

Indiana School of Real Estate

May 2018

EXECUTIVE SUMMARY

Balance Sheet:

1. The School's cash balance decreased by \$21,000 during May with an ending balance of \$59,000 – decrease was mainly due to transfer to IAR.
2. Accounts receivable increased by \$18,000 due to invoices sent out for various CE courses held over the last few months.
3. Prepaid expenses decreased by \$3,000 due to amortization of expenses for May.
4. Accounts Payable decreased by \$30,000 mostly due to payment of invoices for curriculum-related expenses. Ending balance was \$5,000.
5. Unearned registration fees increased by \$10,000 due to prepayment of courses to be held in June or later. Ending balance was \$61,000
6. The amount Due to IAR decreased by \$26,000 due to transfer made to IAR for May. Ending balance was \$340,000.

Income Statement:

7. The School's net income for the month was \$39,000 compared to budget of \$1,000.
8. YTD net income was \$128,000 and was above the YTD budget of \$5,000 by \$123,000.
9. Compared to the prior year, YTD net income was \$78,000 higher, mostly due to increased revenue in 2018.
10. Total revenue for May was \$148,000 and was above the monthly budget of \$101,000 by \$47,000 or 47%.
11. YTD total revenue was \$676,000 and was above the YTD budget of \$503,000 by \$173,000 or 34%.
12. Compared to the prior year, YTD total revenue was \$68,000 or 11% higher.
13. Total expenses for May were \$109,000 vs budget of \$100,000 – over budget by \$9,000 or 9%, mostly due to instructor compensation and technology consulting.
14. YTD expenses were \$548,000 and were above the YTD budget of \$498,000 by \$50,000 or 10%, mostly due to staff compensation, instructor compensation, honorarium/speaker fees and curriculum.
15. Compared to the prior year, YTD expenses were lower by \$10,000 or 2%.

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

May 31, 2018

	05/31/2018	04/30/2018	Difference
ASSETS			
Current Assets			
Checking/Savings			
1000 - Cash Accounts			
1022 - ISRE Checking	59,160	80,275	(21,115)
Total 1000 - Cash Accounts	<u>59,160</u>	<u>80,275</u>	<u>(21,115)</u>
Total Checking/Savings	59,160	80,275	(21,115)
Other Current Assets			
1200 - Accounts Receivable			
1200 - Accounts Receivable	19,630	2,050	17,580
1210 - Tuition Receivable	10,415	10,415	0
Total 1200 - Accounts Receivable	<u>30,045</u>	<u>12,465</u>	<u>17,580</u>
1300 - Other Current Assets			
1310 - Prepaid Expense	34,493	35,085	(592)
1330 - Prepaid Curriculum	115,175	117,701	(2,527)
1350 - Other Deposits	1,559	1,560	0
Total 1300 - Other Current Assets	<u>151,227</u>	<u>154,346</u>	<u>(3,119)</u>
Total Other Current Assets	<u>181,272</u>	<u>166,811</u>	<u>14,461</u>
Total Current Assets	<u>240,432</u>	<u>247,086</u>	<u>(6,654)</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	23,294	0
Total 1605 - Land, Buildings & Equipment	<u>52,780</u>	<u>52,779</u>	<u>0</u>
1655 - Accumulated Depreciation			
1670 - Accum. Amortization- Capital Lease	(9,833)	(9,832)	0
1680 - Accum. Depreciation - FF&E	(15,829)	(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>27,118</u>	<u>27,118</u>	<u>0</u>
Total Fixed Assets	<u>27,118</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	(15,412)	(15,413)	0
Total 1700 - Capitalized Loan and Lease Costs	<u>15,413</u>	<u>15,412</u>	<u>0</u>
Total Other Assets	<u>15,413</u>	<u>15,412</u>	<u>0</u>
Total ASSETS	<u>282,963</u>	<u>289,616</u>	<u>(6,654)</u>
LIABILITIES & NET ASSETS			
Liabilities			
Current Liabilities			
Accounts Payable			
2010 - Accounts Payable	4,638	34,936	(30,298)
Total Accounts Payable	<u>4,638</u>	<u>34,936</u>	<u>(30,298)</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)**

May 31, 2018

	05/31/2018	04/30/2018	Difference
Total 2025 - Other Current Liabilities	20,369	20,369	0
2400 - Deferred Dues & Other Revenue			
2430 - Unearned Registration Fees	61,438	50,999	10,439
Total 2400 - Deferred Dues & Other Revenue	61,438	50,999	10,439
Total Other Current Liabilities	81,807	71,368	10,439
Total Current Liabilities	86,445	106,304	(19,859)
Other Liabilities			
2200 - Intercompany Loans Payable			
2211 - Due to IAR (from ISRE)	340,090	366,279	(26,189)
Total 2200 - Intercompany Loans Payable	340,090	366,279	(26,189)
Total - Other Liabilities	340,090	366,279	(26,189)
Total Liabilities	426,535	472,583	(46,048)
 NET ASSETS			
3010 - Unrestricted Net Assets	(182,967)	(198,304)	15,337
Net Income	39,395	15,337	24,057
Total Net Assets	(143,572)	(182,967)	39,394
Total LIABILITIES & NET ASSETS	282,963	289,616	(6,654)

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

May 31, 2018

	1 Month Actual	1 Month Budget	YTD Actual	YTD Budget	Annual Budget	Prior YTD Actual
Income						
4000 - Membership Income	114,764	89,046	574,958	445,235	1,068,557	469,603
4200 - Contract Fees & Event Income	33,083	11,340	100,571	56,698	136,078	135,987
4300 - Royalties, Rent & Product Sales	215	208	802	1,044	2,500	2,321
4900 - Other Income	20	0	40	0	0	160
Total Income	<u>148,082</u>	<u>100,594</u>	<u>676,371</u>	<u>502,977</u>	<u>1,207,135</u>	<u>608,071</u>
Expense						
5000 - Personnel Costs	59,939	54,191	301,716	270,939	660,276	311,603
5300 - Travel & Entertainment	1,764	1,093	2,583	5,449	13,100	4,292
5600 - Professional Fees	3,699	2,242	12,769	12,206	27,900	12,800
5700 - Technology & Equipment	6,612	4,391	19,623	21,963	52,700	14,216
5900 - Office Costs	11,424	11,349	59,367	56,757	136,200	55,640
6100 - Facility Costs	3,372	3,601	19,421	18,003	43,210	25,205
7100 - Programmatic Costs	21,877	22,610	132,592	113,031	271,301	133,880
Total Expense	<u>108,687</u>	<u>99,477</u>	<u>548,071</u>	<u>498,348</u>	<u>1,204,687</u>	<u>557,636</u>
Net Income (Loss)	<u>39,395</u>	<u>1,117</u>	<u>128,300</u>	<u>4,629</u>	<u>2,448</u>	<u>50,435</u>

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

May 31, 2018

	1 Month Actual	1 Month Budget	YTD Actual	YTD Budget	Annual Budget	Prior YTD 05/31/2017
Income						
4000 - Membership Income						
4001 - Registrations -- Members	75,274	47,736	235,879	238,685	572,837	229,162
4011 - Registrations -- Non-members	39,490	41,310	339,079	206,550	495,720	240,441
Total 4000 - Membership Income	114,764	89,046	574,958	445,235	1,068,557	469,603
4200 - Contract Fees & Event Income						
4200 - Contract Service Fees, Broker	17,556	7,285	78,834	36,419	87,414	112,994
4210 - Contract Service Fees, Local	15,527	4,055	21,737	20,279	48,664	22,993
Total 4200 - Contract Fees & Event Income	33,083	11,340	100,571	56,698	136,078	135,987
4300 - Royalties, Rent & Product Sales	215	208	802	1,044	2,500	2,321
4900 - Other Income	20	0	40	0	0	160
Total Income	148,082	100,594	676,371	502,977	1,207,135	608,071
Expense						
5000 - Personnel Costs						
5010 - Compensation	30,492	33,750	179,096	168,750	405,000	179,845
5020 - Bonus Pool	0	0	0	0	10,000	0
5030 - Contract Labor / Temp Help	0	167	1,249	831	2,000	0
5035 - Instructor Compensation	20,983	11,213	78,056	56,059	134,550	81,280
5100 - Benefits & Taxes						
5110 - Health & Life Insurance	1,957	3,083	9,668	15,419	37,000	14,185
5115 - Wellness Benefit	87	0	478	0	0	972
5120 - Dental Insurance	195	333	974	1,669	4,000	1,075
5125 - Disability Insurance	191	267	934	1,331	3,200	1,299
5130 - Retirement Benefits	1,354	1,688	8,247	8,434	20,250	8,582
5160 - Payroll Taxes	4,355	3,440	22,678	17,196	41,276	23,699
5170 - Professional Development	0	125	0	625	1,500	0
5180 - Dues & Subscriptions	325	125	336	625	1,500	666
Total 5100 - Benefits & Taxes	8,464	9,061	43,315	45,299	108,726	50,478
Total 5000 - Personnel Costs	59,939	54,191	301,716	270,939	660,276	311,603
5300 - Travel & Entertainment						
5310 - Staff Travel Costs						
5310 - Staff Travel	687	167	708	831	2,000	521
5320 - Staff Lodging	454	292	454	1,456	3,500	1,365
5330 - Staff Mileage	49	167	334	831	2,000	414
5340 - Staff Meals	574	167	750	831	2,000	1,100
5350 - Staff Hospitality	0	167	47	831	2,000	97

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

May 31, 2018

	1 Month Actual	1 Month Budget	YTD Actual	YTD Budget	Annual Budget	Prior YTD 05/31/2017
5360 - Conference Registration Fees	0	133	290	669	1,600	795
Total 5310 - Staff Travel Costs	1,764	1,093	2,583	5,449	13,100	4,292
Total 5300 Travel & Entertainment	1,764	1,093	2,583	5,449	13,100	4,292
5600 - Professional Fees						
5610 - Legal Services	0	42	0	206	500	0
5620 - Audit & Tax Services	0	0	0	1,000	1,000	1,000
5630 - Accounting Services	3,699	2,200	12,769	11,000	26,400	11,800
Total 5600 - Professional Fees	3,699	2,242	12,769	12,206	27,900	12,800
5700 - Technology & Equipment						
5710 - Technology Consulting Service	4,641	2,083	7,761	10,419	25,000	4,392
5730 - Small Equipment Purchases	0	125	171	625	1,500	322
5740 - Equipment > \$1000	0	83	0	419	1,000	0
5750 - Equipment Lease Payments	523	600	3,549	3,000	7,200	2,261
5760 - Software & Licensing Fees	1,448	1,500	8,142	7,500	18,000	7,241
Total 5700 - Technology & Equipment	6,612	4,391	19,623	21,963	52,700	14,216
5900 - Office Costs						
5910 - Telephone	134	250	401	1,250	3,000	669
5920 - Postage	0	125	0	625	1,500	0
5925 - Shipping Expense	(272)	166	(1,127)	838	2,000	(1,963)
5926 - Sales Tax	(180)	0	47	0	0	(73)
5930 - Office Supplies	375	125	2,324	625	1,500	1,326
5935 - Supplies for Resale	0	83	1,007	419	1,000	1,317
5940 - Printing	0	83	0	419	1,000	0
5950 - Liability Insurance	0	83	0	419	1,000	0
5960 - Licenses and Fees	378	167	2,253	831	2,000	925
5970 - Bank & Credit Card Fees	3,889	3,167	18,962	15,831	38,000	17,939
5995 - IAR Management Fee (paid by ISRE)	7,100	7,100	35,500	35,500	85,200	35,500
Total 5900 - Office Costs	11,424	11,349	59,367	56,757	136,200	55,640
6100 - Facility Costs						
6110 - Office Rent & Parking	3,372	3,372	18,546	16,856	40,460	24,545
6150 - Janitorial-cleaning & supplies	0	146	875	728	1,750	660
6170 - Property Insurance	0	83	0	419	1,000	0
Total 6100 - Facility Costs	3,372	3,601	19,421	18,003	43,210	25,205
7100 - Programmatic Costs						
7110 - Facility Rental	5,602	5,134	19,406	25,662	61,600	16,725
7120 - Catering	119	667	1,476	3,331	8,000	861

NO ASSURANCE IS PROVIDED. SEE SELECT INFORMATION.

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

May 31, 2018

	1 Month Actual	1 Month Budget	YTD Actual	YTD Budget	Annual Budget	Prior YTD 05/31/2017
7130 - Honorarium/Speaker Fees	1,500	333	12,276	1,669	4,000	6,197
7140 - Speaker Travel	2,056	2,000	8,095	10,000	24,000	6,925
7160 - Event Sponsorships	0	208	450	1,044	2,500	450
7165 - Contract Fees	857	0	1,750	0	0	4,329
7170 - Curriculum	6,330	6,841	71,800	34,205	82,092	77,821
7210 - Website Development / Hosting	65	1,250	545	6,250	15,000	195
7230 - Distance Learning Portal	3,422	3,697	12,070	18,474	44,353	12,359
7260 - Advertising/Marketing	1,926	417	4,615	2,081	5,000	8,018
7270 - Research & Development	0	1,980	0	9,896	23,756	0
7310 - Other Program Costs	0	83	109	419	1,000	0
Total 7100 - Programmatic Costs	<u>21,877</u>	<u>22,610</u>	<u>132,592</u>	<u>113,031</u>	<u>271,301</u>	<u>133,880</u>
Total Expense	<u>108,687</u>	<u>99,477</u>	<u>548,071</u>	<u>498,348</u>	<u>1,204,687</u>	<u>557,636</u>
Net Income (Loss)	<u>39,395</u>	<u>1,117</u>	<u>128,300</u>	<u>4,629</u>	<u>2,448</u>	<u>50,435</u>

Indiana School of Real Estate
Statement of Cash Flows
Year To Date 05/31/2018

OPERATING ACTIVITIES

Net Income	<u>128,300</u>
Adjustments to reconcile Net Income to net cash provided by operations	
1200 - Accounts Receivable	(13,774)
1210 - Tuition Receivable	(9,428)
1310 - Prepaid Expense	(204)
1330 - Prepaid Curriculum	(2,415)
2010 - Accounts Payable	(20,272)
2211 - Due to IAR (from ISRE)	(65,709)
2430 - Unearned Registration Fees	25,318
Net cash provided by Operating Activities	<u>41,816</u>
Net cash change for period	41,816
Cash at beginning of period	<u>17,344</u>
Cash at end of period	<u>59,160</u>

Indiana School of Real Estate, LLC
Historical and Budgeted Financial Statements
Selected Information
For the five months ended May 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 April 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%