

**OSCEOLA COUNTY ASSOCIATION OF REALTORS, INC.  
AND SUBSIDIARY**

**CONSOLIDATED FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2008 AND 2007**

**OSCEOLA COUNTY ASSOCIATION OF REALTORS INC.  
AND SUBSIDIARY  
TABLE OF CONTENTS  
YEARS ENDED DECEMBER 2008 AND 2007**

<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1</b>
<b>CONSOLIDATED FINANCIAL STATEMENTS</b>	
<b>CONSOLIDATED BALANCE SHEETS</b>	<b>2</b>
<b>CONSOLIDATED STATEMENTS OF ACTIVITIES</b>	<b>3</b>
<b>CONSOLIDATED STATEMENTS OF CASH FLOWS</b>	<b>4</b>
<b>NOTES TO CONSOLIDATED FINANCIAL STATEMENTS</b>	<b>5</b>
<b>INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED SUPPLEMENTARY INFORMATION</b>	<b>9</b>
<b>CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES</b>	<b>10</b>



CPAs, Consultants & Advisors  
www.larsonallen.com

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Members  
Osceola County Association of  
Realtors, Inc. and Subsidiary  
Kissimmee, Florida

We have audited the accompanying consolidated balance sheets of Osceola County Association of Realtors, Inc. and Subsidiary (a Florida, not-for-profit association), as of December 31, 2008 and 2007, and the related consolidated statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Association's management. 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 audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Osceola County Association of Realtors, Inc. and Subsidiary as of December 31, 2008 and 2007, and the changes in their net assets and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*LarsonAllen LLP*  
**LarsonAllen LLP**

Orlando, Florida  
May 26, 2009



LarsonAllen LLP is a member of Nexia International,  
a worldwide network of independent accounting and consulting firms.

**OSCEOLA COUNTY ASSOCIATION OF REALTORS, INC.  
AND SUBSIDIARY  
CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 2008 AND 2007**

**ASSETS**

	2008	2007
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,237,632	\$ 1,293,070
Accounts receivable, net	3,660	26,762
Interest receivable	650	3,242
Inventory	26,335	34,266
Prepaid expenses	16,581	17,314
Total current assets	1,284,858	1,374,654
<b>LAND, BUILDING AND EQUIPMENT, NET</b>	183,441	196,490
<b>OTHER ASSETS</b>		
Other assets	4,815	9,781
Total assets	\$ 1,473,114	\$ 1,580,925

**LIABILITIES AND NET ASSETS**

<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 27,369	\$ 27,647
Other liabilities	9,931	10,926
National and state realtor association payable	248,960	293,610
Deferred income	415,925	431,690
Total current liabilities	702,185	763,873
<b>NET ASSETS</b>		
Unrestricted - undesignated	770,929	817,052
Total liabilities and net assets	\$ 1,473,114	\$ 1,580,925

**OSCEOLA COUNTY ASSOCIATION OF REALTORS, INC.  
AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

	<u>2008</u>	<u>2007</u>
<b>SUPPORT AND REVENUE</b>		
Membership dues	\$ 506,723	\$ 689,584
MLS service center	278,735	299,815
Knowledge services	60,721	68,412
Other income	25,378	76,933
Publications revenue	14,056	15,383
Store revenue	29,556	137,904
Interest income	21,405	48,889
	<u>936,574</u>	<u>1,336,920</u>
<b>EXPENSE</b>		
Program services:		
Membership	414,381	407,360
MLS service center	136,489	207,268
Knowledge	116,090	107,558
Support services:		
Store expenses	32,044	132,963
Osceola Brokerage Cooperative	9,182	30,507
Publications	137,052	136,780
Management and general	122,092	158,372
Public affairs	15,367	29,112
	<u>982,697</u>	<u>1,209,920</u>
<b>CHANGES IN NET ASSETS</b>	(46,123)	127,000
Net assets - beginning of year	<u>817,052</u>	<u>690,052</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 770,929</u>	<u>\$ 817,052</u>

See Accompanying Notes to Consolidated Financial Statements

**OSCEOLA COUNTY ASSOCIATION OF REALTORS, INC.  
AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

	2008	2007
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ (46,123)	\$ 127,000
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	31,842	35,691
Loss on disposal of fixed assets	-	7,783
Changes in assets and liabilities:		
Decrease (increase) in accounts receivable	23,102	(23,378)
Decrease in interest receivable	2,592	318
Decrease (increase) in inventory	7,931	(4,689)
Decrease (increase) in prepaid expenses	733	(10,836)
Decrease (increase) in other assets	4,966	(8,131)
Decrease in accounts payable and accrued expenses	(278)	(52,733)
Decrease in other liabilities	(995)	(4,482)
Decrease in national and state realtor association payable	(44,650)	(3,804)
Increase (decrease) in deferred income	(15,765)	22,951
	<u>(36,645)</u>	<u>85,690</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of land, buildings and equipment	<u>(18,793)</u>	<u>(40,201)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(55,438)	45,489
<b>Cash and cash equivalents at beginning of year</b>	<u>1,293,070</u>	<u>1,247,581</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 1,237,632</u>	<u>\$ 1,293,070</u>
<b>SUPPLEMENTAL INFORMATION</b>		
Interest Paid	<u>\$ -</u>	<u>\$ -</u>

See Accompanying Notes to Consolidated Financial Statements

**OSCEOLA COUNTY ASSOCIATION OF REALTORS, INC.  
AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

**NOTE 1 SIGNIFICANT ACCOUNTING POLICIES**

**Principal Business Activity**

The Osceola County Association of Realtors, Inc. and Subsidiary (the "Association") is a local Osceola County group of realtors, associates and affiliates whose regular members belong to the Florida and the National Association of Realtors. The Association collects dues from its members for its own use and also acts as an escrow agent for the state and national real estate associations.

**Principles of Consolidation**

The consolidated financial statements include Osceola County Association of Realtors and its wholly-owned subsidiary, Osceola Brokerage Cooperative, Inc. All significant intercompany accounts and transactions have been eliminated in the consolidated financial statements.

**Basis of Accounting**

The consolidated financial statements of the Association have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

**Financial Statement Presentation**

Net assets, revenues, expenses, gains and losses are classified based on donor imposed restrictions. Accordingly, net assets of the Association and changes therein are classified and reported as follows:

Unrestricted – Resources over which the Board of Directors has discretionary control. Designated amounts represent those revenues that the Board has set aside for a particular purpose.

Temporarily Restricted – Those resources subject to donor imposed restrictions that will be satisfied by actions of the Association or passage of time.

Permanently Restricted – Those resources subject to a donor imposed restrictions that will be maintained permanently by the Association.

At December 31, 2008 and 2007, the Association had only unrestricted net assets.

**Cash and Cash Equivalents**

The Association includes all cash accounts that are not subject to withdrawal restrictions or penalties, and all highly liquid debt instruments purchased with an original maturity of three months or less as cash and cash equivalents. The balances are insured by the Federal Deposit Insurance Corporation up to certain limits and, at times, cash in bank may exceed FDIC insurable limits.

**OSCEOLA COUNTY ASSOCIATION OF REALTORS, INC.  
AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

**NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Accounts Receivable**

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Changes in the valuation allowance have not been material to the consolidated financial statements.

**Inventory**

Inventory consists principally of signs, forms and other supplies, which are available for purchase, by its members for use in their real estate activities. The items are valued at the lower of cost or current market value.

**Property and Equipment**

Property and equipment are stated at cost and are depreciated over the following estimated useful lives using the straight-line method:

Building and building improvements	5 - 39 Years
Equipment	5 - 7 Years
Furniture & fixtures	5 - 10 Years

**Revenue Recognition**

Dues revenue is recognized on a pro rata basis over the period to which the membership relates. Other revenue is recognized when sales are made or services are performed.

**Functional Allocation of Expense**

Salaries and related expenses are allocated based on time spent by employees. Expenses, other than salaries and related expenses, which are not directly identifiable by program or supporting service, are allocated based on the best estimates of management.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Significant estimates include the lives used for depreciation of property and equipment and allocation of costs between the various programs and expense categories. Actual results could differ from those estimates.

**OSCEOLA COUNTY ASSOCIATION OF REALTORS, INC.  
AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

**NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Tax Exempt Status**

The Association has been granted tax-exempt status under Section 501(c)(6) of the Internal Revenue Code. The Association also qualifies as a tax-exempt organization under the applicable statutes of the State of Florida. The Association has elected to defer application of FASB Interpretation No. 48 Accounting for Uncertainty in Income Taxes. The Association follows SFAS 5 guidelines for evaluating tax positions.

**Reclassifications**

Certain amounts in the 2007 financial statements have been reclassified to conform with the 2008 presentation.

**NOTE 2 LAND, BUILDING AND EQUIPMENT**

Land, building and equipment consist of the following at December 31, 2008 and 2007:

	2008	2007
Land	\$ 98,400	\$ 98,400
Building and building improvements	147,808	150,601
Equipment	173,283	155,697
Furniture & fixtures	37,449	37,449
	456,940	442,147
Less: accumulated depreciation	(273,499)	(245,657)
Total	\$ 183,441	\$ 196,490

**NOTE 3 STATE AND NATIONAL ASSOCIATION PAYABLES**

The Association collects monies from its members, which are in turn transferred/paid to the State and National Realtor Associations. At December 31, 2008 and 2007, \$248,960 and \$293,610, respectively, remains unpaid.

**NOTE 4 DEFERRED INCOME**

Deferred income represent amounts received in advance for dues which are received in the fiscal year ending December 31, 2008 and 2007 for the 2009 and 2008 membership years, respectively.

**NOTE 5 DEFINED CONTRIBUTION PLAN**

The Association has a simple IRA 401K plan (the Plan) covering all employees who have attained age 21 and have completed 6 months of service. The Association matches 100% of the employee's contribution up to 3% of the employee's salary, plus 50% of the employee's contribution up to the next 2% of the employee's salary. The Association also makes a 4% profit-sharing non-elective discretionary contribution at the end of the calendar year. Participants become fully vested in the employer's non-elective discretionary contribution after 6 years. Total expense for the years ended December 31, 2008 and 2007, was approximately \$18,900 and \$22,400, respectively.

**OSCEOLA COUNTY ASSOCIATION OF REALTORS, INC.  
AND SUBSIDIARY  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2008 AND 2007**

**NOTE 6 LEASE COMMITMENTS**

The Association leases a photocopier and storage space under operating leases expiring in various years through 2010. Monthly rents for these leases range from \$85 to \$640. Total expense related to these leases was \$9,763 and \$13,826 for the years ended December 31, 2008 and 2007 respectively.

Future minimum rental payments under non-cancelable leases in excess of one year as of December 31, 2008, are as follows:

2009	\$ 7,680
2010	<u>6,400</u>
	<u>\$ 14,080</u>



CPAs, Consultants & Advisors  
www.larsonallen.com

**INDEPENDENT AUDITORS' REPORT ON  
CONSOLIDATED SUPPLEMENTARY INFORMATION**

To the Board of Directors and Members  
Osceola County Association of  
Realtors, Inc. and Subsidiary  
Kissimmee, Florida

Our report on the audits of the basic consolidated financial statements of Osceola County Association of Realtors, Inc. and Subsidiary for the years ended December 31, 2008 and 2007, appears on page 1. That audit was conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The consolidated supplementary information shown on pages 10 and 11 is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, accordingly, we express no opinion on it.

*LarsonAllen LLP*  
**LarsonAllen LLP**

Orlando, Florida  
May 26, 2009



LarsonAllen LLP is a member of Nexia International,  
a worldwide network of independent accounting and consulting firms.

**OSCEOLA COUNTY ASSOCIATION OF REALTORS, INC.  
AND SUBSIDIARY  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Program Services				Support Services						
	Membership	MLS Service Ctr.	Knowledge	Total Program Services	Store	Osceola Brokerage Cooperative	Publications	Management and General	Public Affairs	Total Support Services	Total Expense
Salaries	\$ 110,000	\$ 75,000	\$ 32,000	\$ 217,000	\$ 5,023	\$ 1,000	\$ 40,000	\$ 35,000	\$ 5,000	\$ 86,023	\$ 303,023
Payroll taxes	8,837	6,026	2,571	17,434	404	80	3,214	2,811	402	6,911	24,345
Benefits	6,872	4,686	1,999	13,557	314	62	2,499	2,188	312	5,375	18,932
Total salaries and related	125,709	85,712	36,570	247,991	5,741	1,142	45,713	39,999	5,714	98,309	346,300
Professional fees	4,207	-	-	4,207	-	-	-	40,053	-	40,053	44,260
Telephone	5,372	3,663	1,563	10,598	245	49	1,954	1,709	244	4,201	14,799
Office expenses and supplies	12,769	8,706	3,715	25,190	583	116	4,643	4,063	580	9,985	35,175
Postage and mailing services	1,044	712	304	2,060	48	9	380	331	47	815	2,875
Travel, meals and entertainment	-	-	-	-	-	-	-	4,750	-	4,750	4,750
Conference and event expenses	39,833	13,228	-	53,061	-	-	-	10,905	1,978	12,883	65,944
Dues	-	-	-	-	-	-	-	3,973	-	3,973	3,973
Website costs	2,914	1,987	848	5,749	133	26	1,060	928	132	2,279	8,028
Equipment rent and maintenance	8,959	6,109	2,606	17,674	409	81	3,258	2,852	407	7,007	24,681
Occupancy	13,317	9,080	3,874	26,271	608	121	4,843	4,237	605	10,414	36,685
Member recognition	48,411	-	-	48,411	-	-	-	-	-	-	48,411
Insurance	46,754	-	-	46,754	-	-	-	-	-	-	46,754
Bank service fees	13,347	7,292	1,607	22,246	2,472	-	-	-	-	2,472	24,718
Public relations	52,589	-	-	52,589	-	-	-	-	264	264	52,853
Knowledge expenses	-	-	65,003	65,003	-	-	-	-	-	-	65,003
Publications	-	-	-	-	-	-	75,201	-	-	75,201	75,201
Contributions	6,817	-	-	6,817	-	-	-	-	-	-	6,817
Store expenses	-	-	-	-	21,805	-	-	-	-	21,805	21,805
Miscellaneous	655	-	-	655	-	7,638	-	8,292	5,238	21,168	21,823
Total before depreciation	256,988	50,777	79,520	387,285	26,303	8,040	91,339	82,093	9,495	217,270	604,555
Depreciation	31,684	-	-	31,684	-	-	-	-	158	158	31,842
Total expense	\$ 414,381	\$ 136,489	\$ 116,090	\$ 666,960	\$ 32,044	\$ 9,182	\$ 137,052	\$ 122,092	\$ 15,367	\$ 315,737	\$ 982,697

**OSCEOLA COUNTY ASSOCIATION OF REALTORS, INC.  
AND SUBSIDIARY  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	Program Services				Support Services						
	Membership	MLS Service Ctr.	Knowledge	Total Program Services	Store	Osceola Brokerage Cooperative	Publications	Management and General	Public Affairs	Total Support Services	Total Expense
Salaries	\$ 143,729	\$ 99,812	\$ 39,925	\$ 283,466	\$ 7,985	\$ 3,992	\$ 39,925	\$ 51,902	\$ 11,977	\$ 115,781	\$ 399,247
Payroll taxes	9,418	6,540	2,616	18,574	523	262	2,616	3,401	785	7,587	26,161
Benefits	13,853	5,609	2,244	21,706	449	224	2,244	2,917	673	6,507	28,213
Total salaries and related	167,000	111,961	44,785	323,746	8,957	4,478	44,785	58,220	13,435	129,875	453,621
Professional fees	2,308	-	-	2,308	-	-	-	66,381	-	66,381	68,689
Telephone	6,147	4,270	1,708	12,125	342	171	1,708	2,220	512	4,953	17,078
Office expenses and supplies	9,324	6,475	2,590	18,389	518	259	2,590	3,367	777	7,511	25,900
Postage and mailing services	2,481	-	-	2,481	-	-	-	-	-	-	2,481
Travel, meals and entertainment	-	-	-	-	-	-	-	6,190	-	6,190	6,190
Conference and event expenses	74,384	19,052	-	93,436	-	-	-	-	2,944	2,944	96,380
Dues	3,262	-	-	3,262	-	-	-	-	-	-	3,262
Website costs	9,280	1,849	739	11,868	148	74	739	961	222	2,144	14,012
Equipment rent and maintenance	14,748	12,459	1,951	29,158	390	195	1,951	2,536	584	5,656	34,814
Occupancy	15,122	13,177	1,383	29,682	277	138	1,383	3,980	415	6,193	35,875
Member recognition	10,216	-	-	10,216	-	-	-	-	-	-	10,216
Insurance	15,432	10,717	4,286	30,435	857	429	4,287	5,573	1,285	12,431	42,866
Bank service fees	18,380	4,595	-	22,975	-	-	-	-	-	-	22,975
Public relations	23,609	-	-	23,609	-	-	-	-	-	-	23,609
Knowledge expenses	-	-	49,597	49,597	-	-	-	-	-	-	49,597
Publications	-	-	-	-	-	-	78,818	-	-	78,818	78,818
Contributions	7,450	-	-	7,450	-	-	-	-	-	-	7,450
Store expenses	-	-	-	-	121,370	-	-	-	-	121,370	121,370
Miscellaneous	13,941	1,298	519	15,758	104	24,763	519	8,944	8,938	43,268	59,026
Total before depreciation	226,084	73,892	62,773	362,749	124,006	26,029	91,995	100,152	15,677	357,859	720,608
Depreciation	14,276	21,415	-	35,691	-	-	-	-	-	-	35,691
Total expense	\$ 407,360	\$ 207,268	\$ 107,558	\$ 722,186	\$ 132,963	\$ 30,507	\$ 136,780	\$ 158,372	\$ 29,112	\$ 487,734	\$ 1,209,920