

Indiana School of Real Estate

September 2017

EXECUTIVE SUMMARY

Balance Sheet:

1. The School's cash balance decreased by \$8,000 during September with an ending balance of \$16,000, mostly due to transfer to IAR during the month of \$80,000.
2. Prepaid expenses increased by \$16,000 due to annual license paid for XenDirect software.
3. Unearned registration fees increased by \$16,000 due to the purchase of courses to be held in future months. Ending balance of unearned registration fees was \$45,000.
4. The amount Due to IAR increased by \$10,000, with an ending balance of \$310,000.

Income Statement:

5. The School's net loss for the month was (\$17,000) compared to budgeted net income of \$300.
6. YTD, the School had net income of \$58,000 compared to budgeted net income of \$70,000.
7. Compared to the prior year, YTD net income was \$87,000 or 60% lower.
8. Total revenue for September was \$64,000 and was below the monthly budget of \$98,000 by \$34,000 or 35%.
9. YTD revenue was \$1,029,000 and was above the YTD budget of \$880,000 by \$148,000 or 17%.
10. Compared to the prior year, YTD revenue was \$121,000 or 11% lower.
11. Total expenses for September were \$81,000 and were under budget by \$17,000 or 17%, mostly due to programmatic costs including facility rental, honorarium/speaker fees, website development/hosting and research & development.
12. Total expenses YTD were \$971,000 and were over budget by \$160,000 or 20%, mostly due to instructor compensation and related travel, management fee paid to IAR included in office costs, rent/parking paid to IAR included in facility costs, and curriculum.
13. Compared to the prior year, YTD expenses were \$34,000 or 3% lower, mostly due to technology and curriculum expenses.

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

September 30, 2017

	09/30/2017	08/31/2017	Difference
ASSETS			
Current Assets			
Checking/Savings			
1000 - Cash Accounts			
1022 - ISRE Checking	15,881	23,670	(7,788)
Total 1000 - Cash Accounts	<u>15,881</u>	<u>23,670</u>	<u>(7,788)</u>
Total Checking/Savings	15,881	23,670	(7,788)
Other Current Assets			
1200 - Accounts Receivable			
1200 - Accounts Receivable	4,137	7,008	(2,871)
1210 - Tuition Receivable	0	2,568	(2,569)
Total 1200 - Accounts Receivable	<u>4,137</u>	<u>9,576</u>	<u>(5,440)</u>
1300 - Other Current Assets			
1310 - Prepaid Expense	34,865	19,507	15,358
1330 - Prepaid Curriculum	111,593	110,558	1,035
1350 - Other Deposits	1,560	1,559	0
Total 1300 - Other Current Assets	<u>148,018</u>	<u>131,624</u>	<u>16,393</u>
Total Other Current Assets	<u>152,155</u>	<u>141,200</u>	<u>10,953</u>
Total Current Assets	<u>168,036</u>	<u>164,870</u>	<u>3,165</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>
Total ASSETS	<u>222,679</u>	<u>219,514</u>	<u>3,165</u>
LIABILITIES & NET ASSETS			
Liabilities			
Current Liabilities			
Accounts Payable			
2010 - Accounts Payable	4,816	10,490	(5,674)
Total Accounts Payable	<u>4,816</u>	<u>10,490</u>	<u>(5,674)</u>
Other Current Liabilities			
2025 - Other Current Liabilities			
2040 - Accrued Payables	1,500	1,500	0

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

September 30, 2017

	09/30/2017	08/31/2017	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	45,009	29,286	15,723
Total 2400 - Deferred Dues & Other Revenue	45,009	29,286	15,723
Total Other Current Liabilities	64,189	48,466	15,723
Total Current Liabilities	69,005	58,956	10,049
Other Liabilities			
2200 - Intercompany Loans Payable			
2211 - Due to IAR (from ISRE)	309,899	299,990	9,909
Total 2200 - Intercompany Loans Payable	309,899	299,990	9,909
Total - Other Liabilities	309,899	299,990	9,909
Total Liabilities	378,904	358,946	19,958
NET ASSETS			
3010 - Unrestricted Net Assets	(139,432)	(113,216)	(26,216)
Net Income	(16,793)	(26,216)	9,423
Total Net Assets	(156,225)	(139,432)	(16,793)
Total LIABILITIES & NET ASSETS	222,679	219,514	3,165

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

September 30, 2017

	1 Month Actual	1 Month Budget	YTD Actual	YTD Budget	Annual Budget	Prior YTD Actual
Income						
4000 - Membership Income	49,275	96,999	820,281	872,991	1,163,975	997,854
4200 - Contract Fees & Event Income	13,950	0	203,772	0	0	106,907
4300 - Royalties, Rent & Product Sales	578	417	4,319	3,753	5,000	1,834
4900 - Other Income	0	417	230	3,753	5,000	42,871
Total Income	<u>63,803</u>	<u>97,833</u>	<u>1,028,602</u>	<u>880,497</u>	<u>1,173,975</u>	<u>1,149,466</u>
Expense						
5000 - Personnel Costs	50,312	52,166	545,218	469,494	635,986	532,130
5300 - Travel & Entertainment	317	1,093	6,278	9,837	13,100	7,391
5600 - Professional Fees	1,289	2,283	18,619	21,547	28,400	22,983
5700 - Technology & Equipment	1,880	4,250	22,244	38,250	51,000	38,695
5900 - Office Costs	8,519	4,202	98,807	37,818	50,450	100,590
6100 - Facility Costs	5,559	2,615	45,746	23,535	31,380	45,415
7100 - Programmatic Costs	12,720	30,891	233,955	210,019	277,221	257,262
Total Expense	<u>80,596</u>	<u>97,500</u>	<u>970,867</u>	<u>810,500</u>	<u>1,087,537</u>	<u>1,004,466</u>
Net Income (Loss)	<u>(16,793)</u>	<u>333</u>	<u>57,735</u>	<u>69,997</u>	<u>86,438</u>	<u>145,000</u>

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

September 30, 2017

	1 Month Actual	1 Month Budget	YTD Actual	YTD Budget	Annual Budget
Income					
4000 - Membership Income					
4001 - Registrations -- Members	12,926	58,784	404,509	529,056	705,400
4011 - Registrations -- Non-members	36,349	38,215	415,772	343,935	458,575
Total 4000 - Membership Income	<u>49,275</u>	<u>96,999</u>	<u>820,281</u>	<u>872,991</u>	<u>1,163,975</u>
4200 - Contract Fees & Event Income					
4200 - Contract Service Fees, Broker	13,950	0	172,322	0	0
4210 - Contract Service Fees, Local	0	0	31,450	0	0
Total 4200 - Contract Fees & Event Income	<u>13,950</u>	<u>0</u>	<u>203,772</u>	<u>0</u>	<u>0</u>
4300 - Royalties, Rent & Product Sales	578	417	4,319	3,753	5,000
4900 - Other Income	0	417	230	3,753	5,000
Total Income	<u>63,803</u>	<u>97,833</u>	<u>1,028,602</u>	<u>880,497</u>	<u>1,173,975</u>
Expense					
5000 - Personnel Costs					
5010 - Compensation	32,310	32,917	320,015	296,253	395,000
5020 - Bonus Pool	0	0	(10)	0	10,000
5030 - Contract Labor / Temp Help	0	917	0	8,253	11,000
5035 - Instructor Compensation	9,983	9,333	138,542	83,997	112,000
5100 - Benefits & Taxes					
5110 - Health & Life Insurance	2,728	3,333	25,424	29,997	40,000
5115 - Wellness Benefit	71	0	1,330	0	0
5120 - Dental Insurance	247	350	2,213	3,150	4,200
5125 - Disability Insurance	171	250	2,161	2,250	3,000
5130 - Retirement Benefits	1,502	1,250	15,178	11,250	15,000
5160 - Payroll Taxes	3,300	3,232	39,550	29,088	38,786
5170 - Professional Development	0	501	0	4,509	6,000
5180 - Dues & Subscriptions	0	83	815	747	1,000
Total 5100 - Benefits & Taxes	<u>8,019</u>	<u>8,999</u>	<u>86,671</u>	<u>80,991</u>	<u>107,986</u>
Total 5000 - Personnel Costs	<u>50,312</u>	<u>52,166</u>	<u>545,218</u>	<u>469,494</u>	<u>635,986</u>
5300 - Travel & Entertainment					
5310 - Staff Travel Costs					
5310 - Staff Travel	0	167	537	1,503	2,000
5320 - Staff Lodging	0	292	1,738	2,628	3,500
5330 - Staff Mileage	22	167	649	1,503	2,000
5340 - Staff Meals	0	167	2,166	1,503	2,000
5350 - Staff Hospitality	0	167	98	1,503	2,000
5360 - Conference Registration Fees	295	133	1,090	1,197	1,600

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

September 30, 2017

	1 Month Actual	1 Month Budget	YTD Actual	YTD Budget	Annual Budget
Total 5310 - Staff Travel Costs	317	1,093	6,278	9,837	13,100
Total 5300 Travel & Entertainment	317	1,093	6,278	9,837	13,100
5600 - Professional Fees					
5610 - Legal Services	0	83	0	747	1,000
5620 - Audit & Tax Services	0	0	1,000	1,000	1,000
5630 - Accounting Services	1,289	2,200	17,619	19,800	26,400
Total 5600 - Professional Fees	1,289	2,283	18,619	21,547	28,400
5700 - Technology & Equipment					
5710 - Technology Consulting Service	0	2,083	4,627	18,747	25,000
5730 - Small Equipment Purchases	0	83	367	747	1,000
5740 - Equipment > \$1000	0	250	0	2,250	3,000
5750 - Equipment Lease Payments	432	417	4,115	3,753	5,000
5760 - Software & Licensing Fees	1,448	1,417	13,135	12,753	17,000
Total 5700 - Technology & Equipment	1,880	4,250	22,244	38,250	51,000
5900 - Office Costs					
5910 - Telephone	0	250	2,541	2,250	3,000
5920 - Postage	0	125	0	1,125	1,500
5925 - Shipping Expense	(365)	(130)	(3,177)	(1,170)	(1,550)
5926 - Sales Tax	(103)	0	(547)	0	0
5930 - Office Supplies	43	125	2,189	1,125	1,500
5935 - Supplies for Resale	(894)	83	2,342	747	1,000
5940 - Printing	0	83	0	747	1,000
5950 - Liability Insurance	0	83	0	747	1,000
5960 - Licenses and Fees	152	250	1,370	2,250	3,000
5970 - Bank & Credit Card Fees	2,586	3,333	30,129	29,997	40,000
5980 - Miscellaneous	0	0	60	0	0
5995 - IAR Management Fee (paid by ISRE)	7,100	0	63,900	0	0
Total 5900 - Office Costs	8,519	4,202	98,807	37,818	50,450
6100 - Facility Costs					
6110 - Office Rent & Parking	4,909	2,490	44,211	22,410	29,880
6150 - Janitorial-cleaning & supplies	650	42	1,535	378	500
6170 - Property Insurance	0	83	0	747	1,000
Total 6100 - Facility Costs	5,559	2,615	45,746	23,535	31,380
7100 - Programmatic Costs					
7110 - Facility Rental	3,030	7,522	33,502	50,698	66,895
7120 - Catering	524	2,208	2,145	2,872	3,125
7130 - Honorarium/Speaker Fees	0	4,583	9,582	7,247	8,250
7140 - Speaker Travel	1,001	1,666	17,375	14,994	20,000

NO ASSURANCE IS PROVIDED. SEE SELECT INFORMATION.

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

September 30, 2017

	1 Month Actual	1 Month Budget	YTD Actual	YTD Budget	Annual Budget
7160 - Event Sponsorships	0	208	700	1,872	2,500
7165 - Contract Fees	84	0	15,944	0	0
7170 - Curriculum	6,525	6,275	105,885	56,475	75,300
7210 - Website Development / Hosting	0	1,250	922	11,250	15,000
7215 - Clipping Service	0	0	65	0	0
7220 - Internet Communications	0	0	2,478	0	0
7230 - Distance Learning Portal	1,506	3,716	37,120	33,444	44,600
7260 - Advertising/Marketing	50	417	8,237	3,753	5,000
7270 - Research & Development	0	2,963	0	26,667	35,551
7310 - Other Program Costs	0	83	0	747	1,000
Total 7100 - Programmatic Costs	<u>12,720</u>	<u>30,891</u>	<u>233,955</u>	<u>210,019</u>	<u>277,221</u>
Total Expense	<u>80,596</u>	<u>97,500</u>	<u>970,867</u>	<u>810,500</u>	<u>1,087,537</u>
Net Income (Loss)	<u>(16,793)</u>	<u>333</u>	<u>57,735</u>	<u>69,997</u>	<u>86,438</u>

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

For the Nine Months Ended September 30, 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 August 31, 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%