

Indiana School of Real Estate

February 2019

EXECUTIVE SUMMARY

Balance Sheet:

1. The School's cash balance increased by \$12,000 during February with an ending balance of \$61,000.
2. Prepaid expenses decreased by \$6,000 due to amortization of expenses for the month.
3. Unearned registration fees increased by \$24,000 with an ending balance of \$56,000. This ending balance represents courses that have been paid for with start dates after February.
4. The amount Due to IAR decreased by \$9,000 during the month with an ending balance of \$294,000.

Income Statement:

5. The School had net loss for the month of (\$13,000) compared to budgeted net income of \$1,000.
6. YTD, the School had net income of \$48,000 compared to budgeted net income of \$2,000.
7. Compared to the prior year, YTD net income was \$23,000 lower, due to decreased income in 2019.
8. Total revenue for February was \$84,000 and was below the monthly budget of \$107,000 by \$24,000 or 22%.
9. YTD revenue was \$235,000 vs budgeted YTD of \$214,000 – over budget by \$21,000 or 10%.
10. Compared to the prior year, YTD total revenue was \$30,000 or 11% lower.
11. Total expenses for February were \$96,000 vs budget of \$106,000 – under budget by \$10,000 or 10% mostly due to personnel and technology/equipment.
12. Total expenses YTD were \$187,000 vs budget of \$213,000 – under budget by \$26,000 or 12% mostly due to personnel and technology/equipment.
13. Compared to the prior year, YTD expenses were lower by \$7,000 or 4% mostly due to personnel costs.

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

February 28, 2019

	02/28/2019	01/31/2019	Difference
ASSETS			
Current Assets			
Checking/Savings			
1000 - Cash Accounts			
1022 - ISRE Checking	60,895	48,638	12,257
Total 1000 - Cash Accounts	<u>60,895</u>	<u>48,638</u>	<u>12,257</u>
Total Checking/Savings	60,895	48,638	12,257
Other Current Assets			
1200 - Accounts Receivable			
1200 - Accounts Receivable	6,030	9,018	(2,988)
1210 - Tuition Receivable	4,745	4,144	601
Total 1200 - Accounts Receivable	<u>10,775</u>	<u>13,162</u>	<u>(2,387)</u>
1300 - Other Current Assets			
1310 - Prepaid Expense	35,204	37,402	(2,198)
1330 - Prepaid Curriculum	95,297	99,170	(3,873)
1350 - Other Deposits	1,560	1,560	0
Total 1300 - Other Current Assets	<u>132,061</u>	<u>138,132</u>	<u>(6,071)</u>
Total Other Current Assets	<u>142,836</u>	<u>151,294</u>	<u>(8,458)</u>
Total Current Assets	<u>203,731</u>	<u>199,932</u>	<u>3,799</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	29,176	29,176	0
Total 1605 - Land, Buildings & Equipment	<u>58,661</u>	<u>58,661</u>	<u>0</u>
1655 - Accumulated Depreciation			
1670 - Accum. Amortization- Capital Lease	(19,661)	(19,661)	0
1680 - Accum. Depreciation - FF&E	(20,134)	(20,134)	0
Total 1655 - Accumulated Depreciation	<u>(39,795)</u>	<u>(39,795)</u>	<u>0</u>
Total 1600 - Fixed Assets, Net of Deprec.	<u>18,866</u>	<u>18,866</u>	<u>0</u>
Total Fixed Assets	<u>18,866</u>	<u>18,866</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	(25,687)	(25,687)	0
Total 1700 - Capitalized Loan and Lease Costs	<u>5,138</u>	<u>5,138</u>	<u>0</u>
Total Other Assets	<u>5,138</u>	<u>5,138</u>	<u>0</u>
Total ASSETS	<u>227,735</u>	<u>223,936</u>	<u>3,799</u>
LIABILITIES & NET ASSETS			
Liabilities			
Current Liabilities			
Accounts Payable			
2010 - Accounts Payable	10,198	7,976	2,222
Total Accounts Payable	<u>10,198</u>	<u>7,976</u>	<u>2,222</u>
Other Current Liabilities			
2025 - Other Current Liabilities			
2200 - GFC Lease Payable	10,602	10,602	0

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

February 28, 2019

	02/28/2019	01/31/2019	Difference
2040 - Accrued Payables	5,082	5,082	0
Total 2025 - Other Current Liabilities	15,684	15,684	0
2400 - Deferred Dues & Other Revenue			
2430 - Unearned Registration Fees	55,506	31,840	23,666
Total 2400 - Deferred Dues & Other Revenue	55,506	31,840	23,666
Total Other Current Liabilities	71,190	47,524	23,666
Total Current Liabilities	81,388	55,500	25,888
Other Liabilities			
2200 - Intercompany Loans Payable			
2211 - Due to IAR (from ISRE)	293,554	303,026	(9,471)
Total 2200 - Intercompany Loans Payable	293,554	303,026	(9,471)
Total - Other Liabilities	293,554	303,026	(9,471)
Total Liabilities	374,942	358,526	16,417
NET ASSETS			
Without Donor Restrictions			
Undesignated	(147,207)	(134,590)	(12,618)
Total Without Donor Restrictions	(147,207)	(134,590)	(12,618)
Total Net Assets	(147,207)	(134,590)	(12,618)
Total LIABILITIES & NET ASSETS	227,735	223,936	3,799

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

February 28, 2019

	1 Month Actual	1 Month Budget	YTD Actual	YTD Budget	Annual Budget	Prior YTD Actual
Income						
4000 - Membership Income	74,794	95,536	196,845	191,073	1,146,433	219,150
4200 - Contract Fees & Event Income	8,404	11,662	26,461	23,314	139,934	45,728
4300 - Royalties, Rent & Product Sales	404	42	578	80	500	297
4900 - Other Income	0	0	11,196	0	0	0
Total Income	<u>83,602</u>	<u>107,240</u>	<u>235,080</u>	<u>214,467</u>	<u>1,286,867</u>	<u>265,175</u>
Expense						
5000 - Personnel Costs	51,716	56,974	97,703	113,943	693,683	114,008
5300 - Travel & Entertainment	332	793	542	1,570	9,500	316
5600 - Professional Fees	2,000	2,325	5,764	4,650	27,900	2,591
5700 - Technology & Equipment	2,313	6,312	4,595	12,624	75,744	4,716
5900 - Office Costs	9,715	11,274	19,659	22,566	135,306	23,329
6100 - Facility Costs	3,372	4,955	6,744	9,910	59,460	8,430
7100 - Programmatic Costs	26,772	24,250	51,791	47,732	284,982	40,258
Total Expense	<u>96,220</u>	<u>106,883</u>	<u>186,798</u>	<u>212,995</u>	<u>1,286,575</u>	<u>193,648</u>
Net Income (Loss)	<u>(12,618)</u>	<u>357</u>	<u>48,282</u>	<u>1,472</u>	<u>292</u>	<u>71,527</u>

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

February 28, 2019

	1 Month Actual	1 Month Budget	YTD Actual	YTD Budget	Annual Budget	Prior YTD 02/28/2018
Income						
4000 - Membership Income						
4001 - Registrations -- Members	30,621	46,882	61,569	93,765	562,585	52,604
4011 - Registrations -- Non-members	44,173	48,654	135,276	97,308	583,848	166,546
Total 4000 - Membership Income	<u>74,794</u>	<u>95,536</u>	<u>196,845</u>	<u>191,073</u>	<u>1,146,433</u>	<u>219,150</u>
4200 - Contract Fees & Event Income						
4200 - Contract Service Fees, Broker	8,404	8,041	19,388	16,074	96,484	41,568
4210 - Contract Service Fees, Local	0	3,621	7,073	7,240	43,450	4,160
Total 4200 - Contract Fees & Event Income	<u>8,404</u>	<u>11,662</u>	<u>26,461</u>	<u>23,314</u>	<u>139,934</u>	<u>45,728</u>
4300 - Royalties, Rent & Product Sales	404	42	578	80	500	297
4900 - Other Income	0	0	11,196	0	0	0
Total Income	<u>83,602</u>	<u>107,240</u>	<u>235,080</u>	<u>214,467</u>	<u>1,286,867</u>	<u>265,175</u>
Expense						
5000 - Personnel Costs						
5010 - Compensation	26,861	33,750	53,534	67,500	405,000	75,285
5020 - Bonus Pool	0	0	0	0	10,000	0
5030 - Contract Labor / Temp Help	0	167	0	330	2,000	405
5035 - Instructor Compensation	15,034	14,083	26,282	28,170	169,000	21,100
5100 - Benefits & Taxes						
5110 - Health & Life Insurance	3,817	3,083	6,271	6,170	37,000	3,775
5115 - Wellness Benefit	84	42	171	80	500	216
5120 - Dental Insurance	353	333	629	670	4,000	390
5125 - Disability Insurance	191	267	382	530	3,200	362
5130 - Retirement Benefits	1,250	1,688	2,521	3,370	20,250	3,439
5160 - Payroll Taxes	3,801	3,415	7,588	6,833	40,983	9,036
5170 - Professional Development	0	83	0	170	1,000	0
5180 - Dues & Subscriptions	325	63	325	120	750	0
Total 5100 - Benefits & Taxes	<u>9,821</u>	<u>8,974</u>	<u>17,887</u>	<u>17,943</u>	<u>107,683</u>	<u>17,218</u>
Total 5000 - Personnel Costs	<u>51,716</u>	<u>56,974</u>	<u>97,703</u>	<u>113,943</u>	<u>693,683</u>	<u>114,008</u>
5300 - Travel & Entertainment						
5310 - Staff Travel Costs						
5310 - Staff Travel	0	167	0	330	2,000	6
5320 - Staff Lodging	0	167	0	330	2,000	0
5330 - Staff Mileage	107	125	107	250	1,500	171
5340 - Staff Meals	225	167	435	330	2,000	92
5350 - Staff Hospitality	0	125	0	250	1,500	47

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

February 28, 2019

	1 Month Actual	1 Month Budget	YTD Actual	YTD Budget	Annual Budget	Prior YTD 02/28/2018
5360 - Conference Registration Fees	0	42	0	80	500	0
Total 5310 - Staff Travel Costs	332	793	542	1,570	9,500	316
Total 5300 Travel & Entertainment	332	793	542	1,570	9,500	316
5600 - Professional Fees						
5610 - Legal Services	0	42	0	80	500	0
5620 - Audit & Tax Services	1,000	83	1,000	170	1,000	0
5630 - Accounting Services	1,000	2,200	4,764	4,400	26,400	2,591
Total 5600 - Professional Fees	2,000	2,325	5,764	4,650	27,900	2,591
5700 - Technology & Equipment						
5710 - Technology Consulting Service	0	3,750	0	7,500	45,000	0
5730 - Small Equipment Purchases	0	83	0	170	1,000	145
5740 - Equipment > \$1000	0	250	0	500	3,000	0
5750 - Equipment Lease Payments	555	600	1,079	1,200	7,200	1,675
5760 - Software & Licensing Fees	1,758	1,629	3,516	3,254	19,544	2,896
Total 5700 - Technology & Equipment	2,313	6,312	4,595	12,624	75,744	4,716
5900 - Office Costs						
5910 - Telephone	0	83	0	170	1,000	134
5920 - Postage	0	125	0	250	1,500	0
5925 - Shipping Expense	(183)	83	(660)	170	1,000	(867)
5926 - Sales Tax	(18)	0	(20)	0	0	322
5930 - Office Supplies	53	250	93	500	3,000	1,310
5935 - Supplies for Resale	0	83	0	170	1,000	0
5940 - Printing	9	42	10	80	500	0
5950 - Liability Insurance	0	83	0	170	1,000	0
5960 - Licenses and Fees	98	208	375	420	2,500	195
5970 - Bank & Credit Card Fees	2,656	3,217	5,661	6,436	38,606	8,035
5995 - IAR Management Fee (paid by ISRE)	7,100	7,100	14,200	14,200	85,200	14,200
Total 5900 - Office Costs	9,715	11,274	19,659	22,566	135,306	23,329
6100 - Facility Costs						
6110 - Office Rent & Parking	3,372	3,372	6,744	6,740	40,460	8,430
6150 - Janitorial-cleaning & supplies	0	167	0	330	2,000	0
6510 - Amortization	0	1,083	0	2,170	13,000	0
6520 - Depreciation Expense	0	333	0	670	4,000	0
Total 6100 - Facility Costs	3,372	4,955	6,744	9,910	59,460	8,430
7100 - Programmatic Costs						
7110 - Facility Rental	4,645	4,224	8,983	8,444	50,684	6,690

NO ASSURANCE IS PROVIDED. SEE SELECT INFORMATION.

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

February 28, 2019

	1 Month Actual	1 Month Budget	YTD Actual	YTD Budget	Annual Budget	Prior YTD 02/28/2018
7120 - Catering	503	526	503	1,040	6,300	237
7130 - Honorarium/Speaker Fees	50	1,209	50	2,410	14,500	0
7140 - Speaker Travel	0	1,667	1,253	3,330	20,000	627
7160 - Event Sponsorships	500	167	500	330	2,000	450
7165 - Contract Fees	83	333	167	670	4,000	726
7170 - Curriculum	14,332	8,031	27,041	16,063	96,373	27,942
7175 - Licensing-Big Broker	798	750	798	750	3,000	0
7210 - Website Development / Hosting	1,775	1,250	5,152	2,500	15,000	65
7230 - Distance Learning Portal	3,051	5,177	5,739	10,355	62,125	2,730
7260 - Advertising/Marketing	1,035	833	1,035	1,670	10,000	681
7310 - Other Program Costs	0	83	570	170	1,000	110
Total 7100 - Programmatic Costs	<u>26,772</u>	<u>24,250</u>	<u>51,791</u>	<u>47,732</u>	<u>284,982</u>	<u>40,258</u>
Total Expense	<u>96,220</u>	<u>106,883</u>	<u>186,798</u>	<u>212,995</u>	<u>1,286,575</u>	<u>193,648</u>
Net Income (Loss)	<u>(12,618)</u>	<u>357</u>	<u>48,282</u>	<u>1,472</u>	<u>292</u>	<u>71,527</u>

Indiana School of Real Estate
Statement of Cash Flows
Year To Date 02/28/2019

OPERATING ACTIVITIES

Net Income	<u>48,282</u>
Adjustments to reconcile Net Income to net cash provided by operations	
1200 - Accounts Receivable	(800)
1210 - Tuition Receivable	(4,578)
1310 - Prepaid Expense	10,641
1330 - Prepaid Curriculum	3,829
2010 - Accounts Payable	(446)
2211 - Due to IAR (from ISRE)	(33,146)
2430 - Unearned Registration Fees	<u>16,571</u>
Net cash provided by Operating Activities	<u>40,353</u>
Net cash change for period	40,353
Cash at beginning of period	<u>20,542</u>
Cash at end of period	<u>60,895</u>

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

For the two months ended February 28, 2019 and Year Ending December 31, 2019

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 with donor restrictions and without donor restrictions 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 January 31, 2019 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 July, 2019, 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 based on expected % of market share for various courses as follows:
 - Pre-licensing – 55% of total market share (decrease of 18% from prior year actual)
 - Continuing Education – 25% of total market share (increase of 27% from prior year actual)
 - Contract Service fees – decrease of 20% from prior year actual
 - Overall, total revenue is expected to decrease by 1% from prior year actual
- Salaries, benefits, and taxes are expected to remain steady from the prior year with fluctuations of less than 5%
- Curriculum expenses are expected to decrease by 15%, due to certain courses being fully amortized in 2019
- Expenses associated with distance learning portals are expected to increase by 48% due to increased sales of customized learning portals
- All other expenses are expected to remain steady with fluctuations of less than 10%.