



BoD Orientation & Leadership Training
January 28, 2026

Financial Governance Overview

CORPORATE STRUCTURE:

The **Association** and the **MLS** are separate legal entities:

- Separate financial records
- Separate tax returns

The **MLS** is **wholly owned** by the **Association**

The **Association** is a **501(c)(6)** organization:

- A nonprofit business league that supports an industry or profession and reinvests income to serve its members
- Tax-exempt on mission-related income
- Not a 501(c)(3) charitable organization

The **MLS** is a **for-profit** corporation

BUDGET:

Annual Budget Process

The Budget/Finance Committee and CEO, in collaboration with Bruin & Associates, prepare a combined annual operating budget for the Association and MLS. The proposed budget is presented to the Board of Directors for review and final approval.

2026 Budget Summary

Entity	Projected Result
Association	\$<149,348>
MLS	<u>\$ 106,388</u>
Combined	\$< 42,960>

Note: The combined budget reflects a planned deficit consistent with the Association's reserve and investment policies.

RESERVE FUNDS:

The Association is required to maintain reserves equal to at least six (6) months of operating expenses.

- For 2026, this requirement equals approximately \$477,000.
- As of December 31, 2025, the Association holds 12.5 months of operating expenses in reserve.

Financial Oversight Structure:

- **Monthly:**

Financial reports are prepared by Bruin & Associates and reviewed by the CEO, Budget/Finance Committee, and Board of Directors to ensure timely oversight and informed decision-making.

- **Quarterly:**

An independent CPA reviews financial activity to provide professional oversight and ensure compliance with accepted accounting standards.

- **Annually:**

A full financial audit is conducted every five years, with independent financial reviews performed in the interim years. Additional audits may be conducted following executive leadership changes or at any time deemed necessary by the Board of Directors.