

Indiana School of Real Estate

September 2018

EXECUTIVE SUMMARY

Balance Sheet:

1. The School's cash balance decreased by \$19,000 during September with an ending balance of \$19,000. Decrease is due mostly to transfer to IAR for September expenses.
2. Accounts Receivable decreased by \$6,000 due to payments received during the month and adjustments made to reconcile to XD balances at the end of September.
3. Accounts Payable decreased by \$26,000 mostly due to a \$17,000 payment for XenDirect Renewal with an ending balance of \$4,000.
4. Unearned registration fees increased by \$24,000 with an ending balance of \$65,000.
5. The amount Due to IAR decreased by \$17,000 due to transfer made to IAR for September. Ending balance was \$270,000.

Income Statement:

6. The School had a net loss for the month of (\$6,000) compared to budgeted net income of \$1,000.
7. YTD net income was \$138,000 and was above the YTD budget of \$9,000 by \$129,000.
8. Compared to the prior year, YTD net income was \$80,000 higher, due to a combination of increased revenue and decreased expenses in 2018.
9. Total revenue for September was \$64,000 and was below the monthly budget of \$101,000 by \$37,000 or 37%.
10. YTD total revenue was \$1,056,000 and was above the YTD budget of \$905,000 by \$151,000 or 17%.
11. Compared to the prior year, YTD total revenue was \$28,000 or 3% higher.
12. Total expenses for September were \$69,000 vs budget of \$99,000 – under budget by \$30,000 or 30%.
13. YTD expenses were \$918,000 and were above the YTD budget of \$896,000 by \$22,000 or 2%, mostly due to instructor compensation, honorarium/speaker fees, contract fees, and curriculum.
14. Compared to the prior year, YTD expenses were lower by \$52,000 or 5% mostly due to compensation, facility costs, and curriculum.

Indiana School of Real Estate
Balance Sheet (Detail)
September 30, 2018

	09/30/2018	08/31/2018	Difference
ASSETS			
Current Assets			
Checking/Savings			
1000 - Cash Accounts			
1022 - ISRE Checking	18,673	37,691	(19,018)
Total 1000 - Cash Accounts	<u>18,673</u>	<u>37,691</u>	<u>(19,018)</u>
Total Checking/Savings	18,673	37,691	(19,018)
Other Current Assets			
1200 - Accounts Receivable			
1200 - Accounts Receivable	5,230	7,903	(2,673)
1210 - Tuition Receivable	790	4,031	(3,241)
Total 1200 - Accounts Receivable	<u>6,020</u>	<u>11,934</u>	<u>(5,914)</u>
1300 - Other Current Assets			
1310 - Prepaid Expense	48,851	49,245	(394)
1330 - Prepaid Curriculum	108,473	108,909	(437)
1350 - Other Deposits	1,559	1,559	0
Total 1300 - Other Current Assets	<u>158,883</u>	<u>159,713</u>	<u>(831)</u>
Total Other Current Assets	<u>164,903</u>	<u>171,647</u>	<u>(6,745)</u>
Total Current Assets	<u>183,576</u>	<u>209,338</u>	<u>(25,763)</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	(9,833)	(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>27,119</u>	<u>0</u>
Total Fixed Assets	<u>27,118</u>	<u>27,119</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>226,107</u>	<u>251,869</u>	<u>(25,763)</u>
LIABILITIES & NET ASSETS			
Liabilities			
Current Liabilities			
Accounts Payable			
2010 - Accounts Payable	4,118	30,539	(26,422)
Total Accounts Payable	<u>4,118</u>	<u>30,539</u>	<u>(26,422)</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)
September 30, 2018

	09/30/2018	08/31/2018	Difference
Total 2025 - Other Current Liabilities	20,369	20,369	0
2400 - Deferred Dues & Other Revenue			
2430 - Unearned Registration Fees	65,309	41,591	23,718
Total 2400 - Deferred Dues & Other Revenue	65,309	41,591	23,718
Total Other Current Liabilities	85,678	61,960	23,718
Total Current Liabilities	89,796	92,499	(2,704)
Other Liabilities			
2200 - Intercompany Loans Payable			
2211 - Due to IAR (from ISRE)	270,336	287,514	(17,177)
Total 2200 - Intercompany Loans Payable	270,336	287,514	(17,177)
Total - Other Liabilities	270,336	287,514	(17,177)
Total Liabilities	360,132	380,013	(19,881)
NET ASSETS			
3010 - Unrestricted Net Assets	(128,144)	(91,873)	(36,271)
Net Income	(5,881)	(36,271)	30,389
Total Net Assets	(134,025)	(128,144)	(5,882)
Total LIABILITIES & NET ASSETS	226,107	251,869	(25,763)

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

September 30, 2018

	1 Month Actual	1 Month Budget	YTD Actual	YTD Budget	Annual Budget	Prior YTD Actual
Income						
4000 - Membership Income	54,401	89,046	900,728	801,419	1,068,557	820,281
4200 - Contract Fees & Event Income	8,845	11,340	153,882	102,058	136,078	203,772
4300 - Royalties, Rent & Product Sales	317	208	1,602	1,876	2,500	4,319
4900 - Other Income	20	0	60	0	0	230
Total Income	<u>63,583</u>	<u>100,594</u>	<u>1,056,272</u>	<u>905,353</u>	<u>1,207,135</u>	<u>1,028,602</u>
Expense						
5000 - Personnel Costs	42,216	54,191	503,664	487,703	660,276	545,218
5300 - Travel & Entertainment	148	1,093	5,061	9,821	13,100	6,278
5600 - Professional Fees	2,115	2,242	21,550	21,174	27,900	18,619
5700 - Technology & Equipment	2,201	4,391	34,525	39,527	52,700	24,722
5900 - Office Costs	8,973	11,349	102,191	102,153	136,200	98,807
6100 - Facility Costs	3,372	3,601	33,490	32,407	43,210	45,746
7100 - Programmatic Costs	10,440	22,610	217,945	203,471	271,301	231,477
Total Expense	<u>69,465</u>	<u>99,477</u>	<u>918,426</u>	<u>896,256</u>	<u>1,204,687</u>	<u>970,867</u>
Net Income (Loss)	<u>(5,882)</u>	<u>1,117</u>	<u>137,846</u>	<u>9,097</u>	<u>2,448</u>	<u>57,735</u>

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

September 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 09/30/2017</u>
Income						
4000 - Membership Income						
4001 - Registrations -- Members	9,645	47,736	373,115	429,629	572,837	404,509
4011 - Registrations -- Non-members	44,756	41,310	527,613	371,790	495,720	415,772
Total 4000 - Membership Income	<u>54,401</u>	<u>89,046</u>	<u>900,728</u>	<u>801,419</u>	<u>1,068,557</u>	<u>820,281</u>
4200 - Contract Fees & Event Income						
4200 - Contract Service Fees, Broker	8,845	7,285	124,340	65,559	87,414	172,322
4210 - Contract Service Fees, Local	0	4,055	29,542	36,499	48,664	31,450
Total 4200 - Contract Fees & Event Income	<u>8,845</u>	<u>11,340</u>	<u>153,882</u>	<u>102,058</u>	<u>136,078</u>	<u>203,772</u>
4300 - Royalties, Rent & Product Sales	317	208	1,602	1,876	2,500	4,319
4900 - Other Income	20	0	60	0	0	230
Total Income	<u>63,583</u>	<u>100,594</u>	<u>1,056,272</u>	<u>905,353</u>	<u>1,207,135</u>	<u>1,028,602</u>
Expense						
5000 - Personnel Costs						
5010 - Compensation	26,552	33,750	297,661	303,750	405,000	320,015
5020 - Bonus Pool	0	0	0	0	10,000	(10)
5030 - Contract Labor / Temp Help	0	167	1,609	1,499	2,000	0
5035 - Instructor Compensation	9,014	11,213	130,939	100,911	134,550	138,542
5100 - Benefits & Taxes						
5110 - Health & Life Insurance	1,947	3,083	17,476	27,751	37,000	25,424
5115 - Wellness Benefit	87	0	828	0	0	1,330
5120 - Dental Insurance	195	333	1,752	3,001	4,000	2,213
5125 - Disability Insurance	168	267	1,653	2,399	3,200	2,161
5130 - Retirement Benefits	1,217	1,688	13,520	15,186	20,250	15,178
5160 - Payroll Taxes	3,036	3,440	36,741	30,956	41,276	39,550
5170 - Professional Development	0	125	1,000	1,125	1,500	0
5180 - Dues & Subscriptions	0	125	485	1,125	1,500	815
Total 5100 - Benefits & Taxes	<u>6,650</u>	<u>9,061</u>	<u>73,455</u>	<u>81,543</u>	<u>108,726</u>	<u>86,671</u>
Total 5000 - Personnel Costs	<u>42,216</u>	<u>54,191</u>	<u>503,664</u>	<u>487,703</u>	<u>660,276</u>	<u>545,218</u>
5300 - Travel & Entertainment						
5310 - Staff Travel Costs						
5310 - Staff Travel	0	167	709	1,499	2,000	537
5320 - Staff Lodging	0	292	637	2,624	3,500	1,738
5330 - Staff Mileage	148	167	896	1,499	2,000	649
5340 - Staff Meals	0	167	2,476	1,499	2,000	2,166
5350 - Staff Hospitality	0	167	53	1,499	2,000	98

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

September 30, 2018

	1 Month Actual	1 Month Budget	YTD Actual	YTD Budget	Annual Budget	Prior YTD 09/30/2017
5360 - Conference Registration Fees	0	133	290	1,201	1,600	1,090
Total 5310 - Staff Travel Costs	148	1,093	5,061	9,821	13,100	6,278
Total 5300 Travel & Entertainment	148	1,093	5,061	9,821	13,100	6,278
5600 - Professional Fees						
5610 - Legal Services	0	42	0	374	500	0
5620 - Audit & Tax Services	0	0	0	1,000	1,000	1,000
5630 - Accounting Services	2,115	2,200	21,550	19,800	26,400	17,619
Total 5600 - Professional Fees	2,115	2,242	21,550	21,174	27,900	18,619
5700 - Technology & Equipment						
5710 - Technology Consulting Service	0	2,083	7,839	18,751	25,000	4,627
5730 - Small Equipment Purchases	0	125	315	1,125	1,500	367
5740 - Equipment > \$1000	0	83	5,880	751	1,000	0
5750 - Equipment Lease Payments	530	600	5,665	5,400	7,200	4,115
5760 - Software & Licensing Fees	1,671	1,500	14,826	13,500	18,000	15,613
Total 5700 - Technology & Equipment	2,201	4,391	34,525	39,527	52,700	24,722
5900 - Office Costs						
5910 - Telephone	0	250	802	2,250	3,000	2,541
5920 - Postage	0	125	640	1,125	1,500	0
5925 - Shipping Expense	(572)	166	(1,568)	1,502	2,000	(3,177)
5926 - Sales Tax	(14)	0	(21)	0	0	(547)
5930 - Office Supplies	57	125	3,807	1,125	1,500	2,189
5935 - Supplies for Resale	0	83	1,008	751	1,000	2,342
5940 - Printing	0	83	147	751	1,000	0
5950 - Liability Insurance	0	83	581	751	1,000	0
5960 - Licenses and Fees	197	167	2,750	1,499	2,000	1,370
5970 - Bank & Credit Card Fees	2,205	3,167	30,145	28,499	38,000	30,129
5980 - Miscellaneous	0	0	0	0	0	60
5995 - IAR Management Fee (paid by ISRE)	7,100	7,100	63,900	63,900	85,200	63,900
Total 5900 - Office Costs	8,973	11,349	102,191	102,153	136,200	98,807
6100 - Facility Costs						
6110 - Office Rent & Parking	3,372	3,372	32,034	30,344	40,460	44,211
6150 - Janitorial-cleaning & supplies	0	146	875	1,312	1,750	1,535
6170 - Property Insurance	0	83	581	751	1,000	0
Total 6100 - Facility Costs	3,372	3,601	33,490	32,407	43,210	45,746
7100 - Programmatic Costs						
7110 - Facility Rental	3,162	5,134	34,051	46,198	61,600	33,502

NO ASSURANCE IS PROVIDED. SEE SELECT INFORMATION.

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

September 30, 2018

	1 Month Actual	1 Month Budget	YTD Actual	YTD Budget	Annual Budget	Prior YTD 09/30/2017
7120 - Catering	0	667	2,391	5,999	8,000	2,145
7130 - Honorarium/Speaker Fees	0	333	12,651	3,001	4,000	9,582
7140 - Speaker Travel	1,547	2,000	14,668	18,000	24,000	17,375
7160 - Event Sponsorships	250	208	700	1,876	2,500	700
7165 - Contract Fees	333	0	10,658	0	0	15,944
7170 - Curriculum	3,037	6,841	97,347	61,569	82,092	105,885
7210 - Website Development / Hosting	0	1,250	870	11,250	15,000	987
7230 - Distance Learning Portal	2,111	3,697	37,373	33,262	44,353	37,120
7260 - Advertising/Marketing	0	417	7,126	3,749	5,000	8,237
7270 - Research & Development	0	1,980	0	17,816	23,756	0
7310 - Other Program Costs	0	83	110	751	1,000	0
Total 7100 - Programmatic Costs	10,440	22,610	217,945	203,471	271,301	231,477
Total Expense	69,465	99,477	918,426	896,256	1,204,687	970,867
Net Income (Loss)	(5,882)	1,117	137,846	9,097	2,448	57,735

Indiana School of Real Estate
Statement of Cash Flows
Year To Date 09/30/2018

OPERATING ACTIVITIES

Net Income	137,846
Adjustments to reconcile Net Income to net cash provided by operations	
1200 - Accounts Receivable	626
1210 - Tuition Receivable	198
1310 - Prepaid Expense	(14,563)
1330 - Prepaid Curriculum	4,287
2010 - Accounts Payable	(20,792)
2211 - Due to IAR (from ISRE)	(135,463)
2430 - Unearned Registration Fees	29,189
Net cash provided by Operating Activities	1,328
Net cash change for period	1,328
Cash at beginning of period	17,344
Cash at end of period	18,673

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

For the nine months ended September 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 August 31, 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%