	Consolidated
Cash and cash equivalents	$ 1,449,037	$ -0-	$ 25,118	$ 30,937	$ -0-	$ 1,505,092
Accounts receivable, net	3,765,744	-0-	9,739	13,701	(3,730,325)	58,859
Prepaid expenses and other assets	47,804	-0-	147,652	76,231	-0-	271,687
Property and equipment, net	38,241	-0-	54,643	3,328,155	-0-	3,421,039
Investments						
Operating	3,975,309	151,330	-0-	-0-	-0-	4,126,639
Restricted	207,342	-0-	-0-	-0-	-0-	207,342
Investment in Indiana School of Real Estate	(213,960)	-0-	-0-	-0-	213,960	-0-
	$ 9,269,517	$ 151,330	$ 237,152	$ 3,449,024	$ (3,516,365)	$ 9,590,658
LIABILITIES AND NET ASSETS						
Liabilities						
Accounts payable	$ 196,887	$ -0-	$ 28,349	$ 3,629,883	$ (3,333,657)	$ 521,462
Deferred revenue	741,671	-0-	26,095	-0-	-0-	767,766
Other liabilities	-0-	-0-	396,668	29,065	(396,668)	29,065
Funds held for the benefit of others	207,342	-0-	-0-	-0-	-0-	207,342
Post-retirement benefits, other than pensions	114,161	-0-	-0-	-0-	-0-	114,161
Total liabilities	1,260,061	-0-	451,112	3,658,948	(3,730,325)	1,639,796
Unrestricted net assets	8,009,456	151,330	(213,960)	(209,924)	213,960	7,950,862
	$ 9,269,517	$ 151,330	$ 237,152	$ 3,449,024	$ (3,516,365)	$ 9,590,658

See report of independent auditors on pages 1 and 2.

INDIANA ASSOCIATION OF REALTORS®, INC.

CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2017

	Indiana Association of REALTORS®	Indiana REALTORS® Education Foundation	Indiana School of Real Estate	One Forty Three (taxed as disregarded entity)	Consolidated One Forty Three MM	Eliminations	Consolidated
Revenue							
Membership assessments	$ 4,081,982	$ -0-	$ -0-	$ -0-	$ -0-	$ -0-	$ 4,081,982
Event registration and educational programs	18,625	-0-	1,244,314	-0-	-0-	-0-	1,262,939
Grant income	142,429	-0-	-0-	-0-	-0-	-0-	142,429
Rental income	-0-	-0-	-0-	150,716	23,236	(9,535)	164,417
Royalties	16,142	-0-	-0-	-0-	-0-	-0-	16,142
Total revenue	4,259,178	-0-	1,244,314	150,716	23,236	(9,535)	5,667,909
Expenses							
Program							
Legal affairs	593,320	-0-	-0-	-0-	-0-	-0-	593,320
Government affairs	571,317	-0-	-0-	-0-	-0-	-0-	571,317
RPAC support	17,070	-0-	-0-	-0-	-0-	-0-	17,070
REALTORS® defense fund	622,183	-0-	-0-	-0-	-0-	-0-	622,183
Community and industry development	634,820	-0-	-0-	-0-	-0-	-0-	634,820
Communications	177,972	-0-	-0-	-0-	-0-	-0-	177,972
Leadership	723,614	-0-	-0-	-0-	-0-	-0-	723,614
Education	241,371	-0-	1,306,431	-0-	-0-	(144,138)	1,403,664
Total program expenses	3,581,667	-0-	1,306,431	-0-	-0-	(144,138)	4,743,960
Management and general	387,013	-0-	-0-	316,114	54,106	49,403	806,636
Total expenses	3,968,680	-0-	1,306,431	316,114	54,106	(94,735)	5,550,596
Change in net assets before other income	290,498	-0-	(62,117)	(165,398)	(30,870)	85,200	117,313
Other income							
Investment return, net	164,903	6,610	-0-	-0-	-0-	-0-	171,513
Loss on investment in Indiana School of Real Estate	(57,911)	-0-	-0-	-0-	-0-	57,911	-0-
Interest expense	(67)	-0-	(899)	-0-	(3,500)	3,500	(966)
Miscellaneous	115,164	-0-	5,105	552	-0-	(88,700)	32,121
Total other income	222,089	6,610	4,206	552	(3,500)	(27,289)	202,668
Change in net assets before income taxes	512,587	6,610	(57,911)	(164,846)	(34,370)	57,911	319,981
Change in net assets	512,587	6,610	(57,911)	(164,846)	(34,370)	57,911	319,981
Change in net assets attributable to non-controlling interest in subsidiary	-0-	-0-	-0-	-0-	(272)	-0-	(272)
Change in net assets attributable to Indiana Association of REALTORS®	$ 512,587	$ 6,610	$ (57,911)	$ (164,846)	$ (34,098)	$ 57,911	$ 320,253

See report of independent auditors on pages 1 and 2.

INDIANA ASSOCIATION OF REALTORS®, INC.

CONSOLIDATING STATEMENT OF ACTIVITIES
ONE FORTY THREE MM, LLC AND SUBSIDIARIES
YEAR ENDED DECEMBER 31, 2017

	One Forty Three MM	One Forty Three MT	One Forty Three (taxed as partnership)	Eliminations	Consolidated
Revenue					
Rental income	$ -0-	$ 9,535	$ 14,801	$ (1,100)	$ 23,236
Expenses					
Management and general	-0-	6,021	49,185	(1,100)	54,106
Change in net assets before other income	-0-	3,514	(34,384)	-0-	(30,870)
Other income (expense)					
Interest expense	-0-	-0-	(3,500)	-0-	(3,500)
Change in net assets before income taxes	-0-	3,514	(37,884)	-0-	(34,370)
Provision (benefit) for income taxes	-0-	-0-	-0-	-0-	-0-
Change in net assets	-0-	3,514	(37,884)	-0-	(34,370)
Change in net assets attributable to non-controlling interest in subsidiary	-0-	3,479	(3,788)	38	(272)
Change in net assets attributable to One Forty Three MM	$ -0-	$ 35	$ (34,096)	$ (38)	$ (34,098)

INDIANA ASSOCIATION OF REALTORS®, INC.

CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2016

	Indiana Association of REALTORS®	Indiana REALTORS® Education Foundation	Indiana School of Real Estate	One Forty Three	Eliminations	Consolidated
Revenue						
Membership assessments	$ 3,842,357	$ -0-	$ -0-	$ -0-	$ -0-	$ 3,842,357
Event registration and educational programs	30,025	-0-	1,352,596	-0-	-0-	1,382,621
Rental income	-0-	-0-	-0-	163,617	-0-	163,617
Royalties	16,004	-0-	-0-	-0-	-0-	16,004
Total revenue	3,888,386	-0-	1,352,596	163,617	-0-	5,404,599
Expenses						
Program						
Legal affairs	541,197	-0-	-0-	-0-	-0-	541,197
Government affairs	546,407	-0-	-0-	-0-	-0-	546,407
RPAC support	24,472	-0-	-0-	-0-	-0-	24,472
REALTORS® defense fund	241,940	-0-	-0-	-0-	-0-	241,940
Community and industry developmen	644,973	-0-	-0-	-0-	-0-	644,973
Communications	172,249	-0-	-0-	-0-	-0-	172,249
Leadership	723,372	-0-	-0-	-0-	-0-	723,372
Education	232,765	-0-	1,343,478	-0-	(144,108)	1,432,135
Total program expenses	3,127,375	-0-	1,343,478	-0-	(144,108)	4,326,745
Management and general	319,856	-0-	-0-	318,494	58,908	697,258
Total expenses	3,447,231	-0-	1,343,478	318,494	(85,200)	5,024,003
Change in net assets before other income	441,155	-0-	9,118	(154,877)	85,200	380,596
Other income						
Investment return, net	120,085	6,106	-0-	-0-	-0-	126,191
Gain on investment in Indiana School of Real Estate	11,773	-0-	-0-	-0-	(11,773)	-0-
Interest expense	-0-	-0-	(726)	-0-	-0-	(726)
Miscellaneous	101,301	-0-	3,381	136	(85,200)	19,618
Total other income	233,159	6,106	2,655	136	(96,973)	145,083
Change in net assets	$ 674,314	$ 6,106	$ 11,773	$ (154,741)	$ (11,773)	$ 525,679

See report of independent auditors on pages 1 and 2.