

Executive Board Financial Guide



Why Financial Understanding Matters

The Executive Board is Texas REALTORS' primary policy decision-making body. As Executive Board members, Regional Vice Presidents must understand the Association's financial position so they can evaluate resources, obligations, risks, and priorities before making policy decisions.

Quarterly financial updates provide a consistent view of current conditions and help the Board distinguish routine timing differences from matters that may require monitoring or action.

Quarterly Review Process

1

Before The Meeting
Current statements are provided for review.

2

Review The Statements
Examine position, activity, and cash flow.

3

During The Meeting
The Secretary/Treasurer presents the report.

Financial Statements Provided

Balance Sheet

A snapshot of financial position as of the statement date.

- Assets - resources owned or controlled.
- Liabilities - amounts and obligations owed.
- Net assets - the balance remaining after liabilities.

Income Statement

Financial activity over a period, typically year to date.

- Revenue - income generated or received.
- Expenses - costs of programs and operations.
- Net income - revenue less expenses for the period.

Statement Of Cash Flows

How cash increased or decreased during the period.

- Operating activities - cash from core activities.
- Investing activities - investment and asset transactions.
- Net change and ending cash - the cash reconciliation.

How The Two Guides Work Together

- How To Read A Financial Statement explains the documents, key sections, and comparisons to budget and prior years.
- Understanding A Financial Report explains how the Secretary/Treasurer's presentation summarizes results and connects them to Executive Board oversight.

How To Read A Financial Statement

Balance Sheet

A balance sheet is a snapshot of financial position as of the date of the financial statement. It contains assets, liabilities, and net assets. Compare the Current Year, Prior Year, and Difference columns.

Texas Association of Realtors Balance Sheet As of June 30, 20XX			
	Current Year	Prior Year	Difference
Assets			
Current Assets			
Cash and Cash Equivalents	\$5,600,000	\$2,600,000	\$3,000,000
Accounts Receivable, Net	110,000	122,000	(12,000)
Prepaid Expenses	2,050,000	1,160,000	890,000
Total Current Assets	\$7,760,000	\$3,882,000	\$3,878,000
Long-term Investments	109,500,000	94,500,000	15,000,000
Property and Equipment, Net	3,300,000	3,470,000	(170,000)
Total Assets	\$120,560,000	\$101,852,000	\$18,708,000
Liabilities and Net Assets			
Total Liabilities	\$925,000	\$1,000,000	(\$75,000)
Total Net Assets	119,635,000	100,852,000	18,783,000
Total Liabilities and Net Assets	\$120,560,000	\$101,852,000	\$18,708,000

1 Current Amount
The Current Year balance on the reporting date.

2 Comparison Columns
Prior Year and dollar Difference.

3 Statement Sections
Assets, liabilities, and net assets.

4 Key Totals
Assets equal liabilities plus net assets.

Sample figures approximate the June 2026 statements but are not actual reported amounts.

How To Read A Financial Statement

Income Statement

An income statement shows financial activity over a certain period of time, which is typically "year to date". Revenue minus expenses equals net income. Compare actual results with budget and prior years.

Texas Association of Realtors Income Statement Year To Date Through June 30, 20XX				
	Actual	Budget	Variance	Prior Year
Revenue				
Dues	\$17,920,000	\$17,366,000	\$554,000	\$18,585,000
Investment Income	2,161,000	1,251,000	910,000	4,602,000
Total Revenue	\$33,255,000	\$25,799,000	\$7,456,000	\$36,855,000
Expenses				
Core Operations	\$8,450,000	\$8,700,000	(\$250,000)	\$8,390,000
Programs and Services	9,642,000	8,416,000	1,226,000	9,589,000
Total Expenses	\$18,092,000	\$17,116,000	\$976,000	\$17,979,000
Net Income	\$15,163,000	\$8,683,000	\$6,480,000	\$18,876,000

- 1** Actual
Results through the statement date.
- 2** Budget
Expected results for the same period.
- 3** Variance
Actual minus budget; review the reason.

Statement Of Cash Flows

A statement of cash flows explains why cash increased or decreased. It separates operating and investing activity, then reconciles the period's cash movement.

Texas Association of Realtors Statement of Cash Flows - Indirect Method Year To Date Through June 30, 20XX		
Cash Flows From Operating Activities		
Net Cash Used By Operating Activities		(\$596,000)
Cash Flows From Investing Activities		(\$1,938,000)
Increase (Decrease) In Cash		(\$2,534,000)
Cash, End of Period		\$5,587,000

- 1** Activity Type
Source or use of cash.
- 2** Cash Change
Net cash movement.
- 3** Ending Cash
Agrees with the balance sheet.

Understanding A Financial Report

The Secretary/Treasurer's report highlights the most important information in the quarterly statements. It supports, but does not replace, review of the full statements. Focus on the reporting date, current result, comparison, and explanation.

Typical Order Of The Report

The report moves from financial position and liquidity to operating results and significant budget variances.

Financial Position

Liquidity And Funds

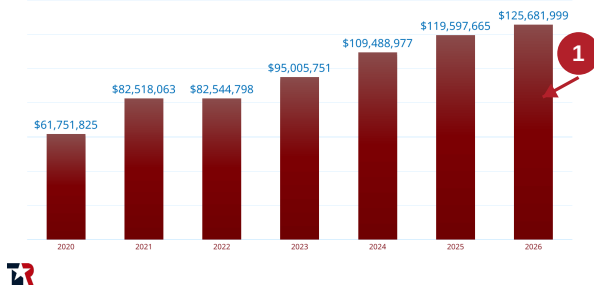
Operating Results

Budget Variances

Balance Sheet Indicators In The Presentation

Trend slides summarize the balance sheet. Find the latest amount, identify the comparison, and listen for what caused the change.

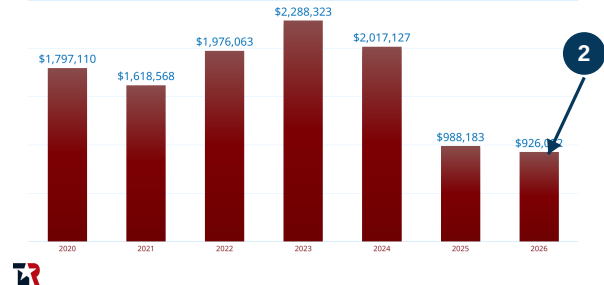
Total Assets – June 2026



Total Assets

The latest bar shows the current amount. Earlier bars provide context. The presentation should explain the largest asset categories and major changes.

Total Liabilities – June 2026



Total Liabilities

Compare the latest amount with the prior year. Listen for the balance's major components and whether obligations are short term or long term.

The Governance Lens

Executive Board members use the report to connect financial results to the association's ability to meet obligations, protect designated funds, and carry out approved priorities.

Useful Questions

- What caused the change, and is it mainly timing?
- Does the change affect cash, reserves, a designated fund, or a planned commitment?
- Does the Executive Board need to act, or should it continue monitoring the item?

Understanding A Financial Report

Four Questions For Every Slide

Use the same four questions throughout the report to separate the figure, comparison, explanation, and Board relevance.

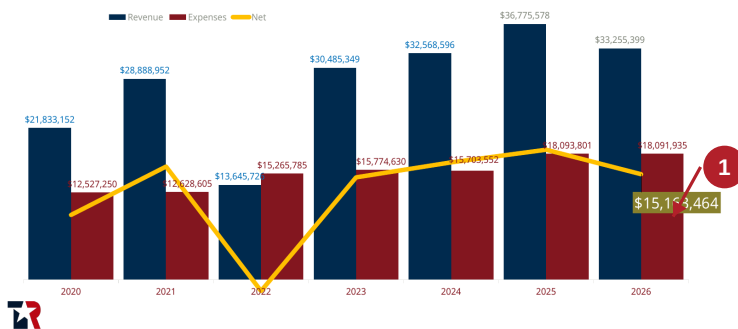
1 What is the Current Position?

2 As Compared to Budget & Prior Years?

3 What Explains any Changes?

4 What's the implication for the Association?

Revenue & Expenses – June 2026



Revenue And Expenses

This slide summarizes the income statement. Identify current revenue, expenses, and net income, then compare the latest year with the prior year.

The presentation should explain timing, investment activity, and expenses expected later in the year.

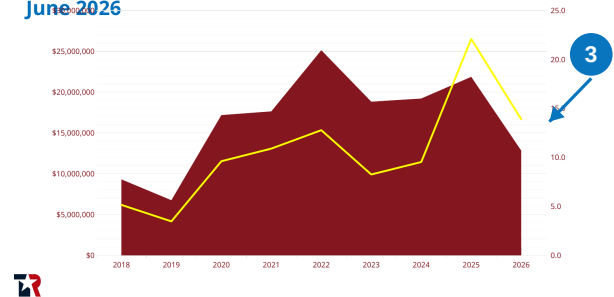
A positive midyear net amount is a point-in-time result, not a full-year forecast.

Top 20 Budget Variances - June 30, 2026			
Revenue	General & Administrative	Interest/Dividends/Gains/(Losses)	\$909,323
	General & Administrative	Dues	\$55,173
	Legal Affairs	Forms Licensing Agreements	\$166,173
	Association & Member Development	Instructor Development	\$37,806
	Meetings	Winter Meeting	\$25,173
	Association & Member Development	Continuing Education (CE)	(\$49,689)
	Building Operations	Suite 120	(\$51,870)
	Building Operations	Suite 130	(\$52,530)
	Building Operations	Suite 110	(\$72,312)
	Association & Member Development	Qualifying Education	(\$88,450)
Expense	General & Administrative	Staff/HR	(\$992,323)
	Meetings	Conference	(\$577,736)
	Association & Member Development	Leadership Training	(\$98,545)
	Governmental Affairs	Governmental Affairs Outreach	(\$84,531)
	Communications & Marketing	TexasRealEstate.com	(\$58,384)
	Governmental Affairs	Public Policy & Lobbying	\$66,194
	Meetings	Winter Meeting	\$100,332
	Executive Expenses	Core Operations	\$163,255
	General & Administrative	Professional Fees	\$277,841
	Communications & Marketing	Public Relations/Consumer advertising	\$317,497

Budget Variances

Check whether each item is revenue or expense before deciding whether a variance is favorable. Focus on material items and management's explanation.

Total Current Assets Over Total Current Liabilities – June 2026



Current Ratio

The current ratio equals current assets divided by current liabilities. It gauges near-term capacity. The latest point should align with the balance sheet.