

Indiana School of Real Estate

August 2018

EXECUTIVE SUMMARY

Balance Sheet:

1. The School's cash balance decreased by \$22,000 during August with an ending balance of \$38,000. Decrease is due mostly to transfer to IAR for August expenses.
2. Accounts Receivable decreased by \$14,000 due to payments received during the month and adjustments made to reconcile to XD balances at the end of August.
3. Prepaid Expenses decreased by \$8,000 due to amortization of expenses for August.
4. Accounts Payable increased by \$5,000 with an ending balance of \$30,500.
5. Unearned registration fees increased by \$12,000 with an ending balance of \$42,000.
6. The amount Due to IAR decreased by \$25,000 due to transfer made to IAR for August. Ending balance was \$288,000.

Income Statement:

7. The School had a net loss for the month of (\$36,000) compared to budgeted net income of \$1,000.
8. YTD net income was \$144,000 and was above the YTD budget of \$8,000 by \$136,000.
9. Compared to the prior year, YTD net income was \$69,000 higher, due to a combination of increased revenue and decreased expenses in 2018.
10. Total revenue for August was \$60,000 and was below the monthly budget of \$101,000 by \$41,000 or 41%.
11. YTD total revenue was \$993,000 and was above the YTD budget of \$805,000 by \$188,000 or 23%.
12. Compared to the prior year, YTD total revenue was \$28,000 or 3% higher.
13. Total expenses for August were \$96,000 vs budget of \$99,000 – under budget by \$3,000 or 3%.
14. YTD expenses were \$849,000 and were above the YTD budget of \$797,000 by \$52,000 or 7%, mostly due to instructor compensation, honorarium/speaker fees, contract fees, and curriculum.
15. Compared to the prior year, YTD expenses were lower by \$41,000 or 5% mostly due to compensation, facility costs, and curriculum.

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

August 31, 2018

	08/31/2018	07/31/2018	Difference
ASSETS			
Current Assets			
Checking/Savings			
1000 - Cash Accounts			
1022 - ISRE Checking	37,691	59,864	(22,173)
Total 1000 - Cash Accounts	<u>37,691</u>	<u>59,864</u>	<u>(22,173)</u>
Total Checking/Savings	37,691	59,864	(22,173)
Other Current Assets			
1200 - Accounts Receivable			
1200 - Accounts Receivable	7,903	15,364	(7,461)
1210 - Tuition Receivable	4,031	10,521	(6,490)
Total 1200 - Accounts Receivable	<u>11,934</u>	<u>25,885</u>	<u>(13,951)</u>
1300 - Other Current Assets			
1310 - Prepaid Expense	49,245	52,468	(3,223)
1330 - Prepaid Curriculum	108,909	113,299	(4,390)
1350 - Other Deposits	1,559	1,559	0
Total 1300 - Other Current Assets	<u>159,713</u>	<u>167,326</u>	<u>(7,613)</u>
Total Other Current Assets	<u>171,647</u>	<u>193,211</u>	<u>(21,564)</u>
Total Current Assets	<u>209,338</u>	<u>253,075</u>	<u>(43,737)</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	23,295	23,295	0
Total 1605 - Land, Buildings & Equipment	<u>52,780</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>27,119</u>	<u>27,119</u>	<u>0</u>
Total Fixed Assets	<u>27,119</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>251,869</u>	<u>295,606</u>	<u>(43,737)</u>
LIABILITIES & NET ASSETS			
Liabilities			
Current Liabilities			
Accounts Payable			
2010 - Accounts Payable	30,539	25,352	5,187
Total Accounts Payable	<u>30,539</u>	<u>25,352</u>	<u>5,187</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)**

August 31, 2018

	08/31/2018	07/31/2018	Difference
Total 2025 - Other Current Liabilities	20,369	20,369	0
2400 - Deferred Dues & Other Revenue			
2430 - Unearned Registration Fees	41,591	29,359	12,232
Total 2400 - Deferred Dues & Other Revenue	41,591	29,359	12,232
Total Other Current Liabilities	61,960	49,728	12,232
Total Current Liabilities	92,499	75,080	17,419
Other Liabilities			
2200 - Intercompany Loans Payable			
2211 - Due to IAR (from ISRE)	287,514	312,400	(24,885)
Total 2200 - Intercompany Loans Payable	287,514	312,400	(24,885)
Total - Other Liabilities	287,514	312,400	(24,885)
Total Liabilities	380,013	387,480	(7,466)
 NET ASSETS			
3010 - Unrestricted Net Assets	(91,873)	(77,910)	(13,964)
Net Income	(36,271)	(13,964)	(22,307)
Total Net Assets	(128,144)	(91,874)	(36,271)
Total LIABILITIES & NET ASSETS	251,869	295,606	(43,737)

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

August 31, 2018

	1 Month Actual	1 Month Budget	YTD Actual	YTD Budget	Annual Budget	Prior YTD Actual
Income						
4000 - Membership Income	47,089	89,046	846,326	712,373	1,068,557	771,006
4200 - Contract Fees & Event Income	12,592	11,340	145,038	90,718	136,078	189,822
4300 - Royalties, Rent & Product Sales	107	208	1,285	1,668	2,500	3,740
4900 - Other Income	0	0	40	0	0	230
Total Income	<u>59,788</u>	<u>100,594</u>	<u>992,689</u>	<u>804,759</u>	<u>1,207,135</u>	<u>964,798</u>
Expense						
5000 - Personnel Costs	49,274	54,191	461,448	433,512	660,276	494,904
5300 - Travel & Entertainment	443	1,093	4,913	8,728	13,100	5,962
5600 - Professional Fees	1,763	2,242	19,434	18,932	27,900	17,330
5700 - Technology & Equipment	3,625	4,391	32,325	35,136	52,700	22,842
5900 - Office Costs	10,653	11,349	93,218	90,804	136,200	90,287
6100 - Facility Costs	3,372	3,601	30,118	28,806	43,210	40,187
7100 - Programmatic Costs	26,929	22,610	207,505	180,861	271,301	218,758
Total Expense	<u>96,059</u>	<u>99,477</u>	<u>848,961</u>	<u>796,779</u>	<u>1,204,687</u>	<u>890,270</u>
Net Income (Loss)	<u>(36,271)</u>	<u>1,117</u>	<u>143,728</u>	<u>7,980</u>	<u>2,448</u>	<u>74,528</u>

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

August 31, 2018

	1 Month Actual	1 Month Budget	YTD Actual	YTD Budget	Annual Budget	Prior YTD 08/31/2017
Income						
4000 - Membership Income						
4001 - Registrations -- Members	9,172	47,736	363,470	381,893	572,837	391,583
4011 - Registrations -- Non-members	37,917	41,310	482,856	330,480	495,720	379,423
Total 4000 - Membership Income	47,089	89,046	846,326	712,373	1,068,557	771,006
4200 - Contract Fees & Event Income						
4200 - Contract Service Fees, Broker	12,987	7,285	115,496	58,274	87,414	158,372
4210 - Contract Service Fees, Local	(395)	4,055	29,542	32,444	48,664	31,450
Total 4200 - Contract Fees & Event Income	12,592	11,340	145,038	90,718	136,078	189,822
4300 - Royalties, Rent & Product Sales	107	208	1,285	1,668	2,500	3,740
4900 - Other Income	0	0	40	0	0	230
Total Income	59,788	100,594	992,689	804,759	1,207,135	964,798
Expense						
5000 - Personnel Costs						
5010 - Compensation	30,925	33,750	271,109	270,000	405,000	287,704
5020 - Bonus Pool	0	0	0	0	10,000	(10)
5030 - Contract Labor / Temp Help	0	167	1,609	1,332	2,000	0
5035 - Instructor Compensation	11,084	11,213	121,925	89,698	134,550	128,558
5100 - Benefits & Taxes						
5110 - Health & Life Insurance	1,947	3,083	15,529	24,668	37,000	22,697
5115 - Wellness Benefit	88	0	740	0	0	1,259
5120 - Dental Insurance	194	333	1,558	2,668	4,000	1,966
5125 - Disability Insurance	168	267	1,484	2,132	3,200	1,990
5130 - Retirement Benefits	1,380	1,688	12,305	13,498	20,250	13,676
5160 - Payroll Taxes	3,339	3,440	33,704	27,516	41,276	36,250
5170 - Professional Development	0	125	1,000	1,000	1,500	0
5180 - Dues & Subscriptions	149	125	485	1,000	1,500	814
Total 5100 - Benefits & Taxes	7,265	9,061	66,805	72,482	108,726	78,652
Total 5000 - Personnel Costs	49,274	54,191	461,448	433,512	660,276	494,904
5300 - Travel & Entertainment						
5310 - Staff Travel Costs						
5310 - Staff Travel	0	167	709	1,332	2,000	538
5320 - Staff Lodging	5	292	637	2,332	3,500	1,738
5330 - Staff Mileage	166	167	748	1,332	2,000	628
5340 - Staff Meals	272	167	2,477	1,332	2,000	2,166
5350 - Staff Hospitality	0	167	52	1,332	2,000	97

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

August 31, 2018

	1 Month Actual	1 Month Budget	YTD Actual	YTD Budget	Annual Budget	Prior YTD 08/31/2017
5360 - Conference Registration Fees	0	133	290	1,068	1,600	795
Total 5310 - Staff Travel Costs	443	1,093	4,913	8,728	13,100	5,962
Total 5300 Travel & Entertainment	443	1,093	4,913	8,728	13,100	5,962
5600 - Professional Fees						
5610 - Legal Services	0	42	0	332	500	0
5620 - Audit & Tax Services	0	0	0	1,000	1,000	1,000
5630 - Accounting Services	1,763	2,200	19,434	17,600	26,400	16,330
Total 5600 - Professional Fees	1,763	2,242	19,434	18,932	27,900	17,330
5700 - Technology & Equipment						
5710 - Technology Consulting Service	78	2,083	7,839	16,668	25,000	4,626
5730 - Small Equipment Purchases	143	125	315	1,000	1,500	367
5740 - Equipment > \$1000	1,242	83	5,881	668	1,000	0
5750 - Equipment Lease Payments	491	600	5,135	4,800	7,200	3,684
5760 - Software & Licensing Fees	1,671	1,500	13,155	12,000	18,000	14,165
Total 5700 - Technology & Equipment	3,625	4,391	32,325	35,136	52,700	22,842
5900 - Office Costs						
5910 - Telephone	0	250	802	2,000	3,000	2,541
5920 - Postage	0	125	640	1,000	1,500	0
5925 - Shipping Expense	447	166	(996)	1,336	2,000	(2,813)
5926 - Sales Tax	(52)	0	(7)	0	0	(443)
5930 - Office Supplies	414	125	3,750	1,000	1,500	2,146
5935 - Supplies for Resale	0	83	1,008	668	1,000	3,236
5940 - Printing	147	83	147	668	1,000	0
5950 - Liability Insurance	0	83	581	668	1,000	0
5960 - Licenses and Fees	102	167	2,553	1,332	2,000	1,218
5970 - Bank & Credit Card Fees	2,495	3,167	27,940	25,332	38,000	27,542
5980 - Miscellaneous	0	0	0	0	0	60
5995 - IAR Management Fee (paid by ISRE)	7,100	7,100	56,800	56,800	85,200	56,800
Total 5900 - Office Costs	10,653	11,349	93,218	90,804	136,200	90,287
6100 - Facility Costs						
6110 - Office Rent & Parking	3,372	3,372	28,662	26,972	40,460	39,302
6150 - Janitorial-cleaning & supplies	0	146	875	1,166	1,750	885
6170 - Property Insurance	0	83	581	668	1,000	0
Total 6100 - Facility Costs	3,372	3,601	30,118	28,806	43,210	40,187
7100 - Programmatic Costs						
7110 - Facility Rental	3,161	5,134	30,889	41,064	61,600	30,473

NO ASSURANCE IS PROVIDED. SEE SELECT INFORMATION.

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

August 31, 2018

	1 Month Actual	1 Month Budget	YTD Actual	YTD Budget	Annual Budget	Prior YTD 08/31/2017
7120 - Catering	0	667	2,391	5,332	8,000	1,621
7130 - Honorarium/Speaker Fees	0	333	12,651	2,668	4,000	9,582
7140 - Speaker Travel	1,861	2,000	13,121	16,000	24,000	16,373
7160 - Event Sponsorships	0	208	450	1,668	2,500	700
7165 - Contract Fees	0	0	10,325	0	0	15,861
7170 - Curriculum	12,186	6,841	94,310	54,728	82,092	99,359
7210 - Website Development / Hosting	65	1,250	870	10,000	15,000	988
7230 - Distance Learning Portal	9,656	3,697	35,263	29,565	44,353	35,614
7260 - Advertising/Marketing	0	417	7,126	3,332	5,000	8,187
7270 - Research & Development	0	1,980	0	15,836	23,756	0
7310 - Other Program Costs	0	83	109	668	1,000	0
Total 7100 - Programmatic Costs	26,929	22,610	207,505	180,861	271,301	218,758
Total Expense	96,059	99,477	848,961	796,779	1,204,687	890,270
Net Income (Loss)	(36,271)	1,117	143,728	7,980	2,448	74,528

Indiana School of Real Estate
Statement of Cash Flows
Year To Date 08/31/2018

OPERATING ACTIVITIES

Net Income	<u>143,728</u>
Adjustments to reconcile Net Income to net cash provided by operations	
1200 - Accounts Receivable	(2,047)
1210 - Tuition Receivable	(3,044)
1310 - Prepaid Expense	(14,956)
1330 - Prepaid Curriculum	3,850
2010 - Accounts Payable	5,630
2211 - Due to IAR (from ISRE)	(118,286)
2430 - Unearned Registration Fees	5,471
Net cash provided by Operating Activities	<u>20,346</u>
Net cash change for period	20,346
Cash at beginning of period	<u>17,344</u>
Cash at end of period	<u>37,691</u>

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

For the eight months ended August 31, 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 July 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%