

# Indiana School of Real Estate

## November 2018

### EXECUTIVE SUMMARY

#### Balance Sheet:

1. The School's cash balance increased by \$2,000 during November with an ending balance of \$10,000.
2. Prepaid expense decreased by \$4,000 due to the monthly amortization of various licenses.
3. Prepaid curriculum decrease by \$4,000 due to the monthly amortization of pre-license and continuing education courses.
4. Unearned registration fees decreased by \$4,000 with an ending balance of \$13,000.
5. The amount Due to IAR increased by \$7,000 during the month with an ending balance was \$272,000.

#### Income Statement:

6. The School had a net loss for the month of (\$9,000) compared to budgeted net income of \$1,000.
7. YTD net income was \$167,000 and was above the YTD budget of \$11,000 by \$155,000.
8. Compared to the prior year, YTD net income was \$123,000 higher, due to a combination of increased revenue and decreased expenses in 2018.
9. Total revenue for November was \$71,000 and was below the monthly budget of \$101,000 by \$30,000 or 30%.
10. YTD total revenue was \$1,242,000 and was above the YTD budget of \$1,107,000 by \$136,000 or 12%.
11. Compared to the prior year, YTD total revenue was \$37,000 (3%) higher.
12. Total expenses for November were \$79,000 vs budget of \$99,000 – under budget by \$20,000 or 20% mostly due to compensation and programmatic costs.
13. Total expenses YTD were \$1,076,000 and were under YTD budget of \$1,095,000 by \$20,000 or 2%.
14. Compared to the prior year, YTD expenses were lower by \$86,000 or 7% mostly due to compensation, facility costs, and curriculum.

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

November 30, 2018

	11/30/2018	10/31/2018	Difference
<b>ASSETS</b>			
Current Assets			
Checking/Savings			
1000 - Cash Accounts			
1022 - ISRE Checking	10,078	8,109	1,969
Total 1000 - Cash Accounts	<u>10,078</u>	<u>8,109</u>	<u>1,969</u>
Total Checking/Savings	<u>10,078</u>	<u>8,109</u>	<u>1,969</u>
Other Current Assets			
1200 - Accounts Receivable			
1200 - Accounts Receivable	5,230	5,230	0
1210 - Tuition Receivable	926	826	100
Total 1200 - Accounts Receivable	<u>6,156</u>	<u>6,056</u>	<u>100</u>
1300 - Other Current Assets			
1310 - Prepaid Expense	44,306	47,952	(3,646)
1330 - Prepaid Curriculum	103,014	106,902	(3,888)
1350 - Other Deposits	1,560	1,560	0
Total 1300 - Other Current Assets	<u>148,880</u>	<u>156,414</u>	<u>(7,534)</u>
Total Other Current Assets	<u>155,036</u>	<u>162,470</u>	<u>(7,434)</u>
Total Current Assets	<u>165,114</u>	<u>170,579</u>	<u>(5,465)</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	23,294	23,295	0
Total 1605 - Land, Buildings & Equipment	<u>52,779</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>27,118</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	(15,413)	(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>
<b>Total ASSETS</b>	<b><u>207,644</u></b>	<b><u>213,110</u></b>	<b><u>(5,465)</u></b>
<b>LIABILITIES &amp; NET ASSETS</b>			
Liabilities			
Current Liabilities			
Accounts Payable			
2010 - Accounts Payable	6,782	6,792	(11)
Total Accounts Payable	<u>6,782</u>	<u>6,792</u>	<u>(11)</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)**

November 30, 2018

	11/30/2018	10/31/2018	Difference
Total 2025 - Other Current Liabilities	20,369	20,369	0
2400 - Deferred Dues & Other Revenue			
2430 - Unearned Registration Fees	13,348	17,435	(4,087)
Total 2400 - Deferred Dues & Other Revenue	13,348	17,435	(4,087)
Total Other Current Liabilities	33,717	37,804	(4,087)
Total Current Liabilities	40,499	44,596	(4,098)
Other Liabilities			
2200 - Intercompany Loans Payable			
2211 - Due to IAR (from ISRE)	272,346	265,052	7,294
Total 2200 - Intercompany Loans Payable	272,346	265,052	7,294
Total - Other Liabilities	272,346	265,052	7,294
Total Liabilities	312,845	309,648	3,196
<b>NET ASSETS</b>			
Without Donor Restrictions			
Undesignated	(105,201)	(96,538)	(8,661)
Total Without Donor Restrictions	(105,201)	(96,538)	(8,661)
Total Net Assets	(105,201)	(96,538)	(8,661)
<b>Total LIABILITIES &amp; NET ASSETS</b>	<b>207,644</b>	<b>213,110</b>	<b>(5,465)</b>

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

November 30, 2018

	1 Month Actual	1 Month Budget	YTD Actual	YTD Budget	Annual Budget	Prior YTD Actual
<b>Income</b>						
4000 - Membership Income	64,959	89,046	1,072,327	979,511	1,068,557	957,860
4200 - Contract Fees & Event Income	5,569	11,340	168,048	124,738	136,078	242,765
4300 - Royalties, Rent & Product Sales	72	208	1,820	2,292	2,500	4,674
4900 - Other Income	0	0	60	0	0	230
Total Income	<u>70,600</u>	<u>100,594</u>	<u>1,242,255</u>	<u>1,106,541</u>	<u>1,207,135</u>	<u>1,205,529</u>
<b>Expense</b>						
5000 - Personnel Costs	42,190	54,191	588,819	596,085	660,276	658,728
5300 - Travel & Entertainment	362	1,093	6,620	12,007	13,100	7,178
5600 - Professional Fees	3,274	2,242	26,876	25,658	27,900	20,946
5700 - Technology & Equipment	4,422	4,391	41,235	48,309	52,700	31,918
5900 - Office Costs	10,277	11,349	121,784	124,851	136,200	114,346
6100 - Facility Costs	4,172	3,601	41,034	39,609	43,210	55,564
7100 - Programmatic Costs	14,564	22,610	249,215	248,691	271,301	272,929
Total Expense	<u>79,261</u>	<u>99,477</u>	<u>1,075,583</u>	<u>1,095,210</u>	<u>1,204,687</u>	<u>1,161,609</u>
<b>Net Income (Loss)</b>	<u><b>(8,661)</b></u>	<u><b>1,117</b></u>	<u><b>166,672</b></u>	<u><b>11,331</b></u>	<u><b>2,448</b></u>	<u><b>43,920</b></u>

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

November 30, 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 11/30/2017</u>
<b>Income</b>						
4000 - Membership Income						
4001 - Registrations -- Members	19,764	47,736	413,828	525,101	572,837	436,091
4011 - Registrations -- Non-members	45,195	41,310	658,499	454,410	495,720	521,769
Total 4000 - Membership Income	<u>64,959</u>	<u>89,046</u>	<u>1,072,327</u>	<u>979,511</u>	<u>1,068,557</u>	<u>957,860</u>
4200 - Contract Fees & Event Income						
4200 - Contract Service Fees, Broker	5,569	7,285	138,506	80,129	87,414	199,349
4210 - Contract Service Fees, Local	0	4,055	29,542	44,609	48,664	43,416
Total 4200 - Contract Fees & Event Income	<u>5,569</u>	<u>11,340</u>	<u>168,048</u>	<u>124,738</u>	<u>136,078</u>	<u>242,765</u>
4300 - Royalties, Rent & Product Sales	72	208	1,820	2,292	2,500	4,674
4900 - Other Income	0	0	60	0	0	230
Total Income	<u>70,600</u>	<u>100,594</u>	<u>1,242,255</u>	<u>1,106,541</u>	<u>1,207,135</u>	<u>1,205,529</u>
<b>Expense</b>						
5000 - Personnel Costs						
5010 - Compensation	24,787	33,750	348,016	371,250	405,000	387,214
5020 - Bonus Pool	0	0	0	0	10,000	(10)
5030 - Contract Labor / Temp Help	0	167	1,609	1,833	2,000	0
5035 - Instructor Compensation	11,163	11,213	153,088	123,337	134,550	167,153
5100 - Benefits & Taxes						
5110 - Health & Life Insurance	1,954	3,083	21,385	33,917	37,000	31,309
5115 - Wellness Benefit	87	0	1,002	0	0	1,546
5120 - Dental Insurance	229	333	2,209	3,667	4,000	2,707
5125 - Disability Insurance	168	267	1,989	2,933	3,200	2,502
5130 - Retirement Benefits	1,212	1,688	15,947	18,562	20,250	18,353
5160 - Payroll Taxes	2,590	3,440	42,089	37,836	41,276	47,139
5170 - Professional Development	0	125	1,000	1,375	1,500	0
5180 - Dues & Subscriptions	0	125	485	1,375	1,500	815
Total 5100 - Benefits & Taxes	<u>6,240</u>	<u>9,061</u>	<u>86,106</u>	<u>99,665</u>	<u>108,726</u>	<u>104,371</u>
Total 5000 - Personnel Costs	<u>42,190</u>	<u>54,191</u>	<u>588,819</u>	<u>596,085</u>	<u>660,276</u>	<u>658,728</u>
5300 - Travel & Entertainment						
5310 - Staff Travel Costs						
5310 - Staff Travel	2	167	710	1,833	2,000	657
5320 - Staff Lodging	0	292	814	3,208	3,500	1,936
5330 - Staff Mileage	27	167	950	1,833	2,000	723
5340 - Staff Meals	300	167	3,770	1,833	2,000	2,531
5350 - Staff Hospitality	33	167	86	1,833	2,000	97

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

November 30, 2018

	1 Month Actual	1 Month Budget	YTD Actual	YTD Budget	Annual Budget	Prior YTD 11/30/2017
5360 - Conference Registration Fees	0	133	290	1,467	1,600	1,090
Total 5310 - Staff Travel Costs	362	1,093	6,620	12,007	13,100	7,034
5410 - Leadership Travel						
5440 - Board / Volunteer Meals	0	0	0	0	0	144
Total 5410 - Leadership Travel	0	0	0	0	0	144
Total 5300 Travel & Entertainment	362	1,093	6,620	12,007	13,100	7,178
5600 - Professional Fees						
5610 - Legal Services	0	42	0	458	500	0
5620 - Audit & Tax Services	0	0	0	1,000	1,000	1,000
5630 - Accounting Services	3,274	2,200	26,876	24,200	26,400	19,946
Total 5600 - Professional Fees	3,274	2,242	26,876	25,658	27,900	20,946
5700 - Technology & Equipment						
5710 - Technology Consulting Service	2,145	2,083	9,984	22,917	25,000	7,981
5730 - Small Equipment Purchases	0	125	315	1,375	1,500	366
5740 - Equipment > \$1000	0	83	5,881	917	1,000	0
5750 - Equipment Lease Payments	520	600	6,689	6,600	7,200	5,036
5760 - Software & Licensing Fees	1,757	1,500	18,366	16,500	18,000	18,535
Total 5700 - Technology & Equipment	4,422	4,391	41,235	48,309	52,700	31,918
5900 - Office Costs						
5910 - Telephone	0	250	802	2,750	3,000	1,338
5920 - Postage	0	125	640	1,375	1,500	0
5925 - Shipping Expense	2	166	(1,420)	1,834	2,000	(5,864)
5926 - Sales Tax	(5)	0	(34)	0	0	(642)
5930 - Office Supplies	279	125	4,342	1,375	1,500	2,756
5935 - Supplies for Resale	0	83	1,008	917	1,000	2,342
5940 - Printing	10	83	209	917	1,000	0
5950 - Liability Insurance	0	83	581	917	1,000	0
5960 - Licenses and Fees	1,268	167	4,116	1,833	2,000	1,615
5970 - Bank & Credit Card Fees	1,623	3,167	33,440	34,833	38,000	34,641
5980 - Miscellaneous	0	0	0	0	0	60
5995 - IAR Management Fee (paid by ISRE)	7,100	7,100	78,100	78,100	85,200	78,100
Total 5900 - Office Costs	10,277	11,349	121,784	124,851	136,200	114,346
6100 - Facility Costs						
6110 - Office Rent & Parking	3,372	3,372	38,778	37,088	40,460	54,029
6150 - Janitorial-cleaning & supplies	800	146	1,675	1,604	1,750	1,535
6170 - Property Insurance	0	83	581	917	1,000	0

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

November 30, 2018

	1 Month Actual	1 Month Budget	YTD Actual	YTD Budget	Annual Budget	Prior YTD 11/30/2017
Total 6100 - Facility Costs	4,172	3,601	41,034	39,609	43,210	55,564
7100 - Programmatic Costs						
7110 - Facility Rental	3,220	5,134	40,727	56,466	61,600	43,615
7120 - Catering	419	667	3,886	7,333	8,000	2,923
7130 - Honorarium/Speaker Fees	0	333	12,651	3,667	4,000	11,942
7140 - Speaker Travel	394	2,000	16,288	22,000	24,000	18,891
7160 - Event Sponsorships	0	208	700	2,292	2,500	865
7165 - Contract Fees	83	0	10,825	0	0	18,985
7170 - Curriculum	6,273	6,841	112,806	75,251	82,092	121,094
7210 - Website Development / Hosting	2,565	1,250	3,637	13,750	15,000	4,189
7230 - Distance Learning Portal	1,590	3,697	40,440	40,656	44,353	40,535
7260 - Advertising/Marketing	20	417	7,146	4,583	5,000	9,890
7270 - Research & Development	0	1,980	0	21,776	23,756	0
7310 - Other Program Costs	0	83	109	917	1,000	0
Total 7100 - Programmatic Costs	14,564	22,610	249,215	248,691	271,301	272,929
Total Expense	79,261	99,477	1,075,583	1,095,210	1,204,687	1,161,609
<b>Net Income (Loss)</b>	<b>(8,661)</b>	<b>1,117</b>	<b>166,672</b>	<b>11,331</b>	<b>2,448</b>	<b>43,920</b>

Indiana School of Real Estate  
Statement of Cash Flows  
Year To Date 11/30/2018

OPERATING ACTIVITIES

Net Income	166,672
Adjustments to reconcile Net Income to net cash provided by operations	
1200 - Accounts Receivable	626
1210 - Tuition Receivable	61
1310 - Prepaid Expense	(10,016)
1330 - Prepaid Curriculum	9,744
2010 - Accounts Payable	(18,128)
2211 - Due to IAR (from ISRE)	(133,453)
2430 - Unearned Registration Fees	(22,772)
Net cash provided by Operating Activities	(7,266)
Net cash change for period	(7,266)
Cash at beginning of period	17,344
Cash at end of period	10,078

**Indiana School of Real Estate, LLC**  
**Historical and Budgeted Financials Statements**  
**Selected Information**

**For the eleven months ended November 30, 2018 and year ending December 31, 2018**

Adoption of ASU No. 2016-14

The organization adopted ASU No. 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financials Statements of Not-for-Profit Entities*, and has adjusted the presentation of its financial statements accordingly, applying the changes retrospectively to the comparative period presented. The new standard changes the following aspects of the organization’s financials statements:

- The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions
- The unrestricted net asset class has been renamed net assets without donor restrictions.

	Before Adoption of ASU 2016-14		<i>After Adoption of ASU 2016-14</i>
<b><i>Net Asset Classifications</i></b>	<b>October 31, 2018</b>	<b><i>Reclassification</i></b>	<b>October 31,2018</b>
Unrestricted	(\$ 96,538)	\$ 96,538	\$ -
Without Donor Restrictions	\$ -	(\$ 96,358)	(\$ 96,358)
Total Net Assets	(\$96,358)	\$ -	(\$ 96,358)

	Before Adoption of ASU 2016-14		<i>After Adoption of ASU 2016-14</i>
<b><i>Net Asset Classifications</i></b>	<b>November 30, 2018</b>	<b><i>Reclassification</i></b>	<b>November 30, 2018</b>
Unrestricted	(\$ 105,201)	\$ 105,201	\$ -
Without Donor Restrictions	\$ -	(\$ 105,201)	(\$ 105,201)
Total Net Assets	(\$105,201)	\$ -	(\$ 105,201)

**Indiana School of Real Estate, LLC**  
**Historical and Budgeted Financial Statements**  
**Selected Information**

**For the eleven months ended November 30, 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 October 31, 2018 for additional meaningful data for management.

**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%