

Indiana School of Real Estate

April 2018

EXECUTIVE SUMMARY

Balance Sheet:

1. The School's cash balance decreased by \$12,000 during April with an ending balance of \$80,000.
2. Prepaid expenses increased by \$6,000 due to expenses for new courses that will be amortized over the life of the course.
3. Accounts Payable increased by \$16,000 mostly due to invoices received for curriculum-related expenses, with an ending balance of \$35,000.
4. Unearned registration fees decreased by \$23,000 due to revenue recognized for April courses. Ending balance was \$51,000, which represents courses paid for with start date of May or after.
5. The amount Due to IAR decreased by \$13,000, with an ending balance of \$366,000.

Income Statement:

6. The School's net income for the month was \$15,000 compared to budget of \$1,000.
7. YTD net income was \$89,000 and was above the YTD budget of \$4,000 by \$85,000.
8. Compared to the prior year, YTD net income was \$64,000 higher.
9. Total revenue for April was \$132,000 and was above the monthly budget of \$101,000 by \$31,000 or 31%.
10. YTD total revenue was \$528,000 and was above the YTD budget of \$402,000 by \$126,000 or 31%.
11. Compared to the prior year, YTD total revenue was \$57,000 or 12% higher.
12. Total expenses for April were \$116,000 vs budget of \$99,000 – over budget by \$17,000 or 17%, mostly due to instructor compensation and curriculum.
13. YTD expenses were \$439,000 and were above the YTD budget of \$399,000 by \$41,000 or 10%, mostly due to staff compensation, instructor compensation, honorarium/speaker fees and curriculum.
14. Compared to the prior year, YTD expenses were lower by \$7,000 or 2%.

**Indiana School of Real Estate
Balance Sheet (Detail)**

April 30, 2018

| | 04/30/2018 | 03/31/2018 | Difference |
|---|-----------------------|-----------------------|-----------------------|
| ASSETS | | | |
| Current Assets | | | |
| Checking/Savings | | | |
| 1000 - Cash Accounts | | | |
| 1022 - ISRE Checking | 80,275 | 92,688 | (12,413) |
| Total 1000 - Cash Accounts | <u>80,275</u> | <u>92,688</u> | <u>(12,413)</u> |
| Total Checking/Savings | 80,275 | 92,688 | (12,413) |
| Other Current Assets | | | |
| 1200 - Accounts Receivable | | | |
| 1200 - Accounts Receivable | 2,050 | 2,050 | 0 |
| 1210 - Tuition Receivable | 10,415 | 8,906 | 1,509 |
| Total 1200 - Accounts Receivable | <u>12,465</u> | <u>10,956</u> | <u>1,509</u> |
| 1300 - Other Current Assets | | | |
| 1310 - Prepaid Expense | 35,085 | 35,545 | (459) |
| 1330 - Prepaid Curriculum | 117,701 | 111,131 | 6,569 |
| 1350 - Other Deposits | 1,560 | 1,559 | 0 |
| Total 1300 - Other Current Assets | <u>154,346</u> | <u>148,235</u> | <u>6,110</u> |
| Total Other Current Assets | <u>166,811</u> | <u>159,191</u> | <u>7,619</u> |
| Total Current Assets | <u>247,086</u> | <u>251,879</u> | <u>(4,794)</u> |
| Fixed Assets | | | |
| 1600 - Fixed Assets, Net of Deprec. | | | |
| 1605 - Land, Buildings & Equipment | | | |
| 1621 - Capital Lease | 29,485 | 29,485 | 0 |
| 1630 - Furniture, Fixtures & Equipmen | 23,294 | 23,295 | 0 |
| Total 1605 - Land, Buildings & Equipment | <u>52,779</u> | <u>52,780</u> | <u>0</u> |
| 1655 - Accumulated Depreciation | | | |
| 1670 - Accum. Amortization- Capital Lease | (9,832) | (9,832) | 0 |
| 1680 - Accum. Depreciation - FF&E | (15,829) | (15,829) | 0 |
| Total 1655 - Accumulated Depreciation | <u>(25,661)</u> | <u>(25,661)</u> | <u>0</u> |
| Total 1600 - Fixed Assets, Net of Deprec. | <u>27,118</u> | <u>27,119</u> | <u>0</u> |
| Total Fixed Assets | <u>27,118</u> | <u>27,119</u> | <u>0</u> |
| Other Assets | | | |
| 1700 - Capitalized Loan and Lease Costs | | | |
| 1730 - Capitalized Software Costs | 30,825 | 30,825 | 0 |
| 1732 - Accum Amort - Capitalized Software | (15,413) | (15,413) | 0 |
| Total 1700 - Capitalized Loan and Lease Costs | <u>15,412</u> | <u>15,412</u> | <u>0</u> |
| Total Other Assets | <u>15,412</u> | <u>15,412</u> | <u>0</u> |
| Total ASSETS | <u>289,616</u> | <u>294,410</u> | <u>(4,794)</u> |
| LIABILITIES & NET ASSETS | | | |
| Liabilities | | | |
| Current Liabilities | | | |
| Accounts Payable | | | |
| 2010 - Accounts Payable | 34,936 | 19,378 | 15,557 |
| Total Accounts Payable | <u>34,936</u> | <u>19,378</u> | <u>15,557</u> |
| Other Current Liabilities | | | |
| 2025 - Other Current Liabilities | | | |
| 2200 - GFC Lease Payable | 20,369 | 20,369 | 0 |

**Indiana School of Real Estate
Balance Sheet (Detail)**

April 30, 2018

| | 04/30/2018 | 03/31/2018 | Difference |
|--|----------------|----------------|----------------|
| Total 2025 - Other Current Liabilities | 20,369 | 20,369 | 0 |
| 2400 - Deferred Dues & Other Revenue | | | |
| 2430 - Unearned Registration Fees | 50,999 | 73,623 | (22,624) |
| Total 2400 - Deferred Dues & Other Revenue | 50,999 | 73,623 | (22,624) |
| Total Other Current Liabilities | 71,368 | 93,992 | (22,624) |
| Total Current Liabilities | 106,304 | 113,370 | (7,067) |
| Other Liabilities | | | |
| 2200 - Intercompany Loans Payable | | | |
| 2211 - Due to IAR (from ISRE) | 366,279 | 379,344 | (13,064) |
| Total 2200 - Intercompany Loans Payable | 366,279 | 379,344 | (13,064) |
| Total - Other Liabilities | 366,279 | 379,344 | (13,064) |
| Total Liabilities | 472,583 | 492,714 | (20,131) |
| NET ASSETS | | | |
| 3010 - Unrestricted Net Assets | (198,304) | (200,344) | 2,040 |
| Net Income | 15,337 | 2,040 | 13,297 |
| Total Net Assets | (182,967) | (198,304) | 15,337 |
| Total LIABILITIES & NET ASSETS | 289,616 | 294,410 | (4,794) |

**Indiana School of Real Estate
Budget Performance (Summary)**

April 30, 2018

| | 1 Month Actual | 1 Month Budget | YTD Actual | YTD Budget | Annual Budget | Prior YTD Actual |
|--|----------------------|---------------------|----------------------|---------------------|---------------------|----------------------|
| Income | | | | | | |
| 4000 - Membership Income | 120,596 | 89,046 | 460,194 | 356,189 | 1,068,557 | 376,739 |
| 4200 - Contract Fees & Event Income | 11,161 | 11,340 | 67,489 | 45,358 | 136,078 | 92,466 |
| 4300 - Royalties, Rent & Product Sales | 75 | 208 | 586 | 836 | 2,500 | 2,100 |
| 4900 - Other Income | 0 | 0 | 20 | 0 | 0 | 150 |
| Total Income | <u>131,832</u> | <u>100,594</u> | <u>528,289</u> | <u>402,383</u> | <u>1,207,135</u> | <u>471,455</u> |
| Expense | | | | | | |
| 5000 - Personnel Costs | 63,648 | 54,191 | 241,777 | 216,748 | 660,276 | 249,027 |
| 5300 - Travel & Entertainment | 98 | 1,093 | 819 | 4,356 | 13,100 | 2,971 |
| 5600 - Professional Fees | 2,142 | 2,242 | 9,070 | 9,964 | 27,900 | 9,274 |
| 5700 - Technology & Equipment | 2,101 | 4,391 | 13,011 | 17,572 | 52,700 | 12,346 |
| 5900 - Office Costs | 12,431 | 11,349 | 47,943 | 45,408 | 136,200 | 44,326 |
| 6100 - Facility Costs | 4,247 | 3,601 | 16,049 | 14,402 | 43,210 | 20,296 |
| 7100 - Programmatic Costs | 31,827 | 22,610 | 110,715 | 90,421 | 271,301 | 107,854 |
| Total Expense | <u>116,494</u> | <u>99,477</u> | <u>439,384</u> | <u>398,871</u> | <u>1,204,687</u> | <u>446,094</u> |
| Net Income (Loss) | <u>15,338</u> | <u>1,117</u> | <u>88,905</u> | <u>3,512</u> | <u>2,448</u> | <u>25,361</u> |

**Indiana School of Real Estate
Budget Performance (Detail)**

April 30, 2018

| | <u>1 Month Actual</u> | <u>1 Month Budget</u> | <u>YTD Actual</u> | <u>YTD Budget</u> | <u>Annual Budget</u> | <u>Prior YTD 04/30/2017</u> |
|---|-----------------------|-----------------------|-------------------|-------------------|----------------------|---------------------------------|
| Income | | | | | | |
| 4000 - Membership Income | | | | | | |
| 4001 - Registrations -- Members | 50,677 | 47,736 | 160,605 | 190,949 | 572,837 | 160,683 |
| 4011 - Registrations -- Non-members | 69,919 | 41,310 | 299,589 | 165,240 | 495,720 | 216,056 |
| Total 4000 - Membership Income | <u>120,596</u> | <u>89,046</u> | <u>460,194</u> | <u>356,189</u> | <u>1,068,557</u> | <u>376,739</u> |
| 4200 - Contract Fees & Event Income | | | | | | |
| 4200 - Contract Service Fees, Broker | 11,161 | 7,285 | 61,278 | 29,134 | 87,414 | 89,402 |
| 4210 - Contract Service Fees, Local | 0 | 4,055 | 6,211 | 16,224 | 48,664 | 3,064 |
| Total 4200 - Contract Fees & Event Income | <u>11,161</u> | <u>11,340</u> | <u>67,489</u> | <u>45,358</u> | <u>136,078</u> | <u>92,466</u> |
| 4300 - Royalties, Rent & Product Sales | 75 | 208 | 586 | 836 | 2,500 | 2,100 |
| 4900 - Other Income | 0 | 0 | 20 | 0 | 0 | 150 |
| Total Income | <u>131,832</u> | <u>100,594</u> | <u>528,289</u> | <u>402,383</u> | <u>1,207,135</u> | <u>471,455</u> |
| Expense | | | | | | |
| 5000 - Personnel Costs | | | | | | |
| 5010 - Compensation | 36,458 | 33,750 | 148,604 | 135,000 | 405,000 | 142,887 |
| 5020 - Bonus Pool | 0 | 0 | 0 | 0 | 10,000 | 0 |
| 5030 - Contract Labor / Temp Help | 0 | 167 | 1,249 | 664 | 2,000 | 0 |
| 5035 - Instructor Compensation | 18,483 | 11,213 | 57,074 | 44,846 | 134,550 | 65,185 |
| 5100 - Benefits & Taxes | | | | | | |
| 5110 - Health & Life Insurance | 1,936 | 3,083 | 7,710 | 12,336 | 37,000 | 11,347 |
| 5115 - Wellness Benefit | 87 | 0 | 391 | 0 | 0 | 877 |
| 5120 - Dental Insurance | 195 | 333 | 779 | 1,336 | 4,000 | 860 |
| 5125 - Disability Insurance | 191 | 267 | 744 | 1,064 | 3,200 | 1,039 |
| 5130 - Retirement Benefits | 1,732 | 1,688 | 6,892 | 6,746 | 20,250 | 6,918 |
| 5160 - Payroll Taxes | 4,555 | 3,440 | 18,323 | 13,756 | 41,276 | 19,248 |
| 5170 - Professional Development | 0 | 125 | 0 | 500 | 1,500 | 0 |
| 5180 - Dues & Subscriptions | 11 | 125 | 11 | 500 | 1,500 | 666 |
| Total 5100 - Benefits & Taxes | <u>8,707</u> | <u>9,061</u> | <u>34,850</u> | <u>36,238</u> | <u>108,726</u> | <u>40,955</u> |
| Total 5000 - Personnel Costs | <u>63,648</u> | <u>54,191</u> | <u>241,777</u> | <u>216,748</u> | <u>660,276</u> | <u>249,027</u> |
| 5300 - Travel & Entertainment | | | | | | |
| 5310 - Staff Travel Costs | | | | | | |
| 5310 - Staff Travel | 10 | 167 | 21 | 664 | 2,000 | 73 |
| 5320 - Staff Lodging | 0 | 292 | 0 | 1,164 | 3,500 | 991 |
| 5330 - Staff Mileage | 68 | 167 | 285 | 664 | 2,000 | 199 |
| 5340 - Staff Meals | 20 | 167 | 176 | 664 | 2,000 | 816 |
| 5350 - Staff Hospitality | 0 | 167 | 47 | 664 | 2,000 | 97 |

**Indiana School of Real Estate
Budget Performance (Detail)**

April 30, 2018

| | 1 Month Actual | 1 Month Budget | YTD Actual | YTD Budget | Annual Budget | Prior YTD 04/30/2017 |
|--|----------------|----------------|------------|------------|---------------|-------------------------|
| 5360 - Conference Registration Fees | 0 | 133 | 290 | 536 | 1,600 | 795 |
| Total 5310 - Staff Travel Costs | 98 | 1,093 | 819 | 4,356 | 13,100 | 2,971 |
| Total 5300 Travel & Entertainment | 98 | 1,093 | 819 | 4,356 | 13,100 | 2,971 |
| 5600 - Professional Fees | | | | | | |
| 5610 - Legal Services | 0 | 42 | 0 | 164 | 500 | 0 |
| 5620 - Audit & Tax Services | 0 | 0 | 0 | 1,000 | 1,000 | 1,000 |
| 5630 - Accounting Services | 2,142 | 2,200 | 9,070 | 8,800 | 26,400 | 8,274 |
| Total 5600 - Professional Fees | 2,142 | 2,242 | 9,070 | 9,964 | 27,900 | 9,274 |
| 5700 - Technology & Equipment | | | | | | |
| 5710 - Technology Consulting Service | 0 | 2,083 | 3,120 | 8,336 | 25,000 | 4,393 |
| 5730 - Small Equipment Purchases | 0 | 125 | 172 | 500 | 1,500 | 321 |
| 5740 - Equipment > \$1000 | 0 | 83 | 0 | 336 | 1,000 | 0 |
| 5750 - Equipment Lease Payments | 653 | 600 | 3,025 | 2,400 | 7,200 | 1,838 |
| 5760 - Software & Licensing Fees | 1,448 | 1,500 | 6,694 | 6,000 | 18,000 | 5,794 |
| Total 5700 - Technology & Equipment | 2,101 | 4,391 | 13,011 | 17,572 | 52,700 | 12,346 |
| 5900 - Office Costs | | | | | | |
| 5910 - Telephone | 0 | 250 | 267 | 1,000 | 3,000 | 535 |
| 5920 - Postage | 0 | 125 | 0 | 500 | 1,500 | 0 |
| 5925 - Shipping Expense | 467 | 166 | (855) | 672 | 2,000 | (1,906) |
| 5926 - Sales Tax | (3) | 0 | 227 | 0 | 0 | (65) |
| 5930 - Office Supplies | 243 | 125 | 1,948 | 500 | 1,500 | 1,216 |
| 5935 - Supplies for Resale | 1,008 | 83 | 1,008 | 336 | 1,000 | 1,317 |
| 5940 - Printing | 0 | 83 | 0 | 336 | 1,000 | 0 |
| 5950 - Liability Insurance | 0 | 83 | 0 | 336 | 1,000 | 0 |
| 5960 - Licenses and Fees | 447 | 167 | 1,875 | 664 | 2,000 | 723 |
| 5970 - Bank & Credit Card Fees | 3,169 | 3,167 | 15,073 | 12,664 | 38,000 | 14,106 |
| 5995 - IAR Management Fee (paid by ISRE) | 7,100 | 7,100 | 28,400 | 28,400 | 85,200 | 28,400 |
| Total 5900 - Office Costs | 12,431 | 11,349 | 47,943 | 45,408 | 136,200 | 44,326 |
| 6100 - Facility Costs | | | | | | |
| 6110 - Office Rent & Parking | 3,372 | 3,372 | 15,174 | 13,484 | 40,460 | 19,636 |
| 6150 - Janitorial-cleaning & supplies | 875 | 146 | 875 | 582 | 1,750 | 660 |
| 6170 - Property Insurance | 0 | 83 | 0 | 336 | 1,000 | 0 |
| Total 6100 - Facility Costs | 4,247 | 3,601 | 16,049 | 14,402 | 43,210 | 20,296 |
| 7100 - Programmatic Costs | | | | | | |
| 7110 - Facility Rental | 3,382 | 5,134 | 13,804 | 20,528 | 61,600 | 13,693 |
| 7120 - Catering | 805 | 667 | 1,357 | 2,664 | 8,000 | 861 |

NO ASSURANCE IS PROVIDED. SEE SELECT INFORMATION.

**Indiana School of Real Estate
Budget Performance (Detail)**

April 30, 2018

| | 1 Month Actual | 1 Month Budget | YTD Actual | YTD Budget | Annual Budget | Prior YTD 04/30/2017 |
|--------------------------------------|----------------------|---------------------|----------------------|---------------------|---------------------|-------------------------|
| 7130 - Honorarium/Speaker Fees | 2,281 | 333 | 10,777 | 1,336 | 4,000 | 2,845 |
| 7140 - Speaker Travel | 1,785 | 2,000 | 6,038 | 8,000 | 24,000 | 5,158 |
| 7160 - Event Sponsorships | 0 | 208 | 450 | 836 | 2,500 | 450 |
| 7165 - Contract Fees | 83 | 0 | 893 | 0 | 0 | 1,089 |
| 7170 - Curriculum | 20,331 | 6,841 | 65,469 | 27,364 | 82,092 | 67,159 |
| 7210 - Website Development / Hosting | 0 | 1,250 | 480 | 5,000 | 15,000 | 195 |
| 7230 - Distance Learning Portal | 3,104 | 3,697 | 8,649 | 14,777 | 44,353 | 8,930 |
| 7260 - Advertising/Marketing | 56 | 417 | 2,689 | 1,664 | 5,000 | 7,474 |
| 7270 - Research & Development | 0 | 1,980 | 0 | 7,916 | 23,756 | 0 |
| 7310 - Other Program Costs | 0 | 83 | 109 | 336 | 1,000 | 0 |
| Total 7100 - Programmatic Costs | <u>31,827</u> | <u>22,610</u> | <u>110,715</u> | <u>90,421</u> | <u>271,301</u> | <u>107,854</u> |
| Total Expense | <u>116,494</u> | <u>99,477</u> | <u>439,384</u> | <u>398,871</u> | <u>1,204,687</u> | <u>446,094</u> |
| Net Income (Loss) | <u>15,338</u> | <u>1,117</u> | <u>88,905</u> | <u>3,512</u> | <u>2,448</u> | <u>25,361</u> |

Indiana School of Real Estate
Statement of Cash Flows
Year To Date 04/30/2018

OPERATING ACTIVITIES

| | |
|--|---------------|
| Net Income | <u>88,905</u> |
| Adjustments to reconcile Net Income to net cash provided by operations | |
| 1200 - Accounts Receivable | 3,806 |
| 1210 - Tuition Receivable | (9,428) |
| 1310 - Prepaid Expense | (796) |
| 1330 - Prepaid Curriculum | (4,942) |
| 2010 - Accounts Payable | 10,026 |
| 2211 - Due to IAR (from ISRE) | (39,519) |
| 2430 - Unearned Registration Fees | 14,879 |
| Net cash provided by Operating Activities | <u>62,931</u> |
| Net cash change for period | 62,931 |
| Cash at beginning of period | <u>17,344</u> |
| Cash at end of period | <u>80,275</u> |

Indiana School of Real Estate, LLC
Historical and Budgeted Financial Statements
Selected Information
For the four months ended April 30, 2018 and Year Ending December 31, 2018

The accompanying historical financial statements and budgeted financial statements include the following departures from accounting principles generally accepted in the United States of America and the guidelines for presentation of a forecast established by the AICPA:

Historical

- The financial statements omit substantially all of the disclosures required by accounting principles generally accepted in the United States of America.
- Certain accruals and adjustments (including depreciation expense) are made on an annual basis in preparation for the organization's annual audit.
- The Budget Performance reports do not report changes in net assets among unrestricted, temporarily restricted and permanently restricted in accordance with GAAP.

Forecast/Budget

- The forecasted financial statements omit substantially all of the disclosures required by accounting principles generally accepted in the United States of America.
- The forecasted financial information omits the summary of significant accounting policies.

The effects of these departures have not been determined.

Additional Information

- The Balance Sheet includes a comparison with the period ended March 31, 2018 for additional meaningful data for management and the board.

Summary of Significant Assumptions

These financial forecasts present, to the best of management's knowledge and belief, the School's expected results of operations for the forecast periods. Accordingly, the forecasts reflect its judgment as of November 9, 2017, the date of these forecasts, of the expected conditions and its expected course of action. The assumptions disclosed herein are those that management believes are significant to the forecasts. There will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material.

Statement of Operations Assumptions

- Revenue is expected to decrease over the prior year actual by 3%, mostly due to market competition
- Salaries, benefits, and taxes are expected to decrease by 12%, mostly due to a decrease in instructor payroll for live courses as online courses are preferred by students
- Curriculum expenses are expected to decrease by 49%, due to certain courses being fully amortized in 2018
- All other expenses are expected to decrease by an average rate of 11%