

Indiana School of Real Estate January 2019

EXECUTIVE SUMMARY

Balance Sheet:

1. The School's cash balance increased by \$28,000 during January with an ending balance of \$49,000.
2. Accounts receivable increased by \$8,000 due to invoices for local board/local broker courses and online course registrations in February.
3. Prepaid expenses decreased by \$8,000 due to amortization of expenses for the month.
4. Unearned registration fees decreased by \$7,000 with an ending balance of \$32,000. This ending balance represents courses that have been paid for with start dates after January.
5. The amount Due to IAR decreased by \$24,000 during the month with an ending balance of \$303,000.

Income Statement:

6. The School had net income for the month of \$61,000 compared to budgeted net income of \$1,000.
7. Compared to the prior year, YTD net income was \$13,000 higher, due to decreased expenses in 2019.
8. Total revenue for January was \$151,000 and was above the monthly budget of \$107,000 by \$44,000 or 41%.
 - a. Other income in January represents a correction of prior year lease expense allocations between IAR and ISRE – this adjustment was passed during the 2018 audit since it netted to zero in the consolidated audited financials and was recorded in January to correct.
9. Compared to the prior year, YTD total revenue was \$6,000 (4%) higher.
10. Total expenses for January were \$91,000 vs budget of \$106,000 – under budget by \$15,000 or 15% mostly due to personnel and technology/equipment.
11. Compared to the prior year, YTD expenses were lower by \$7,000 or 8% mostly due to personnel costs.

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

January 31, 2019

	01/31/2019	12/31/2018	Difference
ASSETS			
Current Assets			
Checking/Savings			
1000 - Cash Accounts			
1022 - ISRE Checking	48,638	20,542	28,096
Total 1000 - Cash Accounts	<u>48,638</u>	<u>20,542</u>	<u>28,096</u>
Total Checking/Savings	<u>48,638</u>	<u>20,542</u>	<u>28,096</u>
Other Current Assets			
1200 - Accounts Receivable			
1200 - Accounts Receivable	9,018	5,230	3,788
1210 - Tuition Receivable	4,144	167	3,977
Total 1200 - Accounts Receivable	<u>13,162</u>	<u>5,397</u>	<u>7,765</u>
1300 - Other Current Assets			
1310 - Prepaid Expense	37,402	45,845	(8,444)
1330 - Prepaid Curriculum	99,170	99,127	44
1350 - Other Deposits	1,560	1,559	0
Total 1300 - Other Current Assets	<u>138,132</u>	<u>146,531</u>	<u>(8,400)</u>
Total Other Current Assets	<u>151,294</u>	<u>151,928</u>	<u>(635)</u>
Total Current Assets	<u>199,932</u>	<u>172,470</u>	<u>27,461</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)	(19,660)	0
1680 - Accum. Depreciation - FF&E	(20,134)	(20,134)	0
Total 1655 - Accumulated Depreciation	<u>(39,795)</u>	<u>(39,794)</u>	<u>0</u>
Total 1600 - Fixed Assets, Net of Deprec.	<u>18,866</u>	<u>18,867</u>	<u>0</u>
Total Fixed Assets	<u>18,866</u>	<u>18,867</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)	(25,688)	0
Total 1700 - Capitalized Loan and Lease Costs	<u>5,138</u>	<u>5,137</u>	<u>0</u>
Total Other Assets	<u>5,138</u>	<u>5,137</u>	<u>0</u>
Total ASSETS	<u>223,936</u>	<u>196,474</u>	<u>27,461</u>
LIABILITIES & NET ASSETS			
Liabilities			
Current Liabilities			
Accounts Payable			
2010 - Accounts Payable	7,976	10,645	(2,669)
Total Accounts Payable	<u>7,976</u>	<u>10,645</u>	<u>(2,669)</u>
Other Current Liabilities			
2025 - Other Current Liabilities			
2200 - GFC Lease Payable	10,602	10,601	0

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

January 31, 2019

	01/31/2019	12/31/2018	Difference
2040 - Accrued Payables	5,082	5,082	0
Total 2025 - Other Current Liabilities	15,684	15,683	0
2400 - Deferred Dues & Other Revenue			
2430 - Unearned Registration Fees	31,840	38,935	(7,095)
Total 2400 - Deferred Dues & Other Revenue	31,840	38,935	(7,095)
Total Other Current Liabilities	47,524	54,618	(7,095)
Total Current Liabilities	55,500	65,263	(9,764)
Other Liabilities			
2200 - Intercompany Loans Payable			
2211 - Due to IAR (from ISRE)	303,026	326,701	(23,674)
Total 2200 - Intercompany Loans Payable	303,026	326,701	(23,674)
Total - Other Liabilities	303,026	326,701	(23,674)
Total Liabilities	358,526	391,964	(33,438)
NET ASSETS			
Without Donor Restrictions			
Undesignated	(134,590)	(195,490)	60,899
Total Without Donor Restrictions	(134,590)	(195,490)	60,899
Total Net Assets	(134,590)	(195,490)	60,899
Total LIABILITIES & NET ASSETS	223,936	196,474	27,461

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

January 31, 2019

	1 Month Actual	1 Month Budget	YTD Actual	YTD Budget	Annual Budget	Prior YTD Actual
Income						
4000 - Membership Income	122,051	95,537	122,051	95,537	1,146,433	128,064
4200 - Contract Fees & Event Income	18,057	11,652	18,057	11,652	139,934	17,370
4300 - Royalties, Rent & Product Sales	174	38	174	38	500	72
4900 - Other Income	11,196	0	11,196	0	0	0
Total Income	<u>151,478</u>	<u>107,227</u>	<u>151,478</u>	<u>107,227</u>	<u>1,286,867</u>	<u>145,506</u>
Expense						
5000 - Personnel Costs	45,987	56,969	45,987	56,969	693,683	54,662
5300 - Travel & Entertainment	210	777	210	777	9,500	172
5600 - Professional Fees	3,763	2,325	3,763	2,325	27,900	2,591
5700 - Technology & Equipment	2,283	6,312	2,283	6,312	75,744	2,628
5900 - Office Costs	9,943	11,292	9,943	11,292	135,306	11,376
6100 - Facility Costs	3,372	4,955	3,372	4,955	59,460	5,058
7100 - Programmatic Costs	25,021	23,728	25,021	23,728	284,978	21,590
Total Expense	<u>90,579</u>	<u>106,358</u>	<u>90,579</u>	<u>106,358</u>	<u>1,286,571</u>	<u>98,077</u>
Net Income (Loss)	<u>60,900</u>	<u>869</u>	<u>60,900</u>	<u>869</u>	<u>296</u>	<u>47,429</u>

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

January 31, 2019

	<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 01/31/2018</u>
Income						
4000 - Membership Income						
4001 - Registrations -- Members	30,948	46,883	30,948	46,883	562,585	27,190
4011 - Registrations -- Non-members	91,103	48,654	91,103	48,654	583,848	100,874
Total 4000 - Membership Income	<u>122,051</u>	<u>95,537</u>	<u>122,051</u>	<u>95,537</u>	<u>1,146,433</u>	<u>128,064</u>
4200 - Contract Fees & Event Income						
4200 - Contract Service Fees, Broker	10,984	8,033	10,984	8,033	96,484	16,740
4210 - Contract Service Fees, Local	7,073	3,619	7,073	3,619	43,450	630
Total 4200 - Contract Fees & Event Income	<u>18,057</u>	<u>11,652</u>	<u>18,057</u>	<u>11,652</u>	<u>139,934</u>	<u>17,370</u>
4300 - Royalties, Rent & Product Sales	174	38	174	38	500	72
4900 - Other Income	11,196	0	11,196	0	0	0
Total Income	<u>151,478</u>	<u>107,227</u>	<u>151,478</u>	<u>107,227</u>	<u>1,286,867</u>	<u>145,506</u>
Expense						
5000 - Personnel Costs						
5010 - Compensation	26,673	33,750	26,673	33,750	405,000	38,177
5020 - Bonus Pool	0	0	0	0	10,000	0
5030 - Contract Labor / Temp Help	0	163	0	163	2,000	0
5035 - Instructor Compensation	11,248	14,087	11,248	14,087	169,000	7,995
5100 - Benefits & Taxes						
5110 - Health & Life Insurance	2,454	3,087	2,454	3,087	37,000	1,714
5115 - Wellness Benefit	87	38	87	38	500	129
5120 - Dental Insurance	276	337	276	337	4,000	247
5125 - Disability Insurance	191	263	191	263	3,200	171
5130 - Retirement Benefits	1,271	1,682	1,271	1,682	20,250	1,722
5160 - Payroll Taxes	3,787	3,418	3,787	3,418	40,983	4,507
5170 - Professional Development	0	87	0	87	1,000	0
5180 - Dues & Subscriptions	0	57	0	57	750	0
Total 5100 - Benefits & Taxes	<u>8,066</u>	<u>8,969</u>	<u>8,066</u>	<u>8,969</u>	<u>107,683</u>	<u>8,490</u>
Total 5000 - Personnel Costs	<u>45,987</u>	<u>56,969</u>	<u>45,987</u>	<u>56,969</u>	<u>693,683</u>	<u>54,662</u>
5300 - Travel & Entertainment						
5310 - Staff Travel Costs						
5310 - Staff Travel	0	163	0	163	2,000	0
5320 - Staff Lodging	0	163	0	163	2,000	0
5330 - Staff Mileage	0	125	0	125	1,500	172
5340 - Staff Meals	210	163	210	163	2,000	0
5350 - Staff Hospitality	0	125	0	125	1,500	0

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

January 31, 2019

	1 Month Actual	1 Month Budget	YTD Actual	YTD Budget	Annual Budget	Prior YTD 01/31/2018
5360 - Conference Registration Fees	0	38	0	38	500	0
Total 5310 - Staff Travel Costs	210	777	210	777	9,500	172
Total 5300 Travel & Entertainment	210	777	210	777	9,500	172
5600 - Professional Fees						
5610 - Legal Services	0	38	0	38	500	0
5620 - Audit & Tax Services	0	87	0	87	1,000	0
5630 - Accounting Services	3,763	2,200	3,763	2,200	26,400	2,591
Total 5600 - Professional Fees	3,763	2,325	3,763	2,325	27,900	2,591
5700 - Technology & Equipment						
5710 - Technology Consulting Service	0	3,750	0	3,750	45,000	0
5730 - Small Equipment Purchases	0	87	0	87	1,000	144
5740 - Equipment > \$1000	0	250	0	250	3,000	0
5750 - Equipment Lease Payments	525	600	525	600	7,200	1,036
5760 - Software & Licensing Fees	1,758	1,625	1,758	1,625	19,544	1,448
Total 5700 - Technology & Equipment	2,283	6,312	2,283	6,312	75,744	2,628
5900 - Office Costs						
5910 - Telephone	0	87	0	87	1,000	0
5920 - Postage	0	125	0	125	1,500	0
5925 - Shipping Expense	(477)	87	(477)	87	1,000	(615)
5926 - Sales Tax	(3)	0	(3)	0	0	329
5930 - Office Supplies	42	250	42	250	3,000	310
5935 - Supplies for Resale	0	87	0	87	1,000	0
5940 - Printing	0	38	0	38	500	0
5950 - Liability Insurance	0	87	0	87	1,000	0
5960 - Licenses and Fees	277	212	277	212	2,500	98
5970 - Bank & Credit Card Fees	3,004	3,219	3,004	3,219	38,606	4,154
5995 - IAR Management Fee (paid by ISRE)	7,100	7,100	7,100	7,100	85,200	7,100
Total 5900 - Office Costs	9,943	11,292	9,943	11,292	135,306	11,376
6100 - Facility Costs						
6110 - Office Rent & Parking	3,372	3,368	3,372	3,368	40,460	5,058
6150 - Janitorial-cleaning & supplies	0	163	0	163	2,000	0
6510 - Amortization	0	1,087	0	1,087	13,000	0
6520 - Depreciation Expense	0	337	0	337	4,000	0
Total 6100 - Facility Costs	3,372	4,955	3,372	4,955	59,460	5,058
7100 - Programmatic Costs						
7110 - Facility Rental	4,339	4,220	4,339	4,220	50,684	3,578

NO ASSURANCE IS PROVIDED. SEE SELECT INFORMATION.

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

January 31, 2019

	1 Month Actual	1 Month Budget	YTD Actual	YTD Budget	Annual Budget	Prior YTD 01/31/2018
7120 - Catering	0	514	0	514	6,300	237
7130 - Honorarium/Speaker Fees	0	1,201	0	1,201	14,500	0
7140 - Speaker Travel	1,253	1,663	1,253	1,663	20,000	627
7160 - Event Sponsorships	0	163	0	163	2,000	450
7165 - Contract Fees	83	337	83	337	4,000	83
7170 - Curriculum	12,710	8,278	12,710	8,278	99,369	16,400
7210 - Website Development / Hosting	3,378	1,250	3,378	1,250	15,000	0
7230 - Distance Learning Portal	2,688	5,178	2,688	5,178	62,125	0
7260 - Advertising/Marketing	0	837	0	837	10,000	215
7310 - Other Program Costs	570	87	570	87	1,000	0
Total 7100 - Programmatic Costs	25,021	23,728	25,021	23,728	284,978	21,590
Total Expense	90,579	106,358	90,579	106,358	1,286,571	98,077
Net Income (Loss)	60,900	869	60,900	869	296	47,429

Indiana School of Real Estate
Statement of Cash Flows
Year To Date 01/31/2019

OPERATING ACTIVITIES

Net Income	<u>60,900</u>
Adjustments to reconcile Net Income to net cash provided by operations	
1200 - Accounts Receivable	(3,789)
1210 - Tuition Receivable	(3,977)
1310 - Prepaid Expense	8,445
1330 - Prepaid Curriculum	(44)
2010 - Accounts Payable	(2,669)
2211 - Due to IAR (from ISRE)	(23,675)
2430 - Unearned Registration Fees	<u>(7,095)</u>
Net cash provided by Operating Activities	<u>28,096</u>
Net cash change for period	28,096
Cash at beginning of period	<u>20,542</u>
Cash at end of period	<u>48,638</u>

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

For the one month ended January 31, 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 December 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 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%.