

Indiana School of Real Estate

February 2017

EXECUTIVE SUMMARY

Balance Sheet:

1. The School's cash balance decreased by \$14,000 during February with an ending balance of \$39,000 mostly due to transfer of \$110,500 to IAR at month end of which \$103,400 was used to pay down the amount Due to IAR and \$7,100 for the monthly management fee payable to IAR.
2. Accounts receivable decreased by \$1,000 during the month due to payment received.
3. Prepaid Expense decreased by \$11,000 due to amortization of curriculum and other expenses.
4. Accounts Payable decreased by \$12,000 due to payment for course books purchased towards the end of the prior month.
5. Unearned registration fees increased by \$21,000 due to February revenue received for courses occurring in March 2017 or later.
6. The amount due to IAR decreased by \$27,000 with an ending balance of \$352,000 which included a pay down of the liability of \$103,400 as mentioned above.

Income Statement:

7. The School had net loss for the month of (\$9,000) compared to budgeted net income of \$9,000.
8. YTD, the School had net income of \$12,000 compared to budgeted net income of \$17,500. YTD net income is \$28,000 (69%) lower than the prior YTD net income of \$40,000.
9. Total revenue for February was \$93,000 and was below the monthly budget of \$98,000 by \$5,000 or 5%.
10. YTD revenue was \$222,000 and was above the YTD budget of \$196,000 by \$26,000 or 13%.
11. YTD revenue was \$6,000 (2%) less than the prior YTD revenue of \$228,000.
12. Total expenses for February were \$102,000 and were over budget by \$13,000 or 14%, mostly due to instructor compensation, the monthly management fee paid to IAR included in Office Costs, monthly amortization of curriculum expenses and advertising expenses.
13. Total expenses YTD were \$209,000 and were over budget by \$31,000 or 17%, mostly due to instructor compensation, the monthly management fee paid to IAR included in Office Costs, monthly amortization of curriculum expenses and advertising expenses.
14. Total YTD expenses were \$21,000 (7%) higher than the prior YTD expenses of \$188,000 mostly due to personnel and curriculum.

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

February 28, 2017

	02/28/2017	01/31/2017	Difference
ASSETS			
Current Assets			
Checking/Savings			
1000 - Cash Accounts			
1022 - ISRE Checking	38,764	52,958	(14,194)
Total 1000 - Cash Accounts	<u>38,764</u>	<u>52,958</u>	<u>(14,194)</u>
Total Checking/Savings	38,764	52,958	(14,194)
Other Current Assets			
1200 - Accounts Receivable			
1200 - Accounts Receivable	1,074	2,144	(1,070)
1210 - Tuition Receivable	5,106	5,106	0
Total 1200 - Accounts Receivable	<u>6,180</u>	<u>7,250</u>	<u>(1,070)</u>
1300 - Other Current Assets			
1310 - Prepaid Expense	28,659	35,222	(6,563)
1330 - Prepaid Curriculum	94,115	98,937	(4,822)
1350 - Other Deposits	1,559	1,559	0
Total 1300 - Other Current Assets	<u>124,333</u>	<u>135,718</u>	<u>(11,385)</u>
Total Other Current Assets	<u>130,513</u>	<u>142,968</u>	<u>(12,455)</u>
Total Current Assets	<u>169,277</u>	<u>195,926</u>	<u>(26,649)</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	107,614	0
Total 1605 - Land, Buildings & Equipment	<u>127,894</u>	<u>127,894</u>	<u>0</u>
1655 - Accumulated Depreciation			
1670 - Accum. Amortization- Capital Lease	(2,817)	(2,817)	0
1680 - Accum. Depreciation - FF&E	(96,121)	(96,121)	0
Total 1655 - Accumulated Depreciation	<u>(98,938)</u>	<u>(98,938)</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)	(5,137)	0
Total 1700 - Capitalized Lease Costs	<u>25,688</u>	<u>25,688</u>	<u>0</u>
Total Other Assets	<u>25,688</u>	<u>25,688</u>	<u>0</u>
Total ASSETS	<u>223,921</u>	<u>250,570</u>	<u>(26,649)</u>
LIABILITIES & NET ASSETS			
Liabilities			
Current Liabilities			
Accounts Payable			
2010 - Accounts Payable	10,899	23,107	(12,208)
Total Accounts Payable	<u>10,899</u>	<u>23,107</u>	<u>(12,208)</u>
Other Current Liabilities			
2025 - Other Current Liabilities			
2200 - GFC Lease Payable	17,680	17,680	0

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

February 28, 2017

	02/28/2017	01/31/2017	Difference
Total 2025 - Other Current Liabilities	17,680	17,680	0
2400 - Deferred Dues & Other Revenue			
2430 - Unearned Registration Fees	45,331	24,143	21,188
Total 2400 - Deferred Dues & Other Revenue	45,331	24,143	21,188
Total Other Current Liabilities	63,011	41,823	21,188
Total Current Liabilities	73,910	64,930	8,980
Other Liabilities			
2200 - Intercompany Loans Payable			
2211 - Due to IAR (from ISRE)	351,502	378,397	(26,895)
Total 2200 - Intercompany Loans Payable	351,502	378,397	(26,895)
Total - Other Liabilities	351,502	378,397	(26,895)
Total Liabilities	425,412	443,327	(17,915)
NET ASSETS			
3010 - Unrestricted Net Assets	(192,758)	(213,960)	21,202
Net Income	(8,733)	21,203	(29,936)
Total Net Assets	(201,491)	(192,757)	(8,734)
Total LIABILITIES & NET ASSETS	223,921	250,570	(26,649)

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

February 28, 2017

	1 Month Actual	1 Month Budget	YTD Actual	YTD Budget	Annual Budget	Prior YTD Actual
Ordinary Income/Expense						
Gross Profit						
Income						
4000 - Membership Income	76,526	96,999	176,008	193,998	1,163,975	206,410
4200 - Contract Fees & Event Income	15,812	0	44,557	0	0	18,629
4300 - Royalties, Rent & Product Sales	609	417	897	834	5,000	442
4900 - Other Income	0	417	120	834	5,000	2,755
Total Income	<u>92,947</u>	<u>97,833</u>	<u>221,582</u>	<u>195,666</u>	<u>1,173,975</u>	<u>228,236</u>
Gross Profit	<u>92,947</u>	<u>97,833</u>	<u>221,582</u>	<u>195,666</u>	<u>1,173,975</u>	<u>228,236</u>
Expense						
5000 - Personnel Costs	59,510	52,166	113,226	104,332	635,986	105,001
5300 - Travel & Entertainment	2,341	1,093	2,385	2,186	13,100	682
5600 - Professional Fees	2,322	2,366	5,845	4,732	28,400	3,984
5700 - Technology & Equipment	2,152	4,250	4,046	8,500	51,000	5,139
5900 - Office Costs	9,711	4,202	20,068	8,404	50,450	22,410
6100 - Facility Costs	185	2,615	5,094	5,230	31,380	10,107
7100 - Programmatic Costs	25,460	22,391	58,449	44,782	277,221	40,498
Total Expense	<u>101,681</u>	<u>89,083</u>	<u>209,113</u>	<u>178,166</u>	<u>1,087,537</u>	<u>187,821</u>
Net Ordinary Income	<u>(8,734)</u>	<u>8,750</u>	<u>12,469</u>	<u>17,500</u>	<u>86,438</u>	<u>40,415</u>
Net Income	<u>(8,734)</u>	<u>8,750</u>	<u>12,469</u>	<u>17,500</u>	<u>86,438</u>	<u>40,415</u>

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

February 28, 2017

	<u>1 Month Actual</u>	<u>1 Month Budget</u>	<u>YTD Actual</u>	<u>YTD Budget</u>	<u>Annual Budget</u>
Ordinary Income/Expense					
Gross Profit					
Income					
4000 - Membership Income					
4001 - Registrations -- Members	32,673	58,784	57,575	117,568	705,400
4011 - Registrations -- Non-members	43,853	38,215	118,433	76,430	458,575
Total 4000 - Membership Income	<u>76,526</u>	<u>96,999</u>	<u>176,008</u>	<u>193,998</u>	<u>1,163,975</u>
4200 - Contract Fees & Event Income					
4200 - Contract Service Fees, Broker	15,687	0	43,972	0	0
4210 - Contract Service Fees, Local	125	0	585	0	0
Total 4200 - Contract Fees & Event Income	<u>15,812</u>	<u>0</u>	<u>44,557</u>	<u>0</u>	<u>0</u>
4300 - Royalties, Rent & Product Sales					
4300 - Product Sales	609	417	897	834	5,000
Total 4300 - Royalties, Rent & Product Sales	<u>609</u>	<u>417</u>	<u>897</u>	<u>834</u>	<u>5,000</u>
4900 - Other Income					
4900 - Other Income	0	417	120	834	5,000
Total 4900 - Other Income	<u>0</u>	<u>417</u>	<u>120</u>	<u>834</u>	<u>5,000</u>
Total Income	<u>92,947</u>	<u>97,833</u>	<u>221,582</u>	<u>195,666</u>	<u>1,173,975</u>
Gross Profit	<u>92,947</u>	<u>97,833</u>	<u>221,582</u>	<u>195,666</u>	<u>1,173,975</u>
Expense					
5000 - Personnel Costs					
5010 - Compensation					
5010 - Staff Compensation	35,083	32,917	70,364	65,834	395,000
Total 5010 - Compensation	<u>35,083</u>	<u>32,917</u>	<u>70,364</u>	<u>65,834</u>	<u>395,000</u>
5020 - Bonus Pool					
5020 - Bonus Pool	0	0	0	0	10,000
Total 5020 - Bonus Pool	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>10,000</u>
5030 - Contract Labor / Temp Help					
5030 - Contract Labor / Temp Help	0	917	0	1,834	11,000
Total 5030 - Contract Labor / Temp Help	<u>0</u>	<u>917</u>	<u>0</u>	<u>1,834</u>	<u>11,000</u>
5035 - Instructor Compensation					
5035 - Instructor Compensation	14,448	9,333	23,303	18,666	112,000
Total 5035 - Instructor Compensation	<u>14,448</u>	<u>9,333</u>	<u>23,303</u>	<u>18,666</u>	<u>112,000</u>
5100 - Benefits & Taxes					
5110 - Health & Life Insurance	2,837	3,333	5,672	6,666	40,000

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

February 28, 2017

	1 Month Actual	1 Month Budget	YTD Actual	YTD Budget	Annual Budget
5115 - Wellness Benefit	112	0	208	0	0
5120 - Dental Insurance	214	350	429	700	4,200
5125 - Disability Insurance	260	250	520	500	3,000
5130 - Retirement Benefits	1,987	1,250	3,635	2,500	15,000
5160 - Payroll Taxes	4,569	3,232	9,079	6,464	38,786
5170 - Professional Development	0	501	0	1,002	6,000
5180 - Dues & Subscriptions	0	83	16	166	1,000
Total 5100 - Benefits & Taxes	9,979	8,999	19,559	17,998	107,986
Total 5000 - Personnel Costs	59,510	52,166	113,226	104,332	635,986
5300 - Travel & Entertainment					
5310 - Staff Travel Costs					
5310 - Staff Travel	48	167	52	334	2,000
5320 - Staff Lodging	992	292	992	584	3,500
5330 - Staff Mileage	152	167	152	334	2,000
5340 - Staff Meals	256	167	297	334	2,000
5350 - Staff Hospitality	49	167	49	334	2,000
5360 - Conference Registration Fees	795	133	795	266	1,600
Total 5310 - Staff Travel Costs	2,292	1,093	2,337	2,186	13,100
5410 - Leadership Travel					
5440 - Board / Volunteer Meals	49	0	48	0	0
Total 5410 - Leadership Travel	49	0	48	0	0
Total 5300 Travel & Entertainment	2,341	1,093	2,385	2,186	13,100
5600 - Professional Fees					
5610 - Legal Services	0	83	0	166	1,000
5620 - Audit & Tax Services	0	83	0	166	1,000
5630 - Accounting Services	2,322	2,200	5,845	4,400	26,400
Total 5600 - Professional Fees	2,322	2,366	5,845	4,732	28,400
5700 - Technology & Equipment					
5710 - Technology Consulting Service	0	2,083	0	4,166	25,000
5730 - Small Equipment Purchases	185	83	185	166	1,000
5740 - Equipment > \$1000	0	250	0	500	3,000
5750 - Equipment Lease Payments	519	417	964	834	5,000
5760 - Software & Licensing Fees	1,448	1,417	2,897	2,834	17,000
Total 5700 - Technology & Equipment	2,152	4,250	4,046	8,500	51,000
5900 - Office Costs					
5910 - Telephone	134	250	268	500	3,000
5920 - Postage	0	125	0	250	1,500
5925 - Shipping Expense	(1,269)	(130)	(2,438)	(260)	(1,550)
5926 - Sales Tax	98	0	98	0	0
5930 - Office Supplies	80	125	235	250	1,500
5932 - Kitchen Supplies	33	0	181	0	0
5935 - Supplies for Resale	0	83	190	166	1,000

NO ASSURANCE IS PROVIDED. SEE SELECT INFORMATION.

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

February 28, 2017

	1 Month Actual	1 Month Budget	YTD Actual	YTD Budget	Annual Budget
5940 - Printing	0	83	0	166	1,000
5950 - Liability Insurance	0	83	0	166	1,000
5960 - Licenses and Fees	181	250	361	500	3,000
5970 - Bank & Credit Card Fees	3,354	3,333	6,973	6,666	40,000
5995 - IAR Management Fee (paid by ISRE)	7,100	0	14,200	0	0
Total 5900 - Office Costs	9,711	4,202	20,068	8,404	50,450
6100 - Facility Costs					
6110 - Office Rent & Parking	0	2,490	4,909	4,980	29,880
6150 - Janitorial-cleaning & supplies	185	42	185	84	500
6170 - Property Insurance	0	83	0	166	1,000
Total 6100 - Facility Costs	185	2,615	5,094	5,230	31,380
7100 - Programmatic Costs					
7110 - Facility Rental	3,031	5,397	6,009	10,794	66,895
7120 - Catering	0	83	0	166	3,125
7130 - Honorarium/Speaker Fees	675	333	675	666	8,250
7140 - Speaker Travel	172	1,666	522	3,332	20,000
7160 - Event Sponsorships	450	208	450	416	2,500
7165 - Contract Fees	1,089	0	1,089	0	0
7170 - Curriculum	11,736	6,275	39,236	12,550	75,300
7210 - Website Development / Hosting	65	1,250	65	2,500	15,000
7220 - Internet Communications	175	0	225	0	0
7230 - Distance Learning Portal	2,904	3,716	2,904	7,432	44,600
7260 - Advertising/Marketing	5,163	417	7,274	834	5,000
7270 - Research & Development	0	2,963	0	5,926	35,551
7310 - Other Program Costs	0	83	0	166	1,000
Total 7100 - Programmatic Costs	25,460	22,391	58,449	44,782	277,221
Total Expense	101,681	89,083	209,113	178,166	1,087,537
Net Ordinary Income	(8,734)	8,750	12,469	17,500	86,438
Net Income	(8,734)	8,750	12,469	17,500	86,438

Indiana School of Real Estate, LLC
Selected Information
February 2017 Financial Statements

The monthly financial statements for Indiana School of Real Estate are presented on the accrual basis in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). These financial statements have not been subjected to an audit, review, or compilation engagement; and no assurance is provided on them.

The accompanying financial statements include the following departures from accounting principles generally accepted in the United States of America:

- 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.
- The Balance Sheet includes a comparison with the period ended January 31, 2017 for additional meaningful data for management and the board.
- Certain accruals and adjustments 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.
- Budget information is presented without notes on significant assumptions used in developing the budget.

The effects of these departures have not been determined.