

# Indiana School of Real Estate July 2017

## EXECUTIVE SUMMARY

### Balance Sheet:

1. The School's cash balance decreased by \$34,000 during July with an ending balance of \$42,000.
2. Accounts Receivable decreased by \$8,000 due to payments received in July.
3. Prepaid expenses increased by \$5,000 due to August classroom rent paid in July and additional invoices paid for the 90-hour pre-licensing course revision.
4. Unearned registration fees decreased by \$6,000 due to courses held in July. Ending balance of unearned registration fees was \$14,000.
5. The amount Due to IAR decreased by \$12,500, with an ending balance of \$304,000, due to transfer to IAR during the month.

### Income Statement:

6. The School's net loss for the month was (\$17,000) compared to budgeted net income of \$9,000.
7. YTD, the School had net income of \$101,000 compared to budgeted net income of \$61,000.
8. Compared to the prior year, YTD net income is \$69,000 or (41%) lower.
9. Total revenue for July was \$76,000 and was below the monthly budget of \$98,000 by \$21,000 or 22%.
10. YTD revenue was \$884,000 and was above the YTD budget of \$685,000 by \$199,000 or 29%.
11. Compared to the prior year, YTD revenue was \$80,000 (8%) lower.
12. Total expenses for July were \$93,000 and were over budget by \$4,000 or 5%.
13. Total expenses YTD were \$783,000 and were over budget by \$159,000 or 25%, mostly due to instructor compensation and travel, management fee paid to IAR included in Office Costs, rent/parking paid to IAR included in Facility Costs and Curriculum.
14. Compared to the prior year, YTD expenses were \$11,000 or 1% lower, mostly due to curriculum expenses.

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

July 31, 2017

	07/31/2017	06/30/2017	Difference
<b>ASSETS</b>			
Current Assets			
Checking/Savings			
1000 - Cash Accounts			
1022 - ISRE Checking	42,234	76,676	(34,442)
Total 1000 - Cash Accounts	<u>42,234</u>	<u>76,676</u>	<u>(34,442)</u>
Total Checking/Savings	<u>42,234</u>	<u>76,676</u>	<u>(34,442)</u>
Other Current Assets			
1200 - Accounts Receivable			
1200 - Accounts Receivable	9,240	16,955	(7,715)
1210 - Tuition Receivable	2,569	2,569	0
Total 1200 - Accounts Receivable	<u>11,809</u>	<u>19,524</u>	<u>(7,715)</u>
1300 - Other Current Assets			
1310 - Prepaid Expense	19,977	18,442	1,535
1330 - Prepaid Curriculum	100,862	97,279	3,583
1350 - Other Deposits	1,560	1,559	0
Total 1300 - Other Current Assets	<u>122,399</u>	<u>117,280</u>	<u>5,118</u>
Total Other Current Assets	<u>134,208</u>	<u>136,804</u>	<u>(2,597)</u>
Total Current Assets	<u>176,442</u>	<u>213,480</u>	<u>(37,039)</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	107,613	107,614	0
Total 1605 - Land, Buildings & Equipment	<u>127,893</u>	<u>127,894</u>	<u>0</u>
1655 - Accumulated Depreciation			
1670 - Accum. Amortization- Capital Lease	(2,816)	(2,817)	0
1680 - Accum. Depreciation - FF&E	(96,121)	(96,121)	0
Total 1655 - Accumulated Depreciation	<u>(98,937)</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	(5,138)	(5,137)	0
Total 1700 - Capitalized Lease Costs	<u>25,687</u>	<u>25,688</u>	<u>0</u>
Total Other Assets	<u>25,687</u>	<u>25,688</u>	<u>0</u>
<b>Total ASSETS</b>	<b><u>231,085</u></b>	<b><u>268,124</u></b>	<b><u>(37,039)</u></b>
<b>LIABILITIES &amp; NET ASSETS</b>			
Liabilities			
Current Liabilities			
Accounts Payable			
2010 - Accounts Payable	7,177	9,155	(1,978)
Total Accounts Payable	<u>7,177</u>	<u>9,155</u>	<u>(1,978)</u>
Other Current Liabilities			
2025 - Other Current Liabilities			
2040 - Accrued Payables	1,500	1,500	0

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

July 31, 2017

	07/31/2017	06/30/2017	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	13,883	19,824	(5,941)
Total 2400 - Deferred Dues & Other Revenue	13,883	19,824	(5,941)
Total Other Current Liabilities	33,063	39,004	(5,941)
Total Current Liabilities	40,240	48,159	(7,919)
Other Liabilities			
2200 - Intercompany Loans Payable			
2211 - Due to IAR (from ISRE)	304,061	316,569	(12,508)
Total 2200 - Intercompany Loans Payable	304,061	316,569	(12,508)
Total - Other Liabilities	304,061	316,569	(12,508)
Total Liabilities	344,301	364,728	(20,427)
<b>NET ASSETS</b>			
3010 - Unrestricted Net Assets	(96,605)	(163,525)	66,920
Net Income	(16,611)	66,921	(83,532)
Total Net Assets	(113,216)	(96,604)	(16,612)
<b>Total LIABILITIES &amp; NET ASSETS</b>	<b>231,085</b>	<b>268,124</b>	<b>(37,039)</b>

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

July 31, 2017

	1 Month Actual	1 Month Budget	YTD Actual	YTD Budget	Annual Budget	Prior YTD Actual
<b>Income</b>						
4000 - Membership Income	64,335	96,999	715,352	678,993	1,163,975	832,123
4200 - Contract Fees & Event Income	12,068	0	164,981	0	0	87,141
4300 - Royalties, Rent & Product Sales	34	417	3,104	2,919	5,000	1,536
4900 - Other Income	40	417	230	2,919	5,000	42,800
Total Income	<u>76,477</u>	<u>97,833</u>	<u>883,667</u>	<u>684,831</u>	<u>1,173,975</u>	<u>963,600</u>
<b>Expense</b>						
5000 - Personnel Costs	49,822	52,166	436,442	365,162	635,986	425,757
5300 - Travel & Entertainment	668	1,093	5,631	7,651	13,100	6,776
5600 - Professional Fees	1,750	2,283	15,699	16,981	28,400	12,721
5700 - Technology & Equipment	1,900	4,250	18,336	29,750	51,000	19,724
5900 - Office Costs	9,562	4,202	77,174	29,414	50,450	79,931
6100 - Facility Costs	5,134	2,615	35,278	18,305	31,380	35,347
7100 - Programmatic Costs	24,252	22,391	194,363	156,737	277,221	213,896
Total Expense	<u>93,088</u>	<u>89,000</u>	<u>782,923</u>	<u>624,000</u>	<u>1,087,537</u>	<u>794,152</u>
<b>Net Income (Loss)</b>	<u><b>(16,611)</b></u>	<u><b>8,833</b></u>	<u><b>100,744</b></u>	<u><b>60,831</b></u>	<u><b>86,438</b></u>	<u><b>169,448</b></u>

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

July 31, 2017

	1 Month Actual	1 Month Budget	YTD Actual	YTD Budget	Annual Budget
<b>Income</b>					
4000 - Membership Income					
4001 - Registrations -- Members	12,810	58,784	383,308	411,488	705,400
4011 - Registrations -- Non-members	51,525	38,215	332,044	267,505	458,575
Total 4000 - Membership Income	<u>64,335</u>	<u>96,999</u>	<u>715,352</u>	<u>678,993</u>	<u>1,163,975</u>
4200 - Contract Fees & Event Income					
4200 - Contract Service Fees, Broker	10,958	0	140,877	0	0
4210 - Contract Service Fees, Local	1,110	0	24,104	0	0
Total 4200 - Contract Fees & Event Income	<u>12,068</u>	<u>0</u>	<u>164,981</u>	<u>0</u>	<u>0</u>
4300 - Royalties, Rent & Product Sales	34	417	3,104	2,919	5,000
4900 - Other Income	40	417	230	2,919	5,000
Total Income	<u>76,477</u>	<u>97,833</u>	<u>883,667</u>	<u>684,831</u>	<u>1,173,975</u>
<b>Expense</b>					
5000 - Personnel Costs					
5010 - Compensation	35,154	32,917	253,321	230,419	395,000
5020 - Bonus Pool	0	0	(10)	0	10,000
5030 - Contract Labor / Temp Help	0	917	0	6,419	11,000
5035 - Instructor Compensation	6,375	9,333	113,483	65,331	112,000
5100 - Benefits & Taxes					
5110 - Health & Life Insurance	2,837	3,333	19,859	23,331	40,000
5115 - Wellness Benefit	96	0	1,164	0	0
5120 - Dental Insurance	215	350	1,504	2,450	4,200
5125 - Disability Insurance	260	250	1,819	1,750	3,000
5130 - Retirement Benefits	1,651	1,250	12,053	8,750	15,000
5160 - Payroll Taxes	3,234	3,232	32,434	22,624	38,786
5170 - Professional Development	0	501	0	3,507	6,000
5180 - Dues & Subscriptions	0	83	815	581	1,000
Total 5100 - Benefits & Taxes	<u>8,293</u>	<u>8,999</u>	<u>69,648</u>	<u>62,993</u>	<u>107,986</u>
Total 5000 - Personnel Costs	<u>49,822</u>	<u>52,166</u>	<u>436,442</u>	<u>365,162</u>	<u>635,986</u>
5300 - Travel & Entertainment					
5310 - Staff Travel Costs					
5310 - Staff Travel	0	167	537	1,169	2,000
5320 - Staff Lodging	0	292	1,739	2,044	3,500
5330 - Staff Mileage	0	167	458	1,169	2,000
5340 - Staff Meals	668	167	2,004	1,169	2,000
5350 - Staff Hospitality	0	167	98	1,169	2,000
5360 - Conference Registration Fees	0	133	795	931	1,600

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

July 31, 2017

	1 Month Actual	1 Month Budget	YTD Actual	YTD Budget	Annual Budget
Total 5310 - Staff Travel Costs	668	1,093	5,631	7,651	13,100
Total 5300 Travel & Entertainment	668	1,093	5,631	7,651	13,100
5600 - Professional Fees					
5610 - Legal Services	0	83	0	581	1,000
5620 - Audit & Tax Services	0	0	1,000	1,000	1,000
5630 - Accounting Services	1,750	2,200	14,699	15,400	26,400
Total 5600 - Professional Fees	1,750	2,283	15,699	16,981	28,400
5700 - Technology & Equipment					
5710 - Technology Consulting Service	0	2,083	4,627	14,581	25,000
5730 - Small Equipment Purchases	0	83	321	581	1,000
5740 - Equipment > \$1000	0	250	0	1,750	3,000
5750 - Equipment Lease Payments	452	417	3,250	2,919	5,000
5760 - Software & Licensing Fees	1,448	1,417	10,138	9,919	17,000
Total 5700 - Technology & Equipment	1,900	4,250	18,336	29,750	51,000
5900 - Office Costs					
5910 - Telephone	134	250	936	1,750	3,000
5920 - Postage	0	125	0	875	1,500
5925 - Shipping Expense	(337)	(130)	(2,734)	(910)	(1,550)
5926 - Sales Tax	(3)	0	(87)	0	0
5930 - Office Supplies	297	125	2,055	875	1,500
5935 - Supplies for Resale	0	83	1,317	581	1,000
5940 - Printing	0	83	0	581	1,000
5950 - Liability Insurance	0	83	0	581	1,000
5960 - Licenses and Fees	98	250	1,120	1,750	3,000
5970 - Bank & Credit Card Fees	2,273	3,333	24,807	23,331	40,000
5980 - Miscellaneous	0	0	60	0	0
5995 - IAR Management Fee (paid by ISRE)	7,100	0	49,700	0	0
Total 5900 - Office Costs	9,562	4,202	77,174	29,414	50,450
6100 - Facility Costs					
6110 - Office Rent & Parking	4,909	2,490	34,393	17,430	29,880
6150 - Janitorial-cleaning & supplies	225	42	885	294	500
6170 - Property Insurance	0	83	0	581	1,000
Total 6100 - Facility Costs	5,134	2,615	35,278	18,305	31,380
7100 - Programmatic Costs					
7110 - Facility Rental	4,047	5,397	25,292	37,779	66,895
7120 - Catering	309	83	1,596	581	3,125
7130 - Honorarium/Speaker Fees	0	333	8,583	2,331	8,250
7140 - Speaker Travel	707	1,666	12,948	11,662	20,000

NO ASSURANCE IS PROVIDED. SEE SELECT INFORMATION.

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

July 31, 2017

	1 Month Actual	1 Month Budget	YTD Actual	YTD Budget	Annual Budget
7160 - Event Sponsorships	0	208	450	1,456	2,500
7165 - Contract Fees	0	0	15,569	0	0
7170 - Curriculum	8,705	6,275	91,671	43,925	75,300
7210 - Website Development / Hosting	65	1,250	829	8,750	15,000
7215 - Clipping Service	65	0	65	0	0
7220 - Internet Communications	0	0	2,478	0	0
7230 - Distance Learning Portal	10,304	3,716	26,763	26,012	44,600
7260 - Advertising/Marketing	50	417	8,119	2,919	5,000
7270 - Research & Development	0	2,963	0	20,741	35,551
7310 - Other Program Costs	0	83	0	581	1,000
Total 7100 - Programmatic Costs	<u>24,252</u>	<u>22,391</u>	<u>194,363</u>	<u>156,737</u>	<u>277,221</u>
Total Expense	<u>93,088</u>	<u>89,000</u>	<u>782,923</u>	<u>624,000</u>	<u>1,087,537</u>
<b>Net Income (Loss)</b>	<b><u>(16,611)</u></b>	<b><u>8,833</u></b>	<b><u>100,744</u></b>	<b><u>60,831</u></b>	<b><u>86,438</u></b>

**Indiana School of Real Estate, LLC**  
**Historical and Budgeted Financial Statements**  
**Selected Information**  
**For the Seven Months Ended July 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 June 30, 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%