

2017 Finance Committee Audit & Investment Report

I. Audit

- As part of the National Association of REALTORS® Core Standards, our finances are reviewed annually by our accountant, Lombardi, Clairmont & Keegan. The review performed at the beginning of 2016 shows that all procedures outlined in our procedural guide are being followed to the “T” and all is in order.

II. Reserves

- Our reserve investments are currently administered by the Keator Group. On a quarterly basis, the Finance Committee meets with David Keator, to review our progress. The investments are placed in low to moderate risk sources and are based in cash, short and long term investment strategies.
- The board has \$171,000 invested with the Keator group, or about 13 months of expenses and we have \$58,000 day-to-day operations account. With 18 months of operational expenses set aside, we’re very conservative.
- On the MLS side, they have invested \$135,000 with Keator, and hold \$12,000 in day-to-day funds for about 11 months of operational expenses saved. This is a cushion is needed to buffer any sudden shifts in our industry, to address emerging needs of our membership and add stability to your business.
- Based on analysis made by the Keator Group, we anticipate a 4% return on investment in 2017, which our group was very happy with.

Thanks!

- Finance Committee: co-chairs Doug Goudey and Tom Doyle and to committee members: Church Davis, Mark Harris, Maureen McFarland, Stephen Schoenfeld and Mary Jane White. We also have a very fiscally conservative staff in Sandy Carroll and Sue O’Brien – they keep our board competitive with other associations with much larger budgets and much more staff.

2017 Proposed Board Budget as Presented by the Finance Committee, Doug Goudey Treasurer

III. Advertising / Affiliates

- After outreach by staff, the goal of 20 new advertisers in 2016 proved unrealistic.
- We propose dropping to 10 advertisers, which is 4 more than our current level.

IV. REALTOR Dues:

- Berkshire Dues: Same as last year \$ 229
- Massachusetts Association of REALTORS: \$155 plus a NEW PPPF Dues Assessment \$10



V. Budget: Education and Events

- 3 Live CE sessions per year and monthly webinars stay free for the members
- We propose increasing the three Luncheon member costs to \$25 to cover expenses
- We propose charging \$10 for the Annual Meeting Breakfast Event, \$20 for Installation Breakfast

VI. Budget: Travel Budget Line Items:

- Includes travel for the AE, Past President, President and Present Elect to all NAR meetings. It also affords our Good Neighbor and REALTOR of the year to attend the MAR Awards Banquet and compensates mileage for our state directors to travel to state meetings. Finally, there is staff training included in this line item.

2017 Proposed MLS Budget as Presented by the Finance Committee, Thomas Doyle Treasurer

I. Data Feeds

- Haven't realized the number of RETS feeds expected in 2016, decrease 2017 budget to reflect this.

II. Handling / Listing Fees:

- Listing Fees increased from \$7 to \$7.50
- Certified Mailing Fee: Recommended change to policy to create fee structure of \$30 | \$50 | \$100

III. Membership Dues

- Dues Income based on 567 members / current membership level at 567

IV. Travel Budget Line Items: (Same as Board)

- Includes travel for the AE, Past President, President and Present Elect to all NAR meetings. It also affords our Good Neighbor and REALTOR of the year to attend the MAR Awards Banquet and compensates mileage for our state directors to travel to state meetings. Finally, there is staff training included in this line item.



MAR \$10 Dues Assessment for 2017-2021 Questions and Answers

Q. Why is there a dues assessment of \$10 on my billing statement?

A. In December 2015 the Massachusetts Association of Realtors® Board of Directors approved an immediate allocation of \$1 million from the General Fund to the Private Property Protection Fund (PPPF). Additionally, the Board implemented a \$10 per member per year assessment for five years for the 2017-2021 dues billing cycles. The Board took this action to address the increasing expense of legislative advocacy, including ballot initiatives, amicus briefs, and other initiatives.

Q. What is the Private Property Protection Fund (PPPF)?

A. The Private Property Protection Fund was established to increase the Realtor® organization’s ability to promote or oppose issues at the state and local level that affect the real estate industry and the private property rights of Massachusetts property owners. Money from the PPPF can be used for various advocacy issues including issues mobilization, campaigns to promote positions on public policy including proposed legislation and regulation, or amicus briefs on key appellate level court cases.

- National Association of REALTORS: \$120, plus \$35 Consumer Ad Campaign Mandatory Assessment and \$25 PAF Optional Contribution (to meet NAR Core Standards)

Q. Why do we need a Consumer Advertising Campaign?

A. NAR’s consumer communications aim to convince consumers of the value Realtors® bring to the real estate transaction and beyond – in their communities, in their understanding of local markets, and in their influence on public policies that encourage and facilitate real property transfer and ownership.

Q. How long has the campaign been running?

A. The National Association of REALTORS®’ Board of Directors voted on November 17, 1997 to fund an initial national advertising campaign and the Board has continued to approve the extension of the campaign in three-year cycles. NAR’s campaign materials include video, radio, digital, and social media content, as well as strategic media partnerships. Campaign materials are available for state and local Realtor® associations to run in their own areas.

Q. What is the goal of this campaign?

A. Get Realtor® aims to “redefine the R®” for current and future generations of home buyers, sellers and real estate investors. We want to build Realtor® brand awareness and drive consideration of Realtors®, particularly among Millennials and in today’s hyper-connected world. That means contemporizing consumer perceptions of Realtors® and making sure that consumers are exposed to the Realtor® brand in social, digital and online channels, as well as through traditional media.

Advertising and sponsorships is based on a projected income of **6 Platinum affiliates and 10 Advertising affiliates**.

2017 proposed dues are based on \$545 per member, and 470 members. **Local dues will not increase in 2017.**

The Mass Association has increased their dues to include a \$10 per member assessment for the Private Property Protection Fund.

Education and events income is projected to decrease in 2017 due to no anticipated appraiser or designation programs. **Continuing education will continue to be free for members.**

We project at **4% return on our investment** based on a review with the Keator Group.

According to the Swanepol D.A.N.G.E.R. Report, two top dangers are 'Leaders Not in Unison with Fast-Paced World' & 'Too Many Uninformed Decisions'. In response, travel has been expanded to create a **collaborative leadership team** approach. Past, Current and Future.

Education and events **expenses are expected to decrease** in relation to income (no appraiser or designation programs).

Staff and facility costs continue to be our largest expense, and our largest asset. **Our office and professional staff cannot be beat!**

2017 Proposed Board of REALTORS® Budget

	2017 Proposed	2016 Budget	+ / - Prev. Budget
Income			
1. Advertising & Sponsorships	\$9,800	\$11,800	(\$2,000)
2. Dues Income: Affiliates	\$18,525	\$15,663	\$2,862
3. Dues Income: BCBR	\$107,630	\$107,630	\$0
4. Dues Income: MAR / NAR	\$148,520	\$143,820	\$4,700
5. Dues Income: Reinstatement/Late	\$2,000	\$2,000	\$0
6. Dues Income: Political Advocacy	\$5,000	\$3,000	\$2,000
7. Education and Events Income	\$15,120	\$22,305	(\$7,185)
8. Investment Income	\$8,000	\$6,706	\$1,294
9. Other Income	\$1,000	\$1,000	\$0
Total Income	\$315,595	\$313,924	\$1,671
Cost of Goods Sold			
10. Dues Paid: NAR & MAR	\$148,520	\$143,820	\$4,700
11. Dues Paid: Political Advocacy	\$5,000	\$3,000	\$2,000
Gross Profit	\$162,075	\$167,104	-\$5,029
Expense			
12. Awards	\$800	\$800	\$0
13. Charitable Donation	\$100	\$100	\$0
14. Conference and Training	\$19,150	\$18,750	\$400
15. Credit Card Expense	\$3,150	\$3,150	\$0
16. Depreciation Expense	\$1,500	\$1,500	\$0
17. Dues and Subscriptions	\$557	\$557	\$0
18. Education and Events Expense	\$14,444	\$21,354	(\$6,910)
19. Equipment Maintenance	\$500	\$500	\$0
20. Insurance	\$650	\$650	\$0
21. Investment Advisory Fee	\$1,729	\$1,729	\$0
22. Licenses and Permits	\$450	\$450	\$0
23. Meeting Expense	\$2,680	\$2,680	\$0
24. Membership Database	\$2,430	\$2,430	\$0
25. Memorials	\$300	\$300	\$0
26. Office Equip & Furn. Expense	\$500	\$0	\$500
27. Office Supplies	\$3,500	\$3,500	\$0
28. Payroll Expenses	\$87,324	\$85,464	\$1,860
29. Postage and Delivery	\$300	\$300	\$0
30. Printing and Reproduction	\$500	\$500	\$0
31. Professional Fees	\$4,950	\$4,950	\$0
32. Property Maintenance	\$1,300	\$1,300	\$0
33. Public Relations	\$400	\$800	(\$400)
34. REACT Expense	\$200	\$200	\$0
35. Rent	\$11,931	\$11,931	\$0
36. Taxes	\$200	\$200	\$0
37. Telephone / Internet / Wifi	\$1,700	\$1,700	\$0
38. Web page	\$800	\$800	\$0
Total Expense	\$162,045	\$166,595	-\$4,550
Amount Presented for Approval	\$30	\$509	-\$479

2017 Proposed **MLS** Budget

	2017 Proposed	2016 Budget	+/- Prev Budget
Income			
1. Data Feeds	\$11,200	\$11,500	(\$300)
2. Handling Fees	\$7,050	\$6,600	\$450
3. Investment Income	\$6,565	\$5,076	\$1,489
4. Listing Fees	\$31,500	\$29,400	\$2,100
5. Membership Dues	\$209,120	\$206,100	\$3,020
6. Other: Reciprocal Listings	\$1,250	\$1,800	(\$550)
Total Income	\$266,685	\$260,476	\$6,209
Less: Cost of Goods Sold			
7. Assessors Data	\$24,000	\$24,000	\$0
8. MLS Forms Expense	\$500	\$500	\$0
9. MLS Vendor Expense	\$71,442	\$70,560	\$882
Gross Profit	\$170,743	\$165,416	\$5,327
Expenses			
10. Awards	\$550	\$550	\$0
11. Conference & Training	\$18,700	\$15,350	\$3,350
12. Credit Card Expenses	\$2,500	\$2,000	\$500
13. Dues & Subscriptions	\$1,250	\$1,250	\$0
14. Equipment Maintenance	\$500	\$500	\$0
15. Insurance	\$650	\$650	\$0
16. Investment Advisory Fee	\$1,313	\$1,313	\$0
17. Meeting Expense	\$3,000	\$3,000	\$0
18. Membership Database	\$2,430	\$2,430	\$0
19. Office Equipment & Furniture	\$0	\$200	(\$200)
20. Office Supplies	\$3,500	\$3,500	\$0
21. Payroll Expense	\$115,273	\$113,290	\$1,983
22. Postage Expense	\$750	\$750	\$0
23. Professional Fees	\$4,000	\$4,000	\$0
24. Property Maintenance	\$1,300	\$1,300	\$0
25. Rent	\$11,931	\$11,931	\$0
26. Taxes	\$565	\$565	\$0
27. Telephone / Internet / Wifi	\$1,700	\$1,700	\$0
28. Website	\$800	\$800	\$0
Total Expenses	\$170,712	\$165,079	\$5,633
Amount Presented for Approval	\$31	\$337	-\$306

Monthly access fees will remain at **\$30 per month per member**.

We did not see as much increase in demand for **data feeds** as anticipated in 2016 and have adjusted the 2017 budget accordingly.

We currently have 3 syndication agreements and **161 member websites** using raw MLS data for property searches.

We propose a **\$0.50 increase in listing fees**. This increase reflects the time spent on each listing to ensure accurate data in the system, as opposed to other MLSs who choose not to verify data and impose much higher fines instead.

On average, 350 new listings are added on a monthly basis. This line item is based on **4200 new listings per year**, at \$7.50 per listing.

Membership is based on **567 Participants and users of the Service**, which is consistent with our current membership count.

We see more and more Participants utilizing credit cards to pay their invoice online and have adjusted our expense to **meet with demand**.

Investment income is based on a **4% projection** consistent with those as the Board of REALTORS budget.

In keeping with the D.A.N.G.E.R. report and the decision to expand a **collaborative leadership team approach**, the travel budget has been increased to account for current market rates, include past, current and future presidents as well as the AE, and to include representation at the FlexMLS Annual Summit.