

Indiana School of Real Estate

August 2017

EXECUTIVE SUMMARY

Balance Sheet:

1. The School's cash balance decreased by \$19,000 during August with an ending balance of \$24,000, mostly due to transfer to IAR during the month of \$100,000.
2. Prepaid expenses increased by \$9,000 due to invoices paid for the 90-hour pre-licensing course revision.
3. Unearned registration fees increased by \$15,000 due to the purchase of courses to be held in future months. Ending balance of unearned registration fees was \$29,000.
4. The amount Due to IAR decreased by \$4,000, with an ending balance of \$300,000, due to transfer to IAR during the month.

Income Statement:

5. The School's net loss for the month was (\$26,000) compared to budgeted net income of \$9,000.
6. YTD, the School had net income of \$75,000 compared to budgeted net income of \$70,000.
7. Compared to the prior year, YTD net income is \$80,000 or 52% lower.
8. Total revenue for August was \$81,000 and was below the monthly budget of \$98,000 by \$17,000 or 17%.
9. YTD revenue was \$965,000 and was above the YTD budget of \$783,000 by \$182,000 or 23%.
10. Compared to the prior year, YTD revenue was \$84,000 or 8% lower.
11. Total expenses for August were \$107,000 and were over budget by \$18,000 or 21%, mostly due to instructor compensation and the monthly management fee paid to IAR included in Office Costs.
12. Total expenses YTD were \$890,000 and were over budget by \$177,000 or 25%, mostly due to instructor compensation and related travel, management fee paid to IAR included in Office Costs, rent/parking paid to IAR included in Facility Costs, and Curriculum.
13. Compared to the prior year, YTD expenses were \$4,000 or less than 1% lower, mostly due to curriculum expenses.

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

August 31, 2017

	08/31/2017	07/31/2017	Difference
ASSETS			
Current Assets			
Checking/Savings			
1000 - Cash Accounts			
1022 - ISRE Checking	23,670	42,234	(18,565)
Total 1000 - Cash Accounts	<u>23,670</u>	<u>42,234</u>	<u>(18,565)</u>
Total Checking/Savings	23,670	42,234	(18,565)
Other Current Assets			
1200 - Accounts Receivable			
1200 - Accounts Receivable	7,008	9,240	(2,232)
1210 - Tuition Receivable	2,568	2,569	0
Total 1200 - Accounts Receivable	<u>9,576</u>	<u>11,809</u>	<u>(2,232)</u>
1300 - Other Current Assets			
1310 - Prepaid Expense	19,507	19,977	(470)
1330 - Prepaid Curriculum	110,558	100,862	9,696
1350 - Other Deposits	1,559	1,560	0
Total 1300 - Other Current Assets	<u>131,624</u>	<u>122,399</u>	<u>9,226</u>
Total Other Current Assets	<u>141,200</u>	<u>134,208</u>	<u>6,994</u>
Total Current Assets	<u>164,870</u>	<u>176,442</u>	<u>(11,571)</u>
Fixed Assets			
1600 - Fixed Assets, Net of Deprec.			
1605 - Land, Buildings & Equipment			
1621 - Capital Lease	20,280	20,280	0
1630 - Furniture, Fixtures & Equipmen	107,614	107,613	0
Total 1605 - Land, Buildings & Equipment	<u>127,894</u>	<u>127,893</u>	<u>0</u>
1655 - Accumulated Depreciation			
1670 - Accum. Amortization- Capital Lease	(2,817)	(2,816)	0
1680 - Accum. Depreciation - FF&E	(96,121)	(96,121)	0
Total 1655 - Accumulated Depreciation	<u>(98,938)</u>	<u>(98,937)</u>	<u>0</u>
Total 1600 - Fixed Assets, Net of Deprec.	<u>28,956</u>	<u>28,956</u>	<u>0</u>
Total Fixed Assets	<u>28,956</u>	<u>28,956</u>	<u>0</u>
Other Assets			
1700 - Capitalized Lease Costs			
1730 - Capitalized Software Costs	30,825	30,825	0
1732 - Accum Amort - Capitalized Software	(5,137)	(5,138)	0
Total 1700 - Capitalized Lease Costs	<u>25,688</u>	<u>25,687</u>	<u>0</u>
Total Other Assets	<u>25,688</u>	<u>25,687</u>	<u>0</u>
Total ASSETS	<u>219,514</u>	<u>231,085</u>	<u>(11,571)</u>
LIABILITIES & NET ASSETS			
Liabilities			
Current Liabilities			
Accounts Payable			
2010 - Accounts Payable	10,490	7,177	3,313
Total Accounts Payable	<u>10,490</u>	<u>7,177</u>	<u>3,313</u>
Other Current Liabilities			
2025 - Other Current Liabilities			
2040 - Accrued Payables	1,500	1,500	0

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

August 31, 2017

	08/31/2017	07/31/2017	Difference
2200 - GFC Lease Payable	17,680	17,680	0
Total 2025 - Other Current Liabilities	19,180	19,180	0
2400 - Deferred Dues & Other Revenue			
2430 - Unearned Registration Fees	29,286	13,883	15,403
Total 2400 - Deferred Dues & Other Revenue	29,286	13,883	15,403
Total Other Current Liabilities	48,466	33,063	15,403
Total Current Liabilities	58,956	40,240	18,716
Other Liabilities			
2200 - Intercompany Loans Payable			
2211 - Due to IAR (from ISRE)	299,990	304,061	(4,071)
Total 2200 - Intercompany Loans Payable	299,990	304,061	(4,071)
Total - Other Liabilities	299,990	304,061	(4,071)
Total Liabilities	358,946	344,301	14,645
NET ASSETS			
3010 - Unrestricted Net Assets	(113,216)	(96,605)	(16,611)
Net Income	(26,216)	(16,611)	(9,605)
Total Net Assets	(139,432)	(113,216)	(26,216)
Total LIABILITIES & NET ASSETS	219,514	231,085	(11,571)

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

August 31, 2017

	1 Month Actual	1 Month Budget	YTD Actual	YTD Budget	Annual Budget	Prior YTD Actual
Income						
4000 - Membership Income	55,654	96,999	771,006	775,992	1,163,975	910,051
4200 - Contract Fees & Event Income	24,841	0	189,822	0	0	94,803
4300 - Royalties, Rent & Product Sales	637	417	3,740	3,336	5,000	1,536
4900 - Other Income	0	417	230	3,336	5,000	42,871
Total Income	<u>81,132</u>	<u>97,833</u>	<u>964,798</u>	<u>782,664</u>	<u>1,173,975</u>	<u>1,049,261</u>
Expense						
5000 - Personnel Costs	58,464	52,166	494,904	417,328	635,986	475,780
5300 - Travel & Entertainment	331	1,093	5,962	8,744	13,100	7,116
5600 - Professional Fees	1,630	2,283	17,330	19,264	28,400	18,976
5700 - Technology & Equipment	2,027	4,250	20,364	34,000	51,000	21,984
5900 - Office Costs	13,114	4,202	90,287	33,616	50,450	90,129
6100 - Facility Costs	4,909	2,615	40,187	20,920	31,380	40,381
7100 - Programmatic Costs	26,873	22,391	221,236	179,128	277,221	240,017
Total Expense	<u>107,348</u>	<u>89,000</u>	<u>890,270</u>	<u>713,000</u>	<u>1,087,537</u>	<u>894,383</u>
Net Income (Loss)	<u>(26,216)</u>	<u>8,833</u>	<u>74,528</u>	<u>69,664</u>	<u>86,438</u>	<u>154,878</u>

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

August 31, 2017

	1 Month Actual	1 Month Budget	YTD Actual	YTD Budget	Annual Budget
Income					
4000 - Membership Income					
4001 - Registrations -- Members	8,275	58,784	391,583	470,272	705,400
4011 - Registrations -- Non-members	47,379	38,215	379,423	305,720	458,575
Total 4000 - Membership Income	55,654	96,999	771,006	775,992	1,163,975
4200 - Contract Fees & Event Income					
4200 - Contract Service Fees, Broker	17,495	0	158,372	0	0
4210 - Contract Service Fees, Local	7,346	0	31,450	0	0
Total 4200 - Contract Fees & Event Income	24,841	0	189,822	0	0
4300 - Royalties, Rent & Product Sales	637	417	3,740	3,336	5,000
4900 - Other Income	0	417	230	3,336	5,000
Total Income	81,132	97,833	964,798	782,664	1,173,975
Expense					
5000 - Personnel Costs					
5010 - Compensation	34,384	32,917	287,704	263,336	395,000
5020 - Bonus Pool	0	0	(10)	0	10,000
5030 - Contract Labor / Temp Help	0	917	0	7,336	11,000
5035 - Instructor Compensation	15,075	9,333	128,558	74,664	112,000
5100 - Benefits & Taxes					
5110 - Health & Life Insurance	2,837	3,333	22,697	26,664	40,000
5115 - Wellness Benefit	96	0	1,259	0	0
5120 - Dental Insurance	462	350	1,966	2,800	4,200
5125 - Disability Insurance	171	250	1,990	2,000	3,000
5130 - Retirement Benefits	1,623	1,250	13,676	10,000	15,000
5160 - Payroll Taxes	3,816	3,232	36,250	25,856	38,786
5170 - Professional Development	0	501	0	4,008	6,000
5180 - Dues & Subscriptions	0	83	814	664	1,000
Total 5100 - Benefits & Taxes	9,005	8,999	78,652	71,992	107,986
Total 5000 - Personnel Costs	58,464	52,166	494,904	417,328	635,986
5300 - Travel & Entertainment					
5310 - Staff Travel Costs					
5310 - Staff Travel	0	167	538	1,336	2,000
5320 - Staff Lodging	0	292	1,738	2,336	3,500
5330 - Staff Mileage	168	167	628	1,336	2,000
5340 - Staff Meals	163	167	2,166	1,336	2,000
5350 - Staff Hospitality	0	167	97	1,336	2,000
5360 - Conference Registration Fees	0	133	795	1,064	1,600

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

August 31, 2017

	1 Month Actual	1 Month Budget	YTD Actual	YTD Budget	Annual Budget
Total 5310 - Staff Travel Costs	331	1,093	5,962	8,744	13,100
Total 5300 Travel & Entertainment	331	1,093	5,962	8,744	13,100
5600 - Professional Fees					
5610 - Legal Services	0	83	0	664	1,000
5620 - Audit & Tax Services	0	0	1,000	1,000	1,000
5630 - Accounting Services	1,630	2,200	16,330	17,600	26,400
Total 5600 - Professional Fees	1,630	2,283	17,330	19,264	28,400
5700 - Technology & Equipment					
5710 - Technology Consulting Service	0	2,083	4,626	16,664	25,000
5730 - Small Equipment Purchases	45	83	367	664	1,000
5740 - Equipment > \$1000	0	250	0	2,000	3,000
5750 - Equipment Lease Payments	434	417	3,684	3,336	5,000
5760 - Software & Licensing Fees	1,548	1,417	11,687	11,336	17,000
Total 5700 - Technology & Equipment	2,027	4,250	20,364	34,000	51,000
5900 - Office Costs					
5910 - Telephone	1,605	250	2,541	2,000	3,000
5920 - Postage	0	125	0	1,000	1,500
5925 - Shipping Expense	(78)	(130)	(2,813)	(1,040)	(1,550)
5926 - Sales Tax	(356)	0	(443)	0	0
5930 - Office Supplies	91	125	2,146	1,000	1,500
5935 - Supplies for Resale	1,919	83	3,236	664	1,000
5940 - Printing	0	83	0	664	1,000
5950 - Liability Insurance	0	83	0	664	1,000
5960 - Licenses and Fees	98	250	1,218	2,000	3,000
5970 - Bank & Credit Card Fees	2,735	3,333	27,542	26,664	40,000
5980 - Miscellaneous	0	0	60	0	0
5995 - IAR Management Fee (paid by ISRE)	7,100	0	56,800	0	0
Total 5900 - Office Costs	13,114	4,202	90,287	33,616	50,450
6100 - Facility Costs					
6110 - Office Rent & Parking	4,909	2,490	39,302	19,920	29,880
6150 - Janitorial-cleaning & supplies	0	42	885	336	500
6170 - Property Insurance	0	83	0	664	1,000
Total 6100 - Facility Costs	4,909	2,615	40,187	20,920	31,380
7100 - Programmatic Costs					
7110 - Facility Rental	5,181	5,397	30,473	43,176	66,895
7120 - Catering	24	83	1,621	664	3,125
7130 - Honorarium/Speaker Fees	1,000	333	9,582	2,664	8,250
7140 - Speaker Travel	3,425	1,666	16,373	13,328	20,000

NO ASSURANCE IS PROVIDED. SEE SELECT INFORMATION.

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

August 31, 2017

	1 Month Actual	1 Month Budget	YTD Actual	YTD Budget	Annual Budget
7160 - Event Sponsorships	250	208	700	1,664	2,500
7165 - Contract Fees	292	0	15,861	0	0
7170 - Curriculum	7,688	6,275	99,359	50,200	75,300
7210 - Website Development / Hosting	94	1,250	923	10,000	15,000
7215 - Clipping Service	0	0	65	0	0
7220 - Internet Communications	0	0	2,478	0	0
7230 - Distance Learning Portal	8,850	3,716	35,614	29,728	44,600
7260 - Advertising/Marketing	69	417	8,187	3,336	5,000
7270 - Research & Development	0	2,963	0	23,704	35,551
7310 - Other Program Costs	0	83	0	664	1,000
Total 7100 - Programmatic Costs	<u>26,873</u>	<u>22,391</u>	<u>221,236</u>	<u>179,128</u>	<u>277,221</u>
Total Expense	<u>107,348</u>	<u>89,000</u>	<u>890,270</u>	<u>713,000</u>	<u>1,087,537</u>
Net Income (Loss)	<u>(26,216)</u>	<u>8,833</u>	<u>74,528</u>	<u>69,664</u>	<u>86,438</u>

**Indiana School of Real Estate, LLC
Historical and Budgeted Financial Statements
Selected Information**

For the Eight Months Ended August 31, 2017 and Year Ending December 31, 2017

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 and the statement of cash flows 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 July 31, 2017 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 July 14, 2016, 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 grow at a rate of 8%
- Salaries, benefits, and taxes are expected to increase by 15%
- All other expenses are expected to decrease by an average rate of 10%