



Emerald Coast Association of Realtors, Inc.

FINANCIAL STATEMENTS

December 31, 2024





	Page
REPORT	
Independent Auditor's Report.....	1
FINANCIAL STATEMENTS	
Statement of Financial Position.....	3
Statement of Activities.....	4
Statement of Functional Expenses.....	5
Statement of Cash Flows.....	6
Notes to Financial Statements.....	7



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Emerald Coast Association of Realtors, Inc.
Fort Walton Beach, Florida

Opinion

We have audited the accompanying financial statements of Emerald Coast Association of Realtors, Inc. (a nonprofit organization) ("ECAR"), which comprise the Statement of Financial Position as of December 31, 2024, and the related Statements of Activities, Functional Expenses, and Cash Flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Emerald Coast Association of Realtors, Inc. as of December 31, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Emerald Coast Association of Realtors, Inc. and to meet our ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raises substantial doubt about Emerald Coast Association of Realtors, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risk. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Emerald Coast Association of Realtors, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Emerald Coast Association of Realtors, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among others matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



CARR, RIGGS & INGRAM, LLC

Miramar Beach, Florida
January 7, 2026

Emerald Coast Association of Realtors, Inc.
Statement of Financial Position

<i>December 31,</i>	2024
Assets	
Cash and cash equivalents	\$ 2,549,010
Accounts receivable, net of allowance for credit losses of \$2,500	56,079
Prepaid expenses	85,776
Investments	<u>2,973,257</u>
Total current assets	5,664,122
Non-current assets	
Interest rate swap asset	193,543
Operating lease right of use assets, net	22,105
Property and equipment, net	3,985,530
Other assets	<u>10,117</u>
Total assets	<u>\$ 9,875,417</u>
 Liabilities	
Current liabilities	
Accounts payable	\$ 80,874
Accrued liabilities	79,874
Operating lease liability, current	19,524
Other liabilities	152,083
Current portion of long-term debt	51,659
Performance obligation	<u>855,560</u>
Total current liabilities	1,239,574
Long-term liabilities	
Long-term debt, less current portion, net of loan costs	1,364,060
Operating lease liability, noncurrent	<u>2,581</u>
Total liabilities	<u>2,606,215</u>
 Net assets	
Without donor restrictions	7,269,202
With donor restrictions	-
Total net assets	<u>7,269,202</u>
Total liabilities and net assets	<u>\$ 9,875,417</u>

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

Emerald Coast Association of Realtors, Inc.
Statement of Activities

<i>For the year ended December 31, 2024</i>	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue			
Member dues	\$ 1,656,961	\$ -	\$ 1,656,961
Member service fees	2,309,225	-	2,309,225
Committees	248,497	-	248,497
Administrative fees	240,589	-	240,589
Other income	17,058	-	17,058
Information systems	84,377	-	84,377
Interest	122,216	-	122,216
Total support and revenue	4,678,923	-	4,678,923
Expenses			
<i>Program Services</i>			
Membership	1,532,105	-	1,532,105
Member services	1,130,633	-	1,130,633
Professional development	576,348	-	576,348
Total program services	3,239,086	-	3,239,086
<i>Supporting Services</i>			
General and administrative	715,714	-	715,714
Total expenses	3,954,800	-	3,954,800
Nonoperating			
Unrealized gain on investments	164,423	-	164,423
Unrealized gain from interest rate swap agreement	53,704	-	53,704
Realized loss on disposal of asset	(1,674)	-	(1,674)
Total nonoperating	216,453	-	216,453
Change in net assets			
	940,576	-	940,576
Net assets - beginning of year	6,328,626	-	6,328,626
Net assets - end of year	\$ 7,269,202	\$ -	\$ 7,269,202

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

Emerald Coast Association of Realtors, Inc.
Statement of Functional Expenses

<i>For the year ended December 31,</i>	Program Services			Supporting Services		2024 Total
	Membership	Member Services	Professional Development	Programs Total	General and Administrative	
Salaries, wages and related costs	\$ 722,133	\$ 437,515	\$ 222,338	\$ 1,381,986	\$ 175,005	\$ 1,556,991
Multiple listing service (MLS) expense	-	416,968	-	416,968	-	416,968
Credit card fees	50,498	50,498	-	100,996	-	100,996
Cost of merchandise sold	-	17,765	-	17,765	-	17,765
Committees	279,249	-	-	279,249	-	279,249
Utilities	29,136	15,782	8,498	53,416	7,285	60,701
Travel	149,766	-	-	149,766	30,016	179,782
Insurance	26,510	16,061	8,163	50,734	6,424	57,158
Interest	-	-	-	-	76,058	76,058
Information systems	97,043	135,691	29,799	262,533	23,457	285,990
Property taxes	11,938	7,233	3,676	22,847	2,892	25,739
Repairs and maintenance	31,591	19,140	9,726	60,457	7,657	68,114
Office supplies and expense	24,468	13,980	5,063	43,511	8,631	52,142
Professional development	35,995	-	277,539	313,534	-	313,534
Professional fees	-	-	-	-	181,423	181,423
Realtor support	39,719	-	-	39,719	-	39,719
Loss on investments	-	-	-	-	17,417	17,417
Other expenses	34,059	-	11,546	45,605	25,441	71,046
Depreciation	-	-	-	-	154,008	154,008
Total	\$ 1,532,105	\$ 1,130,633	\$ 576,348	\$ 3,239,086	\$ 715,714	\$ 3,954,800

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

Emerald Coast Association of Realtors, Inc.
Statement of Cash Flows

For the year ended December 31,

2024

Operating activities

Change in net assets	\$ 940,576
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	154,008
Realized (gain) loss from disposal of asset	1,674
Unrealized (gain) loss on investments	(164,423)
Unrealized (gain) loss from interest rate swap	(53,704)
Change in operating assets and liabilities:	
Accounts receivable	38,402
Prepaid expenses	(31,326)
Other assets	(3,700)
Accounts payable	(44,616)
Accrued liabilities	(372,470)
Operating lease liability	17,838
Other liabilities	17,660
Performance obligation	(128,540)
Net cash provided (used) by operating activities	371,379

Investing activities

Maturity (purchase) of investments	(749,503)
Purchase of property and equipment	(74,546)
Net cash provided (used) by investing activities	(824,049)

Financing activities

Borrowing on notes payable, net	190,969
Payments on capital lease	(17,838)
Net cash provided (used) by financing activities	173,131
Net decrease in cash and cash equivalents	(279,539)
Cash and cash equivalents at beginning of year	2,828,549
Cash and cash equivalents at end of year	\$ 2,549,010

Supplemental Cash Flow Information

Cash paid for interest	\$ 76,058
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Emerald Coast Association of Realtors, Inc.

Notes to Financial Statements

NOTE 1: DESCRIPTION OF THE ORGANIZATION

The Emerald Coast Association of Realtors, Inc. ("ECAR") is a not-for-profit corporation organized under the laws of the State of Florida on October 22, 1964. Its mission is to unify those engaged in the recognized branches of the real estate business for the purpose of exerting a beneficial influence upon matters affecting the real estate business, and to unite those engaged in the real estate business with the Florida Association of Realtors and the National Association of Realtors. This purpose is accomplished through the establishment of a uniform code of ethics, annual meetings, continuing professional education, and publications provided to disseminate information to the profession and the public. ECAR services a geographical area encompassing all of Okaloosa and Walton counties in Florida. ECAR conducts the following programs:

Membership - ECAR provides access to industry information, consultation, and costs savings programs.

Member services - ECAR provides access to Multiple Listing Service (MLS) and other related subscriber services.

Professional development - ECAR provides continuing education within the industry for its members and non-members through webinars, conferences, and self-study materials.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

Use of Estimates

The preparation of U.S. GAAP financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Emerald Coast Association of Realtors, Inc.
Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

Cash and cash equivalents include cash and all highly liquid investments with an original maturity of 90 days or less.

Accounts Receivable and Allowance for Credit Losses

Accounts receivable represent amounts owed to ECAR which are expected to be collected within twelve months and are presented in the statements of financial position net of the allowance for credit losses.

Management evaluates its receivables on an ongoing basis by analyzing customer relationships and previous payment histories. The allowance for credit losses is management's best estimate of the amount of expected credit losses in the existing accounts based on current market conditions. Historically, losses on uncollectible accounts have been within management's expectations. The allowance for credit losses is reviewed on a periodic basis to ensure there is sufficient reserve to cover any potential credit losses. When receivables are considered uncollectible, they are charged against the allowance for credit losses. Collections on accounts previously written off are included in the change in net assets as received. The allowance for credit losses was \$2,500 for the year ended December 31, 2024.

Investments

ECAR reports investments in equity securities with readily determinable fair values and all investments in debt securities at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities. Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends, or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

Prepaid Expenses

Certain payments to vendors reflect cost applicable to future accounting periods and are recorded as prepaid items on the Balance Sheet. These items will be expensed over the applicable usage period.

Property and Equipment

Property and equipment acquired by ECAR is capitalized at cost. Additions and betterments of \$5,000 or more are capitalized, while maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed as incurred. These assets are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. If such events or circumstances indicate the cost of any long-lived asset may be impaired, an evaluation of recoverability would be performed. Depreciation is computed using the straight-line method.

Emerald Coast Association of Realtors, Inc.
Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases

ECAR leases certain equipment for operations. Management determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities in the balance sheet.

ROU assets represent the ECAR's right to use an underlying asset for the lease term and lease liabilities represent the ECAR's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. As most of the leases do not provide an implicit rate, management uses the incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments. The operating lease ROU assets also include any lease payments made and excludes lease incentives. Our lease terms may include options to extend or terminate the lease when it is reasonably certain that the ECAR will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Certain lease agreements include rental payments based on usage. Lease liabilities are not remeasured as a result of changes in usage; instead, changes in usage are treated as variable lease payments and are excluded from the measurement of the right-of-use asset and lease liability. These payments are recognized in the period in which the related obligation was incurred. There were no variable lease cost recognized in December 31, 2024.

The equipment lease agreements do not contain any material residual value guarantees or material restrictive covenants.

In determining the discount rate used to measure the right-of-use asset and lease liability, ECAR uses rates implicit in the lease, or if not readily available, ECAR uses the incremental borrowing rate. The incremental borrowing rate is based on an estimated secured rate comprised of a risk-free rate plus a credit spread as secured by the ECAR's assets. Determining a credit spread as secured by ECAR's assets may require significant judgment.

Security Deposits

ECAR obtains a security deposit from MLS members. These deposits are refunded when lock box systems are returned to ECAR and receivable balances are paid in full.

Net Assets

ECAR reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Emerald Coast Association of Realtors, Inc.
Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of ECAR, 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.

Net assets with donor restrictions are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, such as those that the donor stipulates that resources be maintained in perpetuity. ECAR has no net assets with donor restrictions as of December 31, 2024.

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 financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Contract Assets and Liabilities

Contract assets represent revenue recognized in excess of amounts billed. No such amounts are reported on the Balance Sheet as of December 31, 2024. Contract liabilities represent annual membership dues collected in advance of the contract period or amounts billed in excess of revenue recognized. These liabilities are reported on the Statement of Financial Position as performance obligation liabilities.

Revenue Recognition

Revenue from membership dues and program service fee payments under cost reimbursable contracts are accounted for under ASC Topic 606, Revenue from Contracts with Customers (ASC 606), recognizing revenue when performance obligations under the terms of the contracts with customers are satisfied.

Member dues are primarily billed in advance during the 4th quarter each year for the subsequent calendar year and are recognized as revenue during the period for which they are assessed.

Member service fee revenue primarily relates to member usage of the Multiple Listing Service (MLS). Members are billed a flat rate per month for this service. Revenues are recognized when billed for the monthly service provided.

Committees' revenue includes fees for continuing professional education courses and are included in revenue when earned.

Emerald Coast Association of Realtors, Inc.
Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Administrative fees are obtained by ECAR for administration of the Supra Key box system. These fees paid by a third-party company are recognized as revenue when earned.

Information systems consist of IDX fees charged to external vendors. Information system revenue is recognized as revenue when earned.

Gain on investments/interest consists of investment earnings. Revenues are recognized when earned or incurred.

Functional Allocation of Expenses

Direct identifiable expenses are charged to the related programs and supporting services. Expenses relating to salaries and other expenses that are associated with a specific program are charged directly to that program. Salaries, rent, information technology, depreciation, and other expenses that benefit more than one program are allocated to the various programs based on each program's volume of activity relative to the specific expense.

Advertising

Advertising costs are expensed as incurred and for 2024 totaled \$15,088. Advertising expense is included in office supplies and marketing expense in the Statement of Functional Expenses.

Derivative Instruments

ECAR uses a derivative to manage risks related to interest rate movements. Interest rate swap contracts are reported at fair value. The fair value reflects nonperformance risk. The gain or loss on the effective portion of the hedge initially is included as a change in net assets. The Association documents its risk management strategy and hedge effectiveness at the inception of and during the term of the hedge. ECAR's interest rate risk management strategy is to stabilize cash flow requirements by maintaining the interest rate swap contract to convert the variable-rate debt to a fixed rate. Cash flows from the interest rate swap contract is classified as a financing activity on the statement of cash flows.

Compensated Absences

Full-time employees of EACR earn paid time off (PTO) benefits based on length of service. Upon termination of employment, employees will be paid for unused paid time off unless terminated for misconduct. As of December 31, 2024, ECAR had a liability for compensated absences totaling \$57,089, which is reported with accrued liabilities on the accompanying statement of financial position.

Emerald Coast Association of Realtors, Inc.
Notes to Financial Statements

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

Under section 501(c)(6) of the Internal Revenue Code, ECAR is exempt from taxes on income other than unrelated business income. Under these provisions, no tax is paid on income received from its members. Accordingly, no provision for income taxes is provided in the accompanying financial statements. ECAR annually files Form 990 as required for not-for-profit organizations.

ECAR utilizes the accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) ASC 740, Income Taxes. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of December 31, 2024, ECAR has no uncertain tax provisions that qualify for recognition or disclosure in the financial statements. ECAR believes it is no longer subject to income tax examinations for years prior to 2020.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, January 7, 2026. See Note 14 for relevant disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

NOTE 3: FINANCIAL ASSET AVAILABILITY

ECAR is principally supported by its dues and fees charged for the services it provides to its members. ECAR maintains its financial assets primarily in cash and cash equivalents to provide liquidity to ensure funds are available as ECAR's expenditures come due. The following reflects ECAR's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions.

<i>December 31,</i>	2024
Financial assets, at year-end *	\$ 5,664,122
Less those not available for general expenditures within one year, due to contractual or donor-imposed restrictions	-
Restricted by donor with time or purpose restrictions	-
Financial assets available to meet cash needs for general expenditures within one year	<hr/> \$ 5,664,122

* Financial assets at year-end as noted in the above schedule exclude interest rate swap asset, operating lease right of use assets, property and equipment, and other assets.

Emerald Coast Association of Realtors, Inc.
Notes to Financial Statements

NOTE 4: INVESTMENTS

Investments consist of the following:

<i>December 31, 2024</i>	<i>Cost</i>	<i>Market Value</i>
Brokered certificates of deposit	\$ 1,212,975	\$ 1,212,975
Common stocks	792,026	1,065,990
Corporate bonds	125,143	120,051
Mutual funds	325,319	300,404
U.S government and agency securities	286,991	273,837
Total investments	\$ 2,742,454	\$ 2,973,257

The brokered certificates of deposit are measured at amortized cost plus accrued interest which approximates fair value. Management has plans in place to hold the brokered certificates of deposit to maturity. Gains/losses on the short duration brokered certificates of deposit are temporary and not significant to the investment or ECAR. The brokered certificates of deposit have maturities ranging from January 2025 through February 2026, with interest rates ranging from 4.45% – 5.3%.

The investments in corporate bonds, common stocks, U.S. government and agency securities, and mutual funds are all valued at fair value as of the end of the year. See Note 7 for additional fair value disclosures.

NOTE 5: PROPERTY AND EQUIPMENT, NET

Property and equipment is summarized as follows:

<i>December 31,</i>	<i>Estimated Useful Lives (in years)</i>	<i>2024</i>
Land	N/A	\$ 882,928
Buildings	37	3,885,479
Furniture and equipment	0-4	741,608
Parking lot	12	9,222
Signs	4-12	46,293
Total property and equipment		5,565,530
Less: accumulated depreciation		(1,580,000)
Property and equipment, net		\$ 3,985,530

Depreciation expense for the year ended December 31, 2024 was \$154,008.

Emerald Coast Association of Realtors, Inc.
Notes to Financial Statements

NOTE 6: OTHER LIABILITIES

MLS security deposits are retained by the Association and reported in other liabilities. These deposits are refundable when a member becomes inactive, and the member's receivable balance is zero. State and national realtor association dues are billed in advance with the member's local dues billing. Dues are billed in September each year for the following calendar year and are due by January 10. Dues collected prior to December 31 for other organizations are not included in revenues but are included as other liabilities. Other liabilities consist of the following:

<i>December 31,</i>	2024
MLS security deposits	\$ 128,530
Miscellaneous liabilities	<u>23,553</u>
Total	\$ 152,083

NOTE 7: FAIR VALUE MEASUREMENTS

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices, such as:

- 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; or
 - can be corroborated by observable market data.

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 valuation 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 maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Emerald Coast Association of Realtors, Inc.
Notes to Financial Statements

NOTE 7: FAIR VALUE MEASUREMENTS (Continued)

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, 2024 from prior years.

Common Stocks: Valued at the closing price reported on the active market on which the individual securities are traded.

Corporate Bonds: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

Mutual Funds: Valued at the daily closing price as reported by the fund. Mutual funds held by ECAR are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by ECAR are deemed to be actively traded.

U.S. Government and Agency Securities: Valued using pricing models maximizing the use of observable inputs for similar securities.

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 ECAR 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 a different fair value measurement at the reporting date.

The following tables set forth by level, within the fair value hierarchy, ECAR's investment assets at fair value as of December 31, 2024:

<i>December 31, 2024</i>	Amortized					<i>Total</i>
	<i>Cost</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>		
Common stocks	\$ -	\$ 1,065,990	\$ -	\$ -	\$ -	\$ 1,065,990
Corporate bonds	-	-	120,051	-	-	120,051
Mutual funds	-	300,404	-	-	-	300,404
U.S. Government and agencies	-	-	273,837	-	-	273,837
Brokered certificates of deposit	1,212,975	-	-	-	-	1,212,975
Total investments	\$ 1,212,975	\$ 1,366,394	\$ 393,888	\$ -	\$ -	\$ 2,973,257

Changes in Fair Value Levels

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

Emerald Coast Association of Realtors, Inc.
Notes to Financial Statements

NOTE 7: FAIR VALUE MEASUREMENTS (Continued)

Management evaluated the significance of transfer between levels based upon the nature of the financial instrument and size of the transfer relative to total net assets available for benefits. For the year ended December 31, 2024, there were no significant transfers in or out of Levels 1, 2 or 3.

NOTE 8: CONCENTRATION OF CASH CREDIT RISK

ECAR maintains its cash accounts at federally insured financial institutions. Cash balances are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 per financial institution. At times, ECAR has cash balances on deposit that exceed the balance insured by the FDIC.

NOTE 9: LEASES

In March 2021, ECAR entered into a five-year lease agreement for six copy machines. As of December 31, 2024, assets recorded under operating leases totaled \$22,105.

The components of lease expense were as follows:

<i>For the year ended December 31,</i>	<i>2024</i>
Operating equipment lease cost- minimum lease payments	\$ 19,524
Operating equipment lease cost	\$ 19,524

Other information related to leases was as follows:

<i>For the year ended December 31,</i>	<i>2024</i>
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases - minimum lease payments	\$ 19,524
	<u>\$ 19,524</u>

Emerald Coast Association of Realtors, Inc.
Notes to Financial Statements

NOTE 9: LEASES (Continued)

<i>For the years ended December 31,</i>	2024
Weighted average remaining lease term	
Operating leases	1.17 years
Weighted average discount rate	
Operating leases	5.58%
Future minimum lease payments under non-cancellable leases as of December 31, 2024, were as follows:	
	Operating Leases
<i>For the years ending December 31,</i>	
2025	\$ 19,524
2026	<u>3,254</u>
Total future minimum lease payments	22,778
Less imputed interest	<u>(673)</u>
Present value of lease liabilities	<u>\$ 22,105</u>
Reported as of December 31, 2024	
Operating lease liabilities, current	\$ 19,524
Operating lease liabilities, noncurrent	<u>2,581</u>
Total	<u>\$ 22,105</u>

NOTE 10: REVENUE

ECAR is recognizing revenue over time for its member dues. As of December 31, 2024, there is \$855,560 of performance obligations to be satisfied, of which all will be recognized as revenue in 2025. These performance obligations are based upon services pending for prepaid membership dues received for the 2025 calendar year.

ECAR's method of recognizing revenues is the input method for performance obligations to be utilized over time.

Emerald Coast Association of Realtors, Inc.
Notes to Financial Statements

NOTE 10: REVENUE (Continued)

Disaggregated Revenue

For the year ended December 31,

2024

Recognized over time

Member dues	\$ 1,656,961
Member service fees	2,309,225
Committees	248,497
Information systems	84,377
Other income	17,058

Recognized at a point in time

Administrative fees	240,589
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Not subject to ASC Topic 606

Interest	122,216
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Total revenue	\$ 4,678,923
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Approximately 92% of the revenue earned was over time consisting of member dues, member service fees, committee revenues, information system revenues, and other income. The remaining 8% of Association revenue was recognized at a point in time or not subject to *ASC Topic 606*.

ECAR's membership primarily consists of local realtors located in the Okaloosa and Walton counties in Florida.

Contract Balances

December 31,

2024

Accounts receivable, net - beginning balance	\$ 94,481
Accounts receivable, net - ending balance	56,079

Contract assets - no beginning or ending balance for the year

Contract liabilities

Performance obligation liabilities - beginning balance	984,100
Performance obligation liabilities - ending balance	855,560

Emerald Coast Association of Realtors, Inc.
Notes to Financial Statements

NOTE 11: CONTRACT COMMITMENTS

ECAR is under contract with a company to provide an internet-accessible MLS program which allows members to enter, search and retrieve data related to real estate sales listings. The contract expired in March 2022 and was renewed for an additional three years. Under the renewed contract, ECAR is required to pay \$6.60 per member per month if less than 4,000 members, \$6.20 per member per month if 4,000 but less than 5,000 members, and \$6.10 per member per month if 5,000 or more members. The renewed contract includes an inflation adjustment of 2% every 12 months.

NOTE 12: DEFINED CONTRIBUTION PLAN

ECAR established a 401(k) defined contribution plan that covers all employees of ECAR during 2018. The plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). Participants may contribute a percentage of their annual compensation to the plan not to exceed the limits allowable by the Internal Revenue Service. ECAR makes contributions to the plan on behalf of the participant equal to 100% of the participant's contribution, limited to 3% of the participant's annual compensation. ECAR's matching contributions including accruals to the plan totaled \$34,516 during 2024. The expense is reported under salaries, wages and related costs in the accompanying statement of functional expenses.

NOTE 13: LONG-TERM DEBT AND INTEREST RATE SWAP AGREEMENT

ECAR obtained a construction note payable with a financial institution for the construction of an office building. The note payable with an original notional balance of \$1,480,809 requires monthly interest only payments for the first 15 months and then monthly principal and interest payments of \$9,609. The note bears interest at 220 basis points over the one-month USD-SOFR CME Term rate as adjusted monthly (4.49% plus 2.20% spread as of December 31, 2024), and matures on February 23, 2037 with a balloon payment of \$634,782 due at maturity. The note is collateralized with land, buildings, equipment, cash, investments, and other assets acquired with the original loan funds. Net book value of the property and equipment collateral totals \$2,929,479 for the year ended December 31, 2024.

ECAR entered into an interest rate swap agreement to fix the monthly payments regardless of changes in the note's variable interest rate. The interest rate swap agreement provides a fixed rate to ECAR of 4.42%. ECAR's specific goal is to minimize the impact of changes in interest rates on its floating rate long- term debt. Under the swap contract, ECAR pays interest at 4.42%. The financial institution received 6.69% as of December 31, 2024. The swap holder either receives or pays the difference between these two rates. The notional amount under the swap decreases as principal payments are made on the note so that the notional amount equals the principal outstanding under the note. ECAR did not fully draw down on the available funds until after December 31, 2024, therefore there is a temporary difference in the notional value of \$51,669. The swap is designed to hedge the risk of changes in interest payments on the note caused by changes in the one-month USD-SOFR CME Term rate.

Emerald Coast Association of Realtors, Inc.
Notes to Financial Statements

NOTE 13: LONG-TERM DEBT AND INTEREST RATE SWAP AGREEMENT (Continued)

The swap was issued at market terms so that it had no fair value at its inception. The carrying amount of the swap has been adjusted to its fair value at the end of the year, which because of changes in forecasted levels of LIBOR resulted in reporting an asset for the fair value of the future net payments forecasted under the swap. The asset is classified as noncurrent since management does not intend to settle the correlating debt during 2025. Since the critical terms of the swap and the note are the same, the swap is assumed to be completely effective as a hedge, and none of the change in its fair value is included in current year earnings. Accordingly, all of the adjustment of the swap's carrying amount is reported as nonoperating income.

ECAR has an interest rate swap agreement related to the note payable with a notional balance of \$1,448,053 as of December 31, 2024, per the interest rate swap agreement. The swap agreement has a trade date of February 22, 2023, an effective date of March 23, 2024, and a maturity date of February 23, 2037. The interest rate on the swap agreement is 4.42%, whereby the bank accepts interest on the outstanding balance of the note payable at this 4.42% fixed rate. The fair value of the swap agreement as of December 31, 2024 totaled \$193,543 which is reported as an asset under interest rate swap in the accompanying Combined Balance Sheets. Changes of the swap agreement in the amount of \$53,704 in 2024 is included as an unrealized gain in the nonoperating income section on the Statement of Activities.

Long-term debt consists of the following:

<i>December 31,</i>	<i>2024</i>
Note payable to financial institution, initial variable rate fixed rate of 4.42%, secured by collateral with a net book value of \$2,929,479, amortized over 240 months and payable over 164 monthly payments, matures February 2037	\$ 1,443,778
Less: unamortized debt issuances costs	(28,059)
Less: current portion	(51,659)
Long-term debt, less current portion, net of amortization	<u>\$ 1,364,060</u>

Interest expense related to the loan was \$76,058 for the year ended December 31, 2024.

Emerald Coast Association of Realtors, Inc.
Notes to Financial Statements

NOTE 13: LONG-TERM DEBT AND INTEREST RATE SWAP AGREEMENT (Continued)

Maturities of long-term debt subsequent to December 31, 2024 consists of the following:

<i>December 31,</i>	2024
2025	\$ 51,659
2026	54,023
2027	56,494
2028	58,917
2029	61,774
Thereafter	<u>1,160,911</u>
 Total	 <u>\$ 1,443,778</u>

NOTE 14: SUBSEQUENT EVENTS

Effective January 1, 2025 MLS operations have been split out as a 100% owned for profit subsidiary as approved by the board of directors. Subsequent financial statements will be consolidated to reflect the change. Overall services by the consolidated company will be similar to prior years.