

Indiana School of Real Estate January 2018

EXECUTIVE SUMMARY

Balance Sheet:

1. The School's cash balance increased by \$62,000 during January with an ending balance of \$79,000.
2. All outstanding Accounts Receivable invoices were paid in January, therefore, an ending balance of zero.
3. Prepaid expenses increased by \$16,000 due to addition of Boxcrush website expense, training/speaker expenses for March and payment of February classroom rent.
4. Accounts Payable increased by \$15,000 mostly due to Boxcrush website invoice.
5. Unearned registration fees increased by \$5,000 with an ending balance of \$41,000.
6. The amount Due to IAR increased by \$5,000, with an ending balance of \$411,000.

Income Statement:

7. The School's net income for the month was \$47,000 compared to budget of \$1,000.
8. Compared to the prior year, January net income was \$26,000 higher (124%).
9. Total revenue for January was \$146,000 and was above the monthly budget of \$101,000 by \$45,000 or 45%.
10. Compared to the prior year, January revenue was \$17,000 higher (13%).
11. Total expenses for January were \$98,000 and were under budget by \$1,000 or 1%.
12. Compared to the prior year, January expenses were \$9,000 lower (9%), mostly due to curriculum expenses.

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

January 31, 2018

	01/31/2018	12/31/2017	Difference
ASSETS			
Current Assets			
Checking/Savings			
1000 - Cash Accounts			
1022 - ISRE Checking	79,413	17,344	62,068
Total 1000 - Cash Accounts	<u>79,413</u>	<u>17,344</u>	<u>62,068</u>
Total Checking/Savings	79,413	17,344	62,068
Other Current Assets			
1200 - Accounts Receivable			
1200 - Accounts Receivable	0	5,856	(5,856)
1210 - Tuition Receivable	3,162	988	2,175
Total 1200 - Accounts Receivable	<u>3,162</u>	<u>6,844</u>	<u>(3,681)</u>
1300 - Other Current Assets			
1310 - Prepaid Expense	49,827	34,289	15,538
1330 - Prepaid Curriculum	111,504	112,759	(1,255)
1350 - Other Deposits	1,559	1,559	0
Total 1300 - Other Current Assets	<u>162,890</u>	<u>148,607</u>	<u>14,283</u>
Total Other Current Assets	<u>166,052</u>	<u>155,451</u>	<u>10,602</u>
Total Current Assets	<u>245,465</u>	<u>172,795</u>	<u>72,670</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	(15,830)	(15,829)	0
Total 1655 - Accumulated Depreciation	<u>(25,662)</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>287,996</u>	<u>215,326</u>	<u>72,670</u>
LIABILITIES & NET ASSETS			
Liabilities			
Current Liabilities			
Accounts Payable			
2010 - Accounts Payable	39,843	24,909	14,934
Total Accounts Payable	<u>39,843</u>	<u>24,909</u>	<u>14,934</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)**

January 31, 2018

	01/31/2018	12/31/2017	Difference
Total 2025 - Other Current Liabilities	20,369	20,369	0
2400 - Deferred Dues & Other Revenue			
2430 - Unearned Registration Fees	41,216	36,120	5,096
Total 2400 - Deferred Dues & Other Revenue	41,216	36,120	5,096
Total Other Current Liabilities	61,585	56,489	5,096
Total Current Liabilities	101,428	81,398	20,030
Other Liabilities			
2200 - Intercompany Loans Payable			
2211 - Due to IAR (from ISRE)	411,011	405,800	5,211
Total 2200 - Intercompany Loans Payable	411,011	405,800	5,211
Total - Other Liabilities	411,011	405,800	5,211
Total Liabilities	512,439	487,198	25,241
NET ASSETS			
3010 - Unrestricted Net Assets	(271,872)	(170,040)	(101,832)
Net Income	47,429	(101,832)	149,261
Total Net Assets	(224,443)	(271,872)	47,429
Total LIABILITIES & NET ASSETS	287,996	215,326	72,670

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

January 31, 2018

	1 Month Actual	1 Month Budget	YTD Actual	YTD Budget	Annual Budget	Prior YTD Actual
Income						
4000 - Membership Income	128,064	89,051	128,064	89,051	1,068,557	99,483
4200 - Contract Fees & Event Income	17,370	11,338	17,370	11,338	136,078	28,744
4300 - Royalties, Rent & Product Sales	72	212	72	212	2,500	288
4900 - Other Income	0	0	0	0	0	120
Total Income	<u>145,506</u>	<u>100,601</u>	<u>145,506</u>	<u>100,601</u>	<u>1,207,135</u>	<u>128,635</u>
Expense						
5000 - Personnel Costs	54,662	54,175	54,662	54,175	660,276	53,717
5300 - Travel & Entertainment	172	1,077	172	1,077	13,100	43
5600 - Professional Fees	2,591	2,325	2,591	2,325	27,900	3,523
5700 - Technology & Equipment	2,628	4,399	2,628	4,399	52,700	1,894
5900 - Office Costs	11,376	11,361	11,376	11,361	136,200	10,357
6100 - Facility Costs	5,058	3,599	5,058	3,599	43,210	4,909
7100 - Programmatic Costs	21,590	22,591	21,590	22,591	271,301	32,990
Total Expense	<u>98,077</u>	<u>99,527</u>	<u>98,077</u>	<u>99,527</u>	<u>1,204,687</u>	<u>107,433</u>
Net Income (Loss)	<u>47,429</u>	<u>1,074</u>	<u>47,429</u>	<u>1,074</u>	<u>2,448</u>	<u>21,202</u>

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

January 31, 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 01/31/2017</u>
Income						
4000 - Membership Income						
4001 - Registrations -- Members	17,784	47,741	17,784	47,741	572,837	24,902
4011 - Registrations -- Non-members	110,280	41,310	110,280	41,310	495,720	74,581
Total 4000 - Membership Income	<u>128,064</u>	<u>89,051</u>	<u>128,064</u>	<u>89,051</u>	<u>1,068,557</u>	<u>99,483</u>
4200 - Contract Fees & Event Income						
4200 - Contract Service Fees, Broker	16,740	7,279	16,740	7,279	87,414	28,284
4210 - Contract Service Fees, Local	630	4,059	630	4,059	48,664	460
Total 4200 - Contract Fees & Event Income	<u>17,370</u>	<u>11,338</u>	<u>17,370</u>	<u>11,338</u>	<u>136,078</u>	<u>28,744</u>
4300 - Royalties, Rent & Product Sales	72	212	72	212	2,500	288
4900 - Other Income	0	0	0	0	0	120
Total Income	<u>145,506</u>	<u>100,601</u>	<u>145,506</u>	<u>100,601</u>	<u>1,207,135</u>	<u>128,635</u>
Expense						
5000 - Personnel Costs						
5010 - Compensation	38,177	33,750	38,177	33,750	405,000	35,281
5020 - Bonus Pool	0	0	0	0	10,000	0
5030 - Contract Labor / Temp Help	0	163	0	163	2,000	0
5035 - Instructor Compensation	7,995	11,207	7,995	11,207	134,550	8,855
5100 - Benefits & Taxes						
5110 - Health & Life Insurance	1,714	3,087	1,714	3,087	37,000	2,835
5115 - Wellness Benefit	129	0	129	0	0	96
5120 - Dental Insurance	247	337	247	337	4,000	215
5125 - Disability Insurance	171	263	171	263	3,200	260
5130 - Retirement Benefits	1,722	1,682	1,722	1,682	20,250	1,649
5160 - Payroll Taxes	4,507	3,436	4,507	3,436	41,276	4,510
5170 - Professional Development	0	125	0	125	1,500	0
5180 - Dues & Subscriptions	0	125	0	125	1,500	16
Total 5100 - Benefits & Taxes	<u>8,490</u>	<u>9,055</u>	<u>8,490</u>	<u>9,055</u>	<u>108,726</u>	<u>9,581</u>
Total 5000 - Personnel Costs	<u>54,662</u>	<u>54,175</u>	<u>54,662</u>	<u>54,175</u>	<u>660,276</u>	<u>53,717</u>
5300 - Travel & Entertainment						
5310 - Staff Travel Costs						
5310 - Staff Travel	0	163	0	163	2,000	3
5320 - Staff Lodging	0	288	0	288	3,500	0
5330 - Staff Mileage	172	163	172	163	2,000	0
5340 - Staff Meals	0	163	0	163	2,000	40
5350 - Staff Hospitality	0	163	0	163	2,000	0

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

January 31, 2018

	1 Month Actual	1 Month Budget	YTD Actual	YTD Budget	Annual Budget	Prior YTD 01/31/2017
5360 - Conference Registration Fees	0	137	0	137	1,600	0
Total 5310 - Staff Travel Costs	172	1,077	172	1,077	13,100	43
Total 5300 Travel & Entertainment	172	1,077	172	1,077	13,100	43
5600 - Professional Fees						
5610 - Legal Services	0	38	0	38	500	0
5620 - Audit & Tax Services	0	87	0	87	1,000	0
5630 - Accounting Services	2,591	2,200	2,591	2,200	26,400	3,523
Total 5600 - Professional Fees	2,591	2,325	2,591	2,325	27,900	3,523
5700 - Technology & Equipment						
5710 - Technology Consulting Service	0	2,087	0	2,087	25,000	0
5720 - Equipment Repairs & Maintenance	144	0	144	0	0	0
5730 - Small Equipment Purchases	0	125	0	125	1,500	0
5740 - Equipment > \$1000	0	87	0	87	1,000	0
5750 - Equipment Lease Payments	1,036	600	1,036	600	7,200	446
5760 - Software & Licensing Fees	1,448	1,500	1,448	1,500	18,000	1,448
Total 5700 - Technology & Equipment	2,628	4,399	2,628	4,399	52,700	1,894
5900 - Office Costs						
5910 - Telephone	0	250	0	250	3,000	134
5920 - Postage	0	125	0	125	1,500	0
5925 - Shipping Expense	(615)	174	(615)	174	2,000	(1,168)
5926 - Sales Tax	329	0	329	0	0	0
5930 - Office Supplies	310	125	310	125	1,500	302
5935 - Supplies for Resale	0	87	0	87	1,000	190
5940 - Printing	0	87	0	87	1,000	0
5950 - Liability Insurance	0	87	0	87	1,000	0
5960 - Licenses and Fees	98	163	98	163	2,000	180
5970 - Bank & Credit Card Fees	4,154	3,163	4,154	3,163	38,000	3,619
5995 - IAR Management Fee (paid by ISRE)	7,100	7,100	7,100	7,100	85,200	7,100
Total 5900 - Office Costs	11,376	11,361	11,376	11,361	136,200	10,357
6100 - Facility Costs						
6110 - Office Rent & Parking	5,058	3,368	5,058	3,368	40,460	4,909
6150 - Janitorial-cleaning & supplies	0	144	0	144	1,750	0
6170 - Property Insurance	0	87	0	87	1,000	0
Total 6100 - Facility Costs	5,058	3,599	5,058	3,599	43,210	4,909
7100 - Programmatic Costs						
7110 - Facility Rental	3,578	5,126	3,578	5,126	61,600	2,978

NO ASSURANCE IS PROVIDED. SEE SELECT INFORMATION.

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

January 31, 2018

	1 Month Actual	1 Month Budget	YTD Actual	YTD Budget	Annual Budget	Prior YTD 01/31/2017
7120 - Catering	237	663	237	663	8,000	0
7130 - Honorarium/Speaker Fees	0	337	0	337	4,000	0
7140 - Speaker Travel	627	2,000	627	2,000	24,000	350
7160 - Event Sponsorships	450	212	450	212	2,500	0
7165 - Contract Fees	83	0	83	0	0	0
7170 - Curriculum	16,400	6,841	16,400	6,841	82,092	27,500
7210 - Website Development / Hosting	0	1,250	0	1,250	15,000	0
7230 - Distance Learning Portal	0	3,686	0	3,686	44,353	0
7260 - Advertising/Marketing	215	413	215	413	5,000	2,162
7270 - Research & Development	0	1,976	0	1,976	23,756	0
7310 - Other Program Costs	0	87	0	87	1,000	0
Total 7100 - Programmatic Costs	21,590	22,591	21,590	22,591	271,301	32,990
Total Expense	98,077	99,527	98,077	99,527	1,204,687	107,433
Net Income (Loss)	47,429	1,074	47,429	1,074	2,448	21,202

Indiana School of Real Estate, LLC
Historical and Budgeted Financial Statements
Selected Information
For the One Month Ended January 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 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 December 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 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%