

PROPERTY RECORDS INDUSTRY ASSOCIATION
RALEIGH, NC

FINANCIAL STATEMENTS

FOR THE YEARS ENDED
July 31, 2020 and 2019

OFFICERS

Larry Burtness	President
Mark Ladd	Past President
Jerry Lewallen	Vice President
Gerald Smith	Secretary
Annette Hill	Treasurer

DIRECTORS

Elizabeth Blosser	Diane Swoboda Peterson
Brian Ernissee	Penny Reed
Joyce Mascena	Dan Shmukler
Sharon Martin	Chris Walker
Jana Miyasaki	

PROPERTY RECORDS INDUSTRY ASSOCIATION

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Certified Public Accountants

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

The Board of Directors
Property Records Industry Association
110 Horizon Drive, Suite 210
Raleigh, North Carolina 27615

We have reviewed the accompanying statements of assets and net assets of the Property Records Industry Association, a nonprofit Corporation, as of July 31, 2020 and 2019 and the related statements of support, revenue, and expenses, statements of functional expenses, and statements of cash flows for the years 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 organization 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 the 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 the 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 accounting principles generally accepted in the United States of America. 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 financial statements, in order for them to be in conformity with accounting principles generally accepted in the United States of America.



JOYCE AND COMPANY, CPA
Cary, North Carolina

October 28, 2020

PROPERTY RECORDS INDUSTRY ASSOCIATION

STATEMENTS OF ASSETS AND NET ASSETS

July 31, 2020 and 2019

ASSETS		
	2020	2019
CURRENT ASSETS		
Cash and cash equivalents	\$ 564,478	\$ 470,175
Investments	128,021	298,035
Accounts receivable	8,274	19,355
Prepaid expenses	-	8,286
Total current assets	700,773	795,851
FIXED ASSETS		
Equipment	1,467	1,467
Website	16,764	-
Less accumulated depreciation	(1,920)	(1,242)
Fixed assets, net of depreciation	16,311	225
TOTAL ASSETS	\$ 717,084	\$ 796,076
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 1,842	\$ 2,516
Deferred revenues	112,391	245,636
Total current liabilities	114,233	248,152
NET ASSETS		
Without donor restrictions	602,851	547,924
TOTAL LIABILITIES AND NET ASSETS	\$ 717,084	\$ 796,076

See independent accountants' review report and accompanying notes.

PROPERTY RECORDS INDUSTRY ASSOCIATION
STATEMENTS OF SUPPORT, REVENUE AND EXPENSES

For the years ended July 31, 2020 and 2019

	2020		Variance Favorable (Unfavorable)	2019
	Budget	Actual		Actual
REVENUES WITHOUT DONOR RESTRICTIONS				
Membership Dues	\$ 212,055	\$ 218,464	\$ 6,409	\$ 205,590
Conferences	229,950	272,225	42,275	215,321
Advertising	14,300	15,779	1,479	14,670
Interest	7,200	4,499	(2,701)	4,420
Unrealized gains/(losses)	-	(14)	(14)	35
Miscellaneous	4,250	3,724	(526)	6,803
Total without donor restrictions revenues	467,755	514,677	46,922	446,839
EXPENSES WITHOUT DONOR RESTRICTIONS				
Program Services				
Conventions	271,783	277,954	(6,171)	229,972
PRIA Local	14,910	13,650	1,260	14,857
Newsletter	2,289	2,289	-	4,079
Database	5,264	5,264	-	6,980
Standards and best practices	13,477	19,486	(6,009)	7,836
Website	19,165	19,852	(687)	12,501
Subtotal program services	326,888	338,495	(11,607)	276,225
Supporting services				
Management fees	86,327	86,327	-	75,568
Board activities	10,250	602	9,648	8,960
Committee activities	4,200	4,912	(712)	3,364
Membership marketing	30,200	5,515	24,685	38,776
Travel	2,500	-	2,500	445
Insurance	2,800	2,745	55	2,725
Bank charges	7,000	8,549	(1,549)	8,452
Postage and shipping	200	72	128	645
Professional fees	3,100	3,100	-	7,520
Telephone	1,180	538	642	1,591
Office supplies	500	683	(183)	662
Printing	200	-	200	633
Depreciation	-	678	(678)	294
Scholarships	4,000	2,829	1,171	4,606
Miscellaneous	3,410	4,705	(1,295)	4,056
Total without donor restrictions expenses	482,755	459,750	23,005	434,522
INCREASE (DECREASE) IN NET ASSETS WITHOUT DONOR RESTRICTIONS				
	\$ (15,000)	54,927	\$ 69,927	12,317
NET ASSETS - Beginning of year		547,924		535,607
NET ASSETS - End of year		\$ 602,851		\$ 547,924

See independent accountants' review report and accompanying notes.

PROPERTY RECORDS INDUSTRY ASSOCIATION

STATEMENTS OF FUNCTIONAL EXPENSES

For the years ended July 31, 2020 and 2019

	<u>2020</u>		
	Program Services	Supporting Services Management & General	Total
Conventions	\$ 227,371	\$ -	\$ 227,371
PRIA Local	13,650	-	13,650
Standards and best practices	9,009	-	9,009
Website	7,687	-	7,687
Management fees	80,778	86,327	167,105
Board activities	-	602	602
Committee activities	-	4,912	4,912
Membership marketing	-	5,515	5,515
Insurance	-	2,745	2,745
Bank charges	-	8,549	8,549
Postage and shipping	-	72	72
Professional fees	-	3,100	3,100
Telephone	-	538	538
Office supplies	-	683	683
Depreciation	-	678	678
Scholarships	-	2,829	2,829
Miscellaneous	-	4,705	4,705
Total Expenses	\$ 338,495	\$ 121,255	\$ 459,750

	<u>2019</u>		
Conventions	\$ 181,247	\$ -	\$ 181,247
PRIA Local	14,857	-	14,857
Standards and best practices	1,342	-	1,342
Website	7,097	-	7,097
Management fees	71,682	75,568	147,250
Board activities	-	8,960	8,960
Committee activities	-	3,364	3,364
Membership marketing	-	38,776	38,776
Travel	-	445	445
Insurance	-	2,725	2,725
Bank charges	-	8,452	8,452
Postage and shipping	-	645	645
Professional fees	-	7,520	7,520
Telephone	-	1,591	1,591
Office supplies	-	662	662
Printing	-	633	633
Depreciation	-	294	294
Scholarships	-	4,606	4,606
Miscellaneous	-	4,056	4,056
Total Expenses	\$ 276,225	\$ 158,297	\$ 434,522

See independent accountants' review report and accompanying notes.

PROPERTY RECORDS INDUSTRY ASSOCIATION

STATEMENTS OF CASH FLOWS

For the years ended June 30, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 54,927	\$ 12,317
Adjustments to reconcile increase in unrestricted net assets to net cash provided by operating activities:		
Depreciation	678	294
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	11,081	4,159
Prepaid expenses	8,286	(1,601)
Increase (decrease) in:		
Accounts payable	(674)	571
Deferred revenues	(133,245)	8,462
Cash provided (used) by operating activities	<u>(58,947)</u>	<u>24,202</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(16,764)	-
Sale of investment securities	170,014	-
Purchase of investments securities	-	(298,035)
Cash provided (used) by investment activities	<u>153,250</u>	<u>(298,035)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS:	94,303	(273,833)
CASH AND CASH EQUIVALENTS - Beginning of year	<u>470,175</u>	<u>744,008</u>
CASH AND CASH EQUIVALENTS - End of year	<u><u>\$ 564,478</u></u>	<u><u>\$ 470,175</u></u>

See independent accountants' review report and accompanying notes.

PROPERTY RECORDS INDUSTRY ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

July 31, 2020 and 2019

NOTE 1 – OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of operations

The Property Records Industry Association is a non-profit 501 (c) (6) organization and incorporated under the laws of Delaware. The primary purpose of the Association is to bring together government and business to foster dialogue among property record industry participants, to promote mutual understanding of different perspectives on issues of common interest and to develop consensus leading to shared national standards.

Basis of accounting

The Association prepares its financial statements on the full accrual basis of accounting whereby revenues are recognized when earned and expenses are recognized when incurred.

Basis of representation and reclassification

The financial statements of Property Records Industry Association have been prepared in accordance with U.S. generally accepted accounting principles (“US GAAP”), which require the Association to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These assets may be used at the discretion of the Association’s management and the board of directors.

Functional expense allocations

Indirect expenses such as management fees have been allocated to program services according to management’s estimates. Management fees were allocated to programs, based on estimates of time spent, for the years ended July 31, 2020 and 2019:

	2020	2019
Convention	\$ 50,583	\$ 48,725
Newsletter	2,289	4,079
Database	5,264	6,980
Webinars	12,165	5,404
Standards/Best Practices	10,477	6,494
Supporting services	86,327	75,568
Total management fees	<u>\$ 167,105</u>	<u>\$ 147,250</u>

PROPERTY RECORDS INDUSTRY ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

July 31, 2020 and 2019

NOTE 1 – OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents

For financial statement purposes, the Association considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Liquidity and availability

As of July 31, 2020, Property Records Industry Association has financial assets available to meet general expenditures of \$692,499 and average days (based of normal expenditures) cash on hand of 432.

Financial assets available for general expenditures within one year of the balance sheet date, consist of the following:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 564,478	\$ 470,175
Investments	<u>128,021</u>	<u>298,035</u>
Total	<u>\$ 692,499</u>	<u>\$ 768,210</u>

As part of the association's liquidity management plan, cash in excess of current requirements are invested in mutual funds.

Depreciation

The cost of equipment and software with an original cost exceeding \$500 and an estimated useful life of more than one year is depreciated using the straight-line method over an estimated useful life of two to seven years.

NOTE 2 – CONCENTRATION OF CREDIT RISK

The Association at times throughout the year may maintain certain bank accounts in excess of FDIC insured limits. At July 31, 2020 and 2019, the Association's uninsured cash balances totaled \$123,718 and \$0, respectively.

PROPERTY RECORDS INDUSTRY ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

July 31, 2020 and 2019

NOTE 3 – FAIR VALUE OF FINANCIAL ASSETS

Fair value is defined as the price that would be received for an asset or the exit price that would be paid to transfer a liability in an orderly transaction between market participants on the measurement date. The Association utilizes market data or assumptions that market participants would use in pricing the asset or liability. A three-tier fair value hierarchy is used to prioritize the inputs used in measuring fair value.

These tiers include: Level 1, defined as observable inputs such as quoted prices in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs about which little or no market data exists, therefore requiring an entity to develop its own assumptions.

The following table sets forth the financial assets and liabilities as of July 31, 2020 and 2019 that we measured at fair value on a recurring basis by level with the fair value hierarchy. As required, assets and liabilities measured at fair value are classified in their entirety based on the lowest level of input that is significant to their fair value measurement.

Assets at Fair Value as of July 31, 2020

		Fair Value Measurements Using		
		Level 1 Quoted Prices in Active Markets for Identical Assets	Level 2 Significant Other Observable Inputs	Level 3 Significant Unobservable Inputs
Mutual funds	Total	\$ 128,021	\$ -	\$ -
	Total	\$ 128,021	\$ -	\$ -

Assets at Fair Value as of July 31, 2019

		Fair Value Measurements Using		
		Level 1 Quoted Prices in Active Markets for Identical Assets	Level 2 Significant Other Observable Inputs	Level 3 Significant Unobservable Inputs
Mutual funds	Total	\$ 298,035	\$ -	\$ -
	Total	\$ 298,035	\$ -	\$ -

NOTE 4 – INCOME TAX EXEMPTION AND UNRELATED BUSINESS TAXABLE INCOME

The Association is exempt from federal and state income tax under Section 501(a) of the Internal Revenue Code (IRC) and is classified under Section 501 (c) (6) as a business league and North Carolina General Statutes 105-130.11 (a) (4). In management’s opinion, the Association has not engaged in any activity that would warrant the revocation of this exempt status by the Internal Revenue Service or the North Carolina Department of Revenue.

PROPERTY RECORDS INDUSTRY ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

July 31, 2020 and 2019

NOTE 4 – INCOME TAX EXEMPTION AND UNRELATED BUSINESS TAXABLE INCOME
(continued)

The Association has its fiscal tax years ending July 31, 2017 through 2019 open to examination by federal and state tax jurisdictions. The Association has not been informed by any tax authorities for any jurisdiction that any of its tax years are under examination as of October 28, 2020.

Unrelated business taxable income has been computed in accordance with IRS regulations as follows:

	2020	2019
Advertising revenues	\$ 15,779	\$ 14,670
Direct and indirect expenses	8,637	8,747
Unrelated business taxable income	<u>\$ 7,142</u>	<u>\$ 5,923</u>
Related federal and state income taxes	<u>\$ 1,809</u>	<u>\$ 1,501</u>

NOTE 5 – ORGANIZATION MANAGEMENT

The Association utilizes the services of an independent company for management. The management company invoices the Association for management fees, travel, office and other expenses which the management company incurs on the Association's behalf.

NOTE 6 – DEFERRED REVENUE

Deferred revenue represents member renewals and conference registration fees collected in the current fiscal year which apply to subsequent years. Deferred revenues amounted to \$112,391 and \$245,636 at July 31, 2020 and 2019, respectively.

NOTE 7 – ACCOUNTING STANDARD CHANGE

Effective January 1, 2019, the Association adopted the guidance issued in Accounting Standards Codification 606, "Revenue Recognition - Revenue from Contracts with Customers." ASC 606 provides that revenues are to be recognized when control of promised goods or services is transferred to a customer in an amount that reflects the consideration expected to be received for those goods or services. The standard does not change the recognition of annual membership dues.

The Association adopted ASC 606 as of January 1, 2019, using the modified retrospective method. This method allows the standard to be applied retrospectively through a cumulative catch up adjustment recognized upon adoption. As such, information in the Association's financial statements has not been restated and continues to be reported under the accounting standards in effect for those periods. There was no impact on the financial statements upon adoption of ASC 606.

PROPERTY RECORDS INDUSTRY ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

July 31, 2020 and 2019

NOTE 8 – SUBSEQUENT EVENTS

In preparing these financial statements, the Association has evaluated events and transactions for potential recognition or disclosure through October 28, 2020, the date the financial statements were available to be issued.