

# Indiana School of Real Estate

## May 2017

### EXECUTIVE SUMMARY

#### Balance Sheet:

1. The School's cash balance decreased by \$1,500 during May with an ending balance of \$46,000.
2. Accounts Receivable increased by \$24,000 due to recent invoices prepared for various continuing education classes held in January thru May.
3. Accounts Payable decreased by \$7,000 mostly due to payment of invoices for Dearborn Financial Publishing for books purchased in the prior month.
4. Unearned registration fees increased by \$19,000 due mostly to pre-licensing courses to be held in June and July. Ending balance of unearned registration fees was \$63,000.
5. The amount Due to IAR decreased by \$14,000, with an ending balance of \$328,000, due to transfer to IAR during the month.

#### Income Statement:

6. The School had net income for the month of \$25,000 compared to budgeted net income of \$9,000.
7. YTD, the School had net income of \$50,000 compared to budgeted net income of \$43,000.
8. Compared to the prior year, YTD net income is \$42,000 or (45%) lower.
9. Total revenue for May was \$137,000 and was above the monthly budget of \$98,000 by \$39,000 or 40%.
10. YTD revenue was \$608,000 and was above the YTD budget of \$489,000 by \$119,000 or 24%.
11. Compared to the prior year, YTD revenue was \$26,000 (4%) lower.
12. Total expenses for May were \$112,000 and were over budget by \$23,000 or 25%, mostly due to instructor compensation and the monthly management fee paid to IAR included in Office Costs.
13. Total expenses YTD were \$558,000 and were over budget by \$112,000 or 25%, mostly due to instructor compensation, management fee paid to IAR included in Office Costs, and Curriculum.
14. Compared to the prior year, YTD expenses were \$16,000 or 3% higher, mostly due to instructor compensation and accounting services.

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

May 31, 2017

|   | 05/31/2017     | 04/30/2017     | Difference    |
|---|----------------|----------------|---------------|
| <b>ASSETS</b>                             |                |                |               |
| Current Assets                            |                |                |               |
| Checking/Savings                          |                |                |               |
| 1000 - Cash Accounts                      |                |                |               |
| 1022 - ISRE Checking                      | 45,701         | 47,286         | (1,585)       |
| Total 1000 - Cash Accounts                | 45,701         | 47,286         | (1,585)       |
| Total Checking/Savings                    | 45,701         | 47,286         | (1,585)       |
| Other Current Assets                      |                |                |               |
| 1200 - Accounts Receivable                |                |                |               |
| 1200 - Accounts Receivable                | 24,475         | 510            | 23,965        |
| 1210 - Tuition Receivable                 | 4,699          | 4,699          | 0             |
| Total 1200 - Accounts Receivable          | 29,174         | 5,209          | 23,965        |
| 1300 - Other Current Assets               |                |                |               |
| 1310 - Prepaid Expense                    | 23,019         | 27,420         | (4,400)       |
| 1330 - Prepaid Curriculum                 | 98,459         | 93,068         | 5,390         |
| 1350 - Other Deposits                     | 1,560          | 1,560          | 0             |
| Total 1300 - Other Current Assets         | 123,038        | 122,048        | 990           |
| Total Other Current Assets                | 152,212        | 127,257        | 24,955        |
| Total Current Assets                      | 197,913        | 174,543        | 23,370        |
| 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        | 107,613        | 0             |
| Total 1605 - Land, Buildings & Equipment  | 127,893        | 127,893        | 0             |
| 1655 - Accumulated Depreciation           |                |                |               |
| 1670 - Accum. Amortization- Capital Lease | (2,816)        | (2,816)        | 0             |
| 1680 - Accum. Depreciation - FF&E         | (96,121)       | (96,121)       | 0             |
| Total 1655 - Accumulated Depreciation     | (98,937)       | (98,937)       | 0             |
| Total 1600 - Fixed Assets, Net of Deprec. | 28,956         | 28,956         | 0             |
| Total Fixed Assets                        | 28,956         | 28,956         | 0             |
| Other Assets                              |                |                |               |
| 1700 - Capitalized Lease Costs            |                |                |               |
| 1730 - Capitalized Software Costs         | 30,825         | 30,825         | 0             |
| 1732 - Accum Amort - Capitalized Software | (5,138)        | (5,138)        | 0             |
| Total 1700 - Capitalized Lease Costs      | 25,687         | 25,687         | 0             |
| Total Other Assets                        | 25,687         | 25,687         | 0             |
| <b>Total ASSETS</b>                       | <b>252,556</b> | <b>229,186</b> | <b>23,370</b> |
| <b>LIABILITIES &amp; NET ASSETS</b>       |                |                |               |
| Liabilities                               |                |                |               |
| Current Liabilities                       |                |                |               |
| Accounts Payable                          |                |                |               |
| 2010 - Accounts Payable                   | 5,494          | 12,670         | (7,177)       |
| Total Accounts Payable                    | 5,494          | 12,670         | (7,177)       |
| Other Current Liabilities                 |                |                |               |
| 2025 - Other Current Liabilities          |                |                |               |
| 2040 - Accrued Payables                   | 1,900          | 1,200          | 700           |

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

May 31, 2017

|  | 05/31/2017     | 04/30/2017     | Difference    |
|--|----------------|----------------|---------------|
| 2200 - GFC Lease Payable                   | 17,680         | 17,680         | 0             |
| Total 2025 - Other Current Liabilities     | 19,580         | 18,880         | 700           |
| 2400 - Deferred Dues & Other Revenue       |                |                |               |
| 2430 - Unearned Registration Fees          | 63,182         | 44,508         | 18,674        |
| Total 2400 - Deferred Dues & Other Revenue | 63,182         | 44,508         | 18,674        |
| Total Other Current Liabilities            | 82,762         | 63,388         | 19,374        |
| Total Current Liabilities                  | 88,256         | 76,058         | 12,197        |
| Other Liabilities                          |                |                |               |
| 2200 - Intercompany Loans Payable          |                |                |               |
| 2211 - Due to IAR (from ISRE)              | 327,825        | 341,727        | (13,901)      |
| Total 2200 - Intercompany Loans Payable    | 327,825        | 341,727        | (13,901)      |
| Total - Other Liabilities                  | 327,825        | 341,727        | (13,901)      |
| Total Liabilities                          | 416,081        | 417,785        | (1,704)       |
| <b>NET ASSETS</b>                          |                |                |               |
| 3010 - Unrestricted Net Assets             | (188,599)      | (206,866)      | 18,267        |
| Net Income                                 | 25,074         | 18,267         | 6,807         |
| Total Net Assets                           | (163,525)      | (188,599)      | 25,074        |
| <b>Total LIABILITIES &amp; NET ASSETS</b>  | <b>252,556</b> | <b>229,186</b> | <b>23,370</b> |

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

May 31, 2017

|  | 1 Month Actual       | 1 Month Budget      | YTD Actual           | YTD Budget           | Annual Budget        | Prior YTD Actual     |
|--|----------------------|---------------------|----------------------|----------------------|----------------------|----------------------|
| <b>Income</b>                          |                      |                     |                      |                      |                      |                      |
| 4000 - Membership Income               | 92,863               | 96,999              | 469,603              | 484,995              | 1,163,975            | 548,006              |
| 4200 - Contract Fees & Event Income    | 43,522               | 0                   | 135,987              | 0                    | 0                    | 57,654               |
| 4300 - Royalties, Rent & Product Sales | 220                  | 417                 | 2,321                | 2,085                | 5,000                | 1,224                |
| 4900 - Other Income                    | 10                   | 417                 | 160                  | 2,085                | 5,000                | 27,220               |
| Total Income                           | <u>136,615</u>       | <u>97,833</u>       | <u>608,071</u>       | <u>489,165</u>       | <u>1,173,975</u>     | <u>634,104</u>       |
| <b>Expense</b>                         |                      |                     |                      |                      |                      |                      |
| 5000 - Personnel Costs                 | 62,575               | 52,166              | 311,603              | 260,830              | 635,986              | 300,199              |
| 5300 - Travel & Entertainment          | 1,321                | 1,093               | 4,292                | 5,465                | 13,100               | 4,142                |
| 5600 - Professional Fees               | 3,526                | 2,283               | 12,800               | 12,415               | 28,400               | 8,015                |
| 5700 - Technology & Equipment          | 1,871                | 4,250               | 14,216               | 21,250               | 51,000               | 12,806               |
| 5900 - Office Costs                    | 11,314               | 4,202               | 55,640               | 21,010               | 50,450               | 56,730               |
| 6100 - Facility Costs                  | 4,909                | 2,615               | 25,205               | 13,075               | 31,380               | 25,279               |
| 7100 - Programmatic Costs              | 26,025               | 22,391              | 133,880              | 111,955              | 277,221              | 134,522              |
| Total Expense                          | <u>111,541</u>       | <u>89,000</u>       | <u>557,636</u>       | <u>446,000</u>       | <u>1,087,537</u>     | <u>541,693</u>       |
| <b>Net Income (Loss)</b>               | <u><b>25,074</b></u> | <u><b>8,833</b></u> | <u><b>50,435</b></u> | <u><b>43,165</b></u> | <u><b>86,438</b></u> | <u><b>92,411</b></u> |

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

May 31, 2017

|   | 1 Month Actual | 1 Month Budget | YTD Actual     | YTD Budget     | Annual Budget    |
|---|----------------|----------------|----------------|----------------|------------------|
| <b>Income</b>                             |                |                |                |                |                  |
| 4000 - Membership Income                  |                |                |                |                |                  |
| 4001 - Registrations -- Members           | 68,479         | 58,784         | 229,162        | 293,920        | 705,400          |
| 4011 - Registrations -- Non-members       | 24,384         | 38,215         | 240,441        | 191,075        | 458,575          |
| Total 4000 - Membership Income            | <u>92,863</u>  | <u>96,999</u>  | <u>469,603</u> | <u>484,995</u> | <u>1,163,975</u> |
| 4200 - Contract Fees & Event Income       |                |                |                |                |                  |
| 4200 - Contract Service Fees, Broker      | 23,592         | 0              | 112,994        | 0              | 0                |
| 4210 - Contract Service Fees, Local       | 19,930         | 0              | 22,993         | 0              | 0                |
| Total 4200 - Contract Fees & Event Income | <u>43,522</u>  | <u>0</u>       | <u>135,987</u> | <u>0</u>       | <u>0</u>         |
| 4300 - Royalties, Rent & Product Sales    | 220            | 417            | 2,321          | 2,085          | 5,000            |
| 4900 - Other Income                       | 10             | 417            | 160            | 2,085          | 5,000            |
| Total Income                              | <u>136,615</u> | <u>97,833</u>  | <u>608,071</u> | <u>489,165</u> | <u>1,173,975</u> |
| <b>Expense</b>                            |                |                |                |                |                  |
| 5000 - Personnel Costs                    |                |                |                |                |                  |
| 5010 - Compensation                       | 36,957         | 32,917         | 179,845        | 164,585        | 395,000          |
| 5020 - Bonus Pool                         | 0              | 0              | 0              | 0              | 10,000           |
| 5030 - Contract Labor / Temp Help         | 0              | 917            | 0              | 4,585          | 11,000           |
| 5035 - Instructor Compensation            | 16,095         | 9,333          | 81,280         | 46,665         | 112,000          |
| 5100 - Benefits & Taxes                   |                |                |                |                |                  |
| 5110 - Health & Life Insurance            | 2,838          | 3,333          | 14,185         | 16,665         | 40,000           |
| 5115 - Wellness Benefit                   | 95             | 0              | 972            | 0              | 0                |
| 5120 - Dental Insurance                   | 215            | 350            | 1,075          | 1,750          | 4,200            |
| 5125 - Disability Insurance               | 260            | 250            | 1,299          | 1,250          | 3,000            |
| 5130 - Retirement Benefits                | 1,664          | 1,250          | 8,582          | 6,250          | 15,000           |
| 5160 - Payroll Taxes                      | 4,451          | 3,232          | 23,699         | 16,160         | 38,786           |
| 5170 - Professional Development           | 0              | 501            | 0              | 2,505          | 6,000            |
| 5180 - Dues & Subscriptions               | 0              | 83             | 666            | 415            | 1,000            |
| Total 5100 - Benefits & Taxes             | <u>9,523</u>   | <u>8,999</u>   | <u>50,478</u>  | <u>44,995</u>  | <u>107,986</u>   |
| Total 5000 - Personnel Costs              | <u>62,575</u>  | <u>52,166</u>  | <u>311,603</u> | <u>260,830</u> | <u>635,986</u>   |
| 5300 - Travel & Entertainment             |                |                |                |                |                  |
| 5310 - Staff Travel Costs                 |                |                |                |                |                  |
| 5310 - Staff Travel                       | 449            | 167            | 521            | 835            | 2,000            |
| 5320 - Staff Lodging                      | 373            | 292            | 1,365          | 1,460          | 3,500            |
| 5330 - Staff Mileage                      | 215            | 167            | 414            | 835            | 2,000            |
| 5340 - Staff Meals                        | 284            | 167            | 1,100          | 835            | 2,000            |
| 5350 - Staff Hospitality                  | 0              | 167            | 49             | 835            | 2,000            |
| 5360 - Conference Registration Fees       | 0              | 133            | 795            | 665            | 1,600            |

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

May 31, 2017

|  | 1 Month Actual | 1 Month Budget | YTD Actual | YTD Budget | Annual Budget |
|--|----------------|----------------|------------|------------|---------------|
| Total 5310 - Staff Travel Costs          | 1,321          | 1,093          | 4,244      | 5,465      | 13,100        |
| 5410 - Leadership Travel                 |                |                |            |            |               |
| 5440 - Board / Volunteer Meals           | 0              | 0              | 48         | 0          | 0             |
| Total 5410 - Leadership Travel           | 0              | 0              | 48         | 0          | 0             |
| Total 5300 Travel & Entertainment        | 1,321          | 1,093          | 4,292      | 5,465      | 13,100        |
| 5600 - Professional Fees                 |                |                |            |            |               |
| 5610 - Legal Services                    | 0              | 83             | 0          | 415        | 1,000         |
| 5620 - Audit & Tax Services              | 0              | 0              | 1,000      | 1,000      | 1,000         |
| 5630 - Accounting Services               | 3,526          | 2,200          | 11,800     | 11,000     | 26,400        |
| Total 5600 - Professional Fees           | 3,526          | 2,283          | 12,800     | 12,415     | 28,400        |
| 5700 - Technology & Equipment            |                |                |            |            |               |
| 5710 - Technology Consulting Service     | 0              | 2,083          | 4,392      | 10,415     | 25,000        |
| 5730 - Small Equipment Purchases         | 0              | 83             | 322        | 415        | 1,000         |
| 5740 - Equipment > \$1000                | 0              | 250            | 0          | 1,250      | 3,000         |
| 5750 - Equipment Lease Payments          | 422            | 417            | 2,261      | 2,085      | 5,000         |
| 5760 - Software & Licensing Fees         | 1,449          | 1,417          | 7,241      | 7,085      | 17,000        |
| Total 5700 - Technology & Equipment      | 1,871          | 4,250          | 14,216     | 21,250     | 51,000        |
| 5900 - Office Costs                      |                |                |            |            |               |
| 5910 - Telephone                         | 133            | 250            | 669        | 1,250      | 3,000         |
| 5920 - Postage                           | 0              | 125            | 0          | 625        | 1,500         |
| 5925 - Shipping Expense                  | (57)           | (130)          | (1,963)    | (650)      | (1,550)       |
| 5926 - Sales Tax                         | (7)            | 0              | (73)       | 0          | 0             |
| 5930 - Office Supplies                   | 64             | 125            | 951        | 625        | 1,500         |
| 5932 - Kitchen Supplies                  | 45             | 0              | 375        | 0          | 0             |
| 5935 - Supplies for Resale               | 0              | 83             | 1,317      | 415        | 1,000         |
| 5940 - Printing                          | 0              | 83             | 0          | 415        | 1,000         |
| 5950 - Liability Insurance               | 0              | 83             | 0          | 415        | 1,000         |
| 5960 - Licenses and Fees                 | 202            | 250            | 925        | 1,250      | 3,000         |
| 5970 - Bank & Credit Card Fees           | 3,834          | 3,333          | 17,939     | 16,665     | 40,000        |
| 5995 - IAR Management Fee (paid by ISRE) | 7,100          | 0              | 35,500     | 0          | 0             |
| Total 5900 - Office Costs                | 11,314         | 4,202          | 55,640     | 21,010     | 50,450        |
| 6100 - Facility Costs                    |                |                |            |            |               |
| 6110 - Office Rent & Parking             | 4,909          | 2,490          | 24,545     | 12,450     | 29,880        |
| 6150 - Janitorial-cleaning & supplies    | 0              | 42             | 660        | 210        | 500           |
| 6170 - Property Insurance                | 0              | 83             | 0          | 415        | 1,000         |
| Total 6100 - Facility Costs              | 4,909          | 2,615          | 25,205     | 13,075     | 31,380        |
| 7100 - Programmatic Costs                |                |                |            |            |               |

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

May 31, 2017

|                                      | 1 Month Actual       | 1 Month Budget      | YTD Actual           | YTD Budget           | Annual Budget        |
|--------------------------------------|----------------------|---------------------|----------------------|----------------------|----------------------|
| 7110 - Facility Rental               | 3,031                | 5,397               | 15,103               | 26,985               | 66,895               |
| 7120 - Catering                      | 0                    | 83                  | 2,358                | 415                  | 3,125                |
| 7130 - Honorarium/Speaker Fees       | 3,353                | 333                 | 6,197                | 1,665                | 8,250                |
| 7140 - Speaker Travel                | 1,766                | 1,666               | 6,925                | 8,330                | 20,000               |
| 7160 - Event Sponsorships            | 0                    | 208                 | 450                  | 1,040                | 2,500                |
| 7165 - Contract Fees                 | 3,240                | 0                   | 4,329                | 0                    | 0                    |
| 7170 - Curriculum                    | 10,662               | 6,275               | 77,821               | 31,375               | 75,300               |
| 7210 - Website Development / Hosting | 0                    | 1,250               | 195                  | 6,250                | 15,000               |
| 7220 - Internet Communications       | 50                   | 0                   | 375                  | 0                    | 0                    |
| 7230 - Distance Learning Portal      | 3,429                | 3,716               | 12,359               | 18,580               | 44,600               |
| 7260 - Advertising/Marketing         | 494                  | 417                 | 7,768                | 2,085                | 5,000                |
| 7270 - Research & Development        | 0                    | 2,963               | 0                    | 14,815               | 35,551               |
| 7310 - Other Program Costs           | 0                    | 83                  | 0                    | 415                  | 1,000                |
| Total 7100 - Programmatic Costs      | <u>26,025</u>        | <u>22,391</u>       | <u>133,880</u>       | <u>111,955</u>       | <u>277,221</u>       |
| Total Expense                        | <u>111,541</u>       | <u>89,000</u>       | <u>557,636</u>       | <u>446,000</u>       | <u>1,087,537</u>     |
| <b>Net Income (Loss)</b>             | <b><u>25,074</u></b> | <b><u>8,833</u></b> | <b><u>50,435</u></b> | <b><u>43,165</u></b> | <b><u>86,438</u></b> |

**Indiana School of Real Estate, LLC**  
**Historical and Budgeted Financial Statements**  
**Selected Information**  
**For the Five Months Ended May 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 April 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%