



**INDIANA REALTORS®
POLITICAL ACTION COMMITTEE**

FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

CPAs / ADVISORS



INDIANA REALTORS® POLITICAL ACTION COMMITTEE

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REVIEW REPORT OF INDEPENDENT ACCOUNTANTS

Board of Trustees
Indiana REALTORS® Political Action Committee
Indianapolis, Indiana

We have reviewed the accompanying financial statements of Indiana REALTORS® Political Action Committee (the Committee), which comprise the statement of assets and liabilities arising from cash transactions as of December 31, 2017, and the related statement of cash basis activities for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Committee's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with the cash basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying 2017 financial statements in order for them to be in conformity with the cash basis of accounting.

**REVIEW REPORT OF INDEPENDENT ACCOUNTANTS
(Continued)**

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to that matter.

Report on 2016 Financial Statements

The 2016 financial statements of the Committee were audited by us, and we expressed an unmodified opinion on them in our report dated April 6, 2017. We have not performed any auditing procedures since that date.

Blue & Co., LLC

Carmel, Indiana
April 17, 2018

INDIANA REALTORS® POLITICAL ACTION COMMITTEE

STATEMENTS OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS DECEMBER 31, 2017 (REVIEWED) AND 2016 (AUDITED)

ASSETS

	<u>2017</u>	<u>2016</u>
Cash	\$ 419,374	\$ 372,041
Cash held by Indiana Association of REALTORS®, Inc.	<u>108,265</u>	<u>12,565</u>
	<u>\$ 527,639</u>	<u>\$ 384,606</u>

NET ASSETS

Unrestricted net assets		
Board designated	\$ 453,655	\$ 345,721
Undesignated	<u>73,984</u>	<u>38,885</u>
	<u>\$ 527,639</u>	<u>\$ 384,606</u>

*See review report of independent accountants
and accompanying notes to financial statements.*

INDIANA REALTORS® POLITICAL ACTION COMMITTEE

STATEMENTS OF CASH BASIS ACTIVITIES YEARS ENDED DECEMBER 31, 2017 (REVIEWED) AND 2016 (AUDITED)

	<u>2017</u>	<u>2016</u>
Receipts		
Contributions	\$ 453,496	\$ 422,793
Political contribution refund	<u>-0-</u>	<u>50,000</u>
Total receipts	453,496	472,793
Disbursements		
Program services		
Political contributions	164,905	318,801
Payments to National REALTORS® PAC	108,633	100,063
Payments to local board PACs	<u>35,901</u>	<u>36,569</u>
Total program services	309,439	455,433
General and administrative	<u>1,024</u>	<u>2,311</u>
Total disbursements	<u>310,463</u>	<u>457,744</u>
Change in net assets	143,033	15,049
Net assets, beginning of year	<u>384,606</u>	<u>369,557</u>
Net assets, end of year	<u>\$ 527,639</u>	<u>\$ 384,606</u>

*See review report of independent accountants
and accompanying notes to financial statements.*

INDIANA REALTORS® POLITICAL ACTION COMMITTEE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2017 (REVIEWED) AND 2016 (AUDITED)

1. NATURE OF ACTIVITIES

The Indiana REALTORS® Political Action Committee (the Committee) is a voluntary, non-profit, unincorporated association of individual REALTORS®. The Committee's purpose is to assist REALTORS® in organizing themselves for more effective political action through better understanding of the nature and actions of their government, through supporting candidates for election to legislative and executive offices of the State of Indiana, and through providing funds for national political committees. The Committee's primary source of revenue is voluntary contributions received from its members, who are individual REALTORS® located throughout the State of Indiana.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Committee's policy is to prepare its financial statements on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under that basis, the only asset recognized is cash, and no liabilities are recognized. All transactions are recognized as either cash receipts or disbursements; noncash transactions are not recognized. The cash basis differs from accounting principles generally accepted in the United States of America primarily because revenues are recognized when received rather than when earned, and expenses are recognized when paid rather than when the obligation is incurred.

The financial statements report net assets and changes in net assets based upon the existence or absence of restrictions on use that are placed by the Committee's donors. The net assets of the Committee and the changes therein are classified and reported as unrestricted.

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 Committee, the environment in which it operates, the purposes specified in its organizational documents and its application for tax-exempt status, and any limits resulting from contractual agreements that are entered into in the course of its operations.

Cash Held by Indiana Association of REALTORS®, Inc.

Due to restrictions of Federal election laws, certain contributed funds are not immediately transferred to the Committee but instead are held in a cash account by Indiana Association of REALTORS®, Inc. This is to ensure that the contributions are not tainted under the Federal election laws and therefore unacceptable by the National REALTORS® Political Action Committee.

INDIANA REALTORS® POLITICAL ACTION COMMITTEE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2017 (REVIEWED) AND 2016 (AUDITED)

National REALTORS® Political Action Committee Collections

Contributions are initially collected at the local level and transferred by direct payment to the Committee. Thirty percent of the qualifying contributions received are then remitted to the National REALTORS® Political Action Committee. The total amount remitted was \$108,663 and \$100,063 during the years ended December 31, 2017 and 2016, respectively. The amounts remitted are recorded as payments to National REALTORS® PAC.

Income Taxes

The Committee is organized as a voluntary, not-for-profit unincorporated association under Section 527 of the United States Internal Revenue Code and corresponding state tax law.

Pursuant to the Internal Revenue Code and applicable state law, the Committee is taxed on net income derived from activities not relating to the function of influencing or attempting to influence the selection, nomination, election, or appointment of any individual to state or federal office. There were no federal or state income taxes paid in 2017 and 2016.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Committee and recognize a tax liability if the Committee 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 Committee, 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 financial statements.

As such, the Committee is generally exempt from income taxes. However, the Committee is required to file Federal Form 990 – Return of Organization Exempt from Income Tax, which is an informational return only. The Committee is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Subsequent Events

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

3. BOARD DESIGNATED NET ASSETS

The Committee receives contributions from its members and their participating local REALTOR® Boards of Directors. In accordance with Committee policy, local boards may direct the expenditure of funds to local candidates in an amount up to 12% of the total amount their respective board contributed. Additionally, if the contributions of a local board exceed their FairShare goal, which is an average dollar amount per member, as calculated based on membership count as set forth by National Association of REALTORS®, 35% of the contributions will be eligible for direction by the

INDIANA REALTORS® POLITICAL ACTION COMMITTEE

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2017 (REVIEWED) AND 2016 (AUDITED)

respective local board. If the contributions of a local board exceed 250% of their FairShare goal, the board will receive 35% of their goal and 50% of the contributions exceeding that amount. Finally, if the contributions of a local board exceed 500% of their FairShare goal, the board will receive 35% of their goal and 75% of the contributions exceeding that amount. The amount of funds that a board is able to direct is available for a period of four years. Funds are disbursed only when requested by a local board. The amount of net assets available at the direction of the local board is considered board designated and totaled \$453,655 and \$345,721 at December 31, 2017 and 2016, respectively.

4. RELATED PARTY TRANSACTIONS

The Committee is related through the existence of some common members of the Board of Trustees and management with the Indiana Association of REALTORS®, Inc. (the Association). The Association provides the Committee office space, furniture, equipment and staffing for which the Committee does not pay the Association. During the years ended December 31, 2017 and 2016, the Association reported \$17,070 and \$24,472, respectively, in administrative expenses incurred on behalf of the Committee. In addition, the Association collects dues on behalf of the Committee. Cash of \$108,265 and \$12,565 was held by the Association on the Committee's behalf at December 31, 2017 and 2016, respectively.

5. CONCENTRATIONS

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