

Indiana School of Real Estate

July 2018

EXECUTIVE SUMMARY

Balance Sheet:

1. The School's cash balance decreased by \$30,000 during July with an ending balance of \$60,000. Decrease is due mostly to transfer to IAR.
2. Accounts Receivable decreased by \$8,000 due to payments received during the month.
3. Prepaid Expense increased by \$17,000 due to invoice for Xenegrade annual software license.
4. Accounts Payable increased by \$17,000 due to invoice received from Xenegrade.
5. Unearned registration fees increased by \$1,000 with an ending balance of \$29,000.
6. The amount Due to IAR decreased by \$24,000 due to transfer made to IAR for July. Ending balance was \$313,000.

Income Statement:

7. The School had net loss for the month of (\$14,000) compared to budgeted net income of \$1,000.
8. YTD net income was \$180,000 and was above the YTD budget of \$7,000 by \$173,000.
9. Compared to the prior year, YTD net income was \$79,000 higher, due to a combination of increased revenue and decreased expenses in 2018.
10. Total revenue for July was \$74,000 and was below the monthly budget of \$101,000 by \$26,000 or 26%.
11. YTD total revenue was \$933,000 and was above the YTD budget of \$704,000 by \$229,000 or 32%.
12. Compared to the prior year, YTD total revenue was \$49,000 or 6% higher.
13. Total expenses for July were \$88,000 vs budget of \$99,000 – under budget by \$11,000 or 11%, mostly due to personnel costs, program facilities (one month of free rent in Bloomington), and curriculum.
14. YTD expenses were \$753,000 and were above the YTD budget of \$697,000 by \$56,000 or 8%, mostly due to instructor compensation, honorarium/speaker fees, contract fees, and curriculum.
15. Compared to the prior year, YTD expenses were lower by \$30,000 or 4% mostly due to compensation, contract fees and curriculum.

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

July 31, 2018

	07/31/2018	06/30/2018	Difference
ASSETS			
Current Assets			
Checking/Savings			
1000 - Cash Accounts			
1022 - ISRE Checking	59,864	90,008	(30,144)
Total 1000 - Cash Accounts	<u>59,864</u>	<u>90,008</u>	<u>(30,144)</u>
Total Checking/Savings	59,864	90,008	(30,144)
Other Current Assets			
1200 - Accounts Receivable			
1200 - Accounts Receivable	15,364	23,500	(8,136)
1210 - Tuition Receivable	10,521	10,415	106
Total 1200 - Accounts Receivable	<u>25,885</u>	<u>33,915</u>	<u>(8,030)</u>
1300 - Other Current Assets			
1310 - Prepaid Expense	52,468	35,788	16,680
1330 - Prepaid Curriculum	113,299	112,754	546
1350 - Other Deposits	1,559	1,559	0
Total 1300 - Other Current Assets	<u>167,326</u>	<u>150,101</u>	<u>17,226</u>
Total Other Current Assets	<u>193,211</u>	<u>184,016</u>	<u>9,196</u>
Total Current Assets	<u>253,075</u>	<u>274,024</u>	<u>(20,949)</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)	(9,833)	0
1680 - Accum. Depreciation - FF&E	(15,829)	(15,829)	0
Total 1655 - Accumulated Depreciation	<u>(25,661)</u>	<u>(25,662)</u>	<u>0</u>
Total 1600 - Fixed Assets, Net of Deprec.	<u>27,119</u>	<u>27,118</u>	<u>0</u>
Total Fixed Assets	<u>27,119</u>	<u>27,118</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)	(15,412)	0
Total 1700 - Capitalized Loan and Lease Costs	<u>15,412</u>	<u>15,413</u>	<u>0</u>
Total Other Assets	<u>15,412</u>	<u>15,413</u>	<u>0</u>
Total ASSETS	<u>295,606</u>	<u>316,555</u>	<u>(20,949)</u>
LIABILITIES & NET ASSETS			
Liabilities			
Current Liabilities			
Accounts Payable			
2010 - Accounts Payable	25,352	8,827	16,525
Total Accounts Payable	<u>25,352</u>	<u>8,827</u>	<u>16,525</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)**

July 31, 2018

	07/31/2018	06/30/2018	Difference
Total 2025 - Other Current Liabilities	20,369	20,369	0
2400 - Deferred Dues & Other Revenue			
2430 - Unearned Registration Fees	29,359	28,176	1,183
Total 2400 - Deferred Dues & Other Revenue	29,359	28,176	1,183
Total Other Current Liabilities	49,728	48,545	1,183
Total Current Liabilities	75,080	57,372	17,708
Other Liabilities			
2200 - Intercompany Loans Payable			
2211 - Due to IAR (from ISRE)	312,400	337,092	(24,693)
Total 2200 - Intercompany Loans Payable	312,400	337,092	(24,693)
Total - Other Liabilities	312,400	337,092	(24,693)
Total Liabilities	387,480	394,464	(6,985)
NET ASSETS			
3010 - Unrestricted Net Assets	(77,910)	(141,482)	63,573
Net Income	(13,964)	63,573	(77,537)
Total Net Assets	(91,874)	(77,909)	(13,964)
Total LIABILITIES & NET ASSETS	295,606	316,555	(20,949)

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

July 31, 2018

	1 Month Actual	1 Month Budget	YTD Actual	YTD Budget	Annual Budget	Prior YTD Actual
Income						
4000 - Membership Income	69,803	89,046	799,238	623,327	1,068,557	715,352
4200 - Contract Fees & Event Income	4,327	11,340	132,446	79,378	136,078	164,981
4300 - Royalties, Rent & Product Sales	190	208	1,177	1,460	2,500	3,104
4900 - Other Income	0	0	40	0	0	230
Total Income	<u>74,320</u>	<u>100,594</u>	<u>932,901</u>	<u>704,165</u>	<u>1,207,135</u>	<u>883,667</u>
Expense						
5000 - Personnel Costs	48,621	54,191	412,175	379,321	660,276	436,442
5300 - Travel & Entertainment	807	1,093	4,470	7,635	13,100	5,631
5600 - Professional Fees	1,581	2,242	17,671	16,690	27,900	15,699
5700 - Technology & Equipment	3,737	4,391	28,699	30,745	52,700	20,814
5900 - Office Costs	10,774	11,349	82,565	79,455	136,200	77,174
6100 - Facility Costs	3,953	3,601	26,746	25,205	43,210	35,278
7100 - Programmatic Costs	18,811	22,610	180,577	158,251	271,301	191,885
Total Expense	<u>88,284</u>	<u>99,477</u>	<u>752,903</u>	<u>697,302</u>	<u>1,204,687</u>	<u>782,923</u>
Net Income (Loss)	<u>(13,964)</u>	<u>1,117</u>	<u>179,998</u>	<u>6,863</u>	<u>2,448</u>	<u>100,744</u>

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

July 31, 2018

	1 Month Actual	1 Month Budget	YTD Actual	YTD Budget	Annual Budget	Prior YTD 07/31/2017
Income						
4000 - Membership Income						
4001 - Registrations -- Members	11,620	47,736	359,924	334,157	572,837	383,308
4011 - Registrations -- Non-members	58,183	41,310	439,314	289,170	495,720	332,044
Total 4000 - Membership Income	69,803	89,046	799,238	623,327	1,068,557	715,352
4200 - Contract Fees & Event Income						
4200 - Contract Service Fees, Broker	4,327	7,285	102,508	50,989	87,414	140,877
4210 - Contract Service Fees, Local	0	4,055	29,938	28,389	48,664	24,104
Total 4200 - Contract Fees & Event Income	4,327	11,340	132,446	79,378	136,078	164,981
4300 - Royalties, Rent & Product Sales	190	208	1,177	1,460	2,500	3,104
4900 - Other Income	0	0	40	0	0	230
Total Income	74,320	100,594	932,901	704,165	1,207,135	883,667
Expense						
5000 - Personnel Costs						
5010 - Compensation	30,862	33,750	240,184	236,250	405,000	253,321
5020 - Bonus Pool	0	0	0	0	10,000	(10)
5030 - Contract Labor / Temp Help	0	167	1,609	1,165	2,000	0
5035 - Instructor Compensation	9,767	11,213	110,841	78,485	134,550	113,483
5100 - Benefits & Taxes						
5110 - Health & Life Insurance	1,957	3,083	13,582	21,585	37,000	19,859
5115 - Wellness Benefit	87	0	653	0	0	1,164
5120 - Dental Insurance	195	333	1,362	2,335	4,000	1,504
5125 - Disability Insurance	191	267	1,317	1,865	3,200	1,819
5130 - Retirement Benefits	1,361	1,688	10,925	11,810	20,250	12,053
5160 - Payroll Taxes	3,201	3,440	30,366	24,076	41,276	32,434
5170 - Professional Development	1,000	125	1,000	875	1,500	0
5180 - Dues & Subscriptions	0	125	336	875	1,500	815
Total 5100 - Benefits & Taxes	7,992	9,061	59,541	63,421	108,726	69,648
Total 5000 - Personnel Costs	48,621	54,191	412,175	379,321	660,276	436,442
5300 - Travel & Entertainment						
5310 - Staff Travel Costs						
5310 - Staff Travel	0	167	708	1,165	2,000	537
5320 - Staff Lodging	0	292	633	2,040	3,500	1,739
5330 - Staff Mileage	70	167	581	1,165	2,000	458
5340 - Staff Meals	737	167	2,205	1,165	2,000	2,004
5350 - Staff Hospitality	0	167	53	1,165	2,000	98

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

July 31, 2018

	1 Month Actual	1 Month Budget	YTD Actual	YTD Budget	Annual Budget	Prior YTD 07/31/2017
5360 - Conference Registration Fees	0	133	290	935	1,600	795
Total 5310 - Staff Travel Costs	807	1,093	4,470	7,635	13,100	5,631
Total 5300 Travel & Entertainment	807	1,093	4,470	7,635	13,100	5,631
5600 - Professional Fees						
5610 - Legal Services	0	42	0	290	500	0
5620 - Audit & Tax Services	0	0	0	1,000	1,000	1,000
5630 - Accounting Services	1,581	2,200	17,671	15,400	26,400	14,699
Total 5600 - Professional Fees	1,581	2,242	17,671	16,690	27,900	15,699
5700 - Technology & Equipment						
5710 - Technology Consulting Service	0	2,083	7,761	14,585	25,000	4,627
5730 - Small Equipment Purchases	0	125	171	875	1,500	321
5740 - Equipment > \$1000	1,527	83	4,639	585	1,000	0
5750 - Equipment Lease Payments	538	600	4,644	4,200	7,200	3,250
5760 - Software & Licensing Fees	1,672	1,500	11,484	10,500	18,000	12,616
Total 5700 - Technology & Equipment	3,737	4,391	28,699	30,745	52,700	20,814
5900 - Office Costs						
5910 - Telephone	133	250	803	1,750	3,000	936
5920 - Postage	640	125	640	875	1,500	0
5925 - Shipping Expense	(318)	166	(1,444)	1,170	2,000	(2,734)
5926 - Sales Tax	(2)	0	44	0	0	(87)
5930 - Office Supplies	154	125	3,337	875	1,500	2,055
5935 - Supplies for Resale	0	83	1,008	585	1,000	1,317
5940 - Printing	0	83	0	585	1,000	0
5950 - Liability Insurance	581	83	581	585	1,000	0
5960 - Licenses and Fees	102	167	2,451	1,165	2,000	1,120
5970 - Bank & Credit Card Fees	2,384	3,167	25,445	22,165	38,000	24,807
5980 - Miscellaneous	0	0	0	0	0	60
5995 - IAR Management Fee (paid by ISRE)	7,100	7,100	49,700	49,700	85,200	49,700
Total 5900 - Office Costs	10,774	11,349	82,565	79,455	136,200	77,174
6100 - Facility Costs						
6110 - Office Rent & Parking	3,372	3,372	25,290	23,600	40,460	34,393
6150 - Janitorial-cleaning & supplies	0	146	875	1,020	1,750	885
6170 - Property Insurance	581	83	581	585	1,000	0
Total 6100 - Facility Costs	3,953	3,601	26,746	25,205	43,210	35,278
7100 - Programmatic Costs						
7110 - Facility Rental	2,985	5,134	27,728	35,930	61,600	25,292

NO ASSURANCE IS PROVIDED. SEE SELECT INFORMATION.

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

July 31, 2018

	1 Month Actual	1 Month Budget	YTD Actual	YTD Budget	Annual Budget	Prior YTD 07/31/2017
7120 - Catering	0	667	2,390	4,665	8,000	1,596
7130 - Honorarium/Speaker Fees	375	333	12,651	2,335	4,000	8,583
7140 - Speaker Travel	933	2,000	11,261	14,000	24,000	12,948
7160 - Event Sponsorships	0	208	450	1,460	2,500	450
7165 - Contract Fees	680	0	10,324	0	0	15,569
7170 - Curriculum	4,299	6,841	82,125	47,887	82,092	91,671
7210 - Website Development / Hosting	130	1,250	805	8,750	15,000	894
7230 - Distance Learning Portal	9,825	3,697	25,607	25,868	44,353	26,763
7260 - Advertising/Marketing	(416)	417	7,126	2,915	5,000	8,119
7270 - Research & Development	0	1,980	0	13,856	23,756	0
7310 - Other Program Costs	0	83	110	585	1,000	0
Total 7100 - Programmatic Costs	18,811	22,610	180,577	158,251	271,301	191,885
Total Expense	88,284	99,477	752,903	697,302	1,204,687	782,923
Net Income (Loss)	(13,964)	1,117	179,998	6,863	2,448	100,744

Indiana School of Real Estate
Statement of Cash Flows
Year To Date 07/31/2018

OPERATING ACTIVITIES

Net Income	<u>179,998</u>
Adjustments to reconcile Net Income to net cash provided by operations	
1200 - Accounts Receivable	(9,508)
1210 - Tuition Receivable	(9,533)
1310 - Prepaid Expense	(18,179)
1330 - Prepaid Curriculum	(540)
2010 - Accounts Payable	442
2211 - Due to IAR (from ISRE)	(93,399)
2430 - Unearned Registration Fees	(6,761)
Net cash provided by Operating Activities	<u>42,520</u>
Net cash change for period	42,520
Cash at beginning of period	<u>17,344</u>
Cash at end of period	<u>59,864</u>

Indiana School of Real Estate, LLC
Historical and Budgeted Financial Statements
Selected Information
For the seven months ended July 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 June 30, 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%