

Indiana School of Real Estate

July 2019

EXECUTIVE SUMMARY

Balance Sheet:

1. The School's cash balance decreased by \$21,000 during July with an ending balance of \$93,000. This decrease is due to transfer to IAR for monthly expenses.
2. Tuition receivable increased by \$2,000 due to courses ordered but not yet paid for with an ending balance of \$7,000.
3. Prepaid expenses decreased by \$6,000 due to amortization of expenses for the month with an ending balance of \$89,000 for prepaid curriculum and \$11,000 for all other prepaid expenses.
4. Accounts Payable decreased by \$2,000 with a balance of \$17,000.
5. Unearned registration fees increased by \$7,000 due to July activity. The ending balance was \$28,000 which represents courses that have been paid for with start dates after July.
6. The amount Due to IAR decreased by \$4,000 during the month with an ending balance of \$235,000.

Income Statement:

7. The School had net loss for the month of (\$29,000) compared to budgeted net income of \$1,000.
8. YTD, the School had net income of \$133,000 compared to budgeted net income of \$6,000.
9. Compared to the prior year, YTD net income was \$47,000 lower, due to a decrease in pre-license revenue so far in 2019.
10. Total revenue for July was \$71,000 and was below the monthly budget of \$107,000 by \$36,000 or 33%.
11. YTD revenue was \$866,000 vs budget of \$751,000 – over budget by \$115,000 or 15%.
12. Compared to the prior year, YTD total revenue was lower by \$68,000 or 7%, mostly due to a decrease in pre-license revenue.
13. Total expenses for July were \$100,000 vs budget of \$106,000 – under budget by \$6,000 or 5%.
14. Total expenses YTD were \$732,000 vs budget of \$744,000 – under budget by \$12,000 or 2%.
15. Compared to the prior year, YTD expenses were lower by \$21,000 or 3% mostly due to personnel and office costs being less than the prior year, net of increased costs in facility expenses due to amortization and depreciation expense being recorded on a monthly basis in 2019, but was only recorded at year end in the prior year, and also website development/hosting.

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

July 31, 2019

	07/31/2019	06/30/2019	Difference
ASSETS			
Current Assets			
Checking/Savings			
1000 - Cash Accounts			
1022 - ISRE Checking	92,830	114,158	(21,328)
Total 1000 - Cash Accounts	<u>92,830</u>	<u>114,158</u>	<u>(21,328)</u>
Total Checking/Savings	92,830	114,158	(21,328)
Other Current Assets			
1200 - Accounts Receivable			
1200 - Accounts Receivable	18,018	18,099	(81)
1210 - Tuition Receivable	7,021	4,795	2,226
Total 1200 - Accounts Receivable	<u>25,039</u>	<u>22,894</u>	<u>2,145</u>
1300 - Other Current Assets			
1310 - Prepaid Expense	11,440	15,324	(3,884)
1330 - Prepaid Curriculum	89,179	91,499	(2,319)
1350 - Other Deposits	1,560	1,559	0
Total 1300 - Other Current Assets	<u>102,179</u>	<u>108,382</u>	<u>(6,203)</u>
Total Other Current Assets	<u>127,218</u>	<u>131,276</u>	<u>(4,058)</u>
Total Current Assets	<u>220,048</u>	<u>245,434</u>	<u>(25,386)</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	(23,749)	(23,165)	(584)
1680 - Accum. Depreciation - FF&E	(23,109)	(22,684)	(425)
Total 1655 - Accumulated Depreciation	<u>(46,858)</u>	<u>(45,849)</u>	<u>(1,009)</u>
Total 1600 - Fixed Assets, Net of Deprec.	<u>11,803</u>	<u>12,812</u>	<u>(1,009)</u>
Total Fixed Assets	<u>11,803</u>	<u>12,812</u>	<u>(1,009)</u>
Other Assets			
1700 - Capitalized Loan and Lease Costs			
1730 - Capitalized Software Costs	30,825	30,825	0
1732 - Accum Amort - Capitalized Software	(28,683)	(28,255)	(428)
Total 1700 - Capitalized Loan and Lease Costs	<u>2,142</u>	<u>2,570</u>	<u>(428)</u>
Total Other Assets	<u>2,142</u>	<u>2,570</u>	<u>(428)</u>
Total ASSETS	<u>233,993</u>	<u>260,816</u>	<u>(26,823)</u>
LIABILITIES & EQUITY			
Liabilities			
Current Liabilities			
Accounts Payable			
2010 - Accounts Payable	17,211	19,426	(2,215)
Total Accounts Payable	<u>17,211</u>	<u>19,426</u>	<u>(2,215)</u>
Other Current Liabilities			
2025 - Other Current Liabilities			
2200 - GFC Lease Payable	10,601	10,601	0

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

July 31, 2019

	07/31/2019	06/30/2019	Difference
2040 - Accrued Payables	5,082	5,082	0
Total 2025 - Other Current Liabilities	15,683	15,683	0
2400 - Deferred Dues & Other Revenue			
2430 - Unearned Registration Fees	28,468	21,026	7,442
Total 2400 - Deferred Dues & Other Revenue	28,468	21,026	7,442
Total Other Current Liabilities	44,151	36,709	7,442
Total Current Liabilities	61,362	56,135	5,227
Other Liabilities			
2200 - Intercompany Loans Payable			
2211 - Due to IAR (from ISRE)	235,220	238,847	(3,628)
Total 2200 - Intercompany Loans Payable	235,220	238,847	(3,628)
Total - Other Liabilities	235,220	238,847	(3,628)
Total Liabilities	296,582	294,982	1,599
EQUITY			
Member Capital			
Undesignated	(62,589)	(34,166)	(28,422)
Total Member Capital	(62,589)	(34,166)	(28,422)
Total Equity	(62,589)	(34,166)	(28,422)
Total LIABILITIES & EQUITY	233,993	260,816	(26,823)

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

July 31, 2019

	1 Month Actual	1 Month Budget	YTD Actual	YTD Budget	Annual Budget	Prior YTD Actual
Income						
4000 - Membership Income	58,062	95,536	744,522	668,753	1,146,433	799,238
4200 - Contract Fees & Event Income	13,219	11,662	107,413	81,624	139,934	132,446
4300 - Royalties, Rent & Product Sales	97	42	2,080	290	500	1,177
4900 - Other Income	10	0	11,256	0	0	40
Total Income	<u>71,388</u>	<u>107,240</u>	<u>865,271</u>	<u>750,667</u>	<u>1,286,867</u>	<u>932,901</u>
Expense						
5000 - Personnel Costs	42,321	56,974	366,950	398,813	693,683	412,175
5300 - Travel & Entertainment	650	793	3,153	5,535	9,500	4,470
5600 - Professional Fees	1,022	2,325	20,240	16,275	27,900	17,671
5700 - Technology & Equipment	7,702	6,312	32,927	44,184	75,744	28,699
5900 - Office Costs	8,934	11,274	71,780	78,936	135,306	82,565
6100 - Facility Costs	4,809	4,955	33,988	34,685	59,460	26,746
7100 - Programmatic Costs	34,878	23,500	203,333	165,982	284,982	180,577
Total Expense	<u>100,316</u>	<u>106,133</u>	<u>732,371</u>	<u>744,410</u>	<u>1,286,575</u>	<u>752,903</u>
Net Income (Loss)	<u>(28,928)</u>	<u>1,107</u>	<u>132,900</u>	<u>6,257</u>	<u>292</u>	<u>179,998</u>

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

July 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 07/31/2018</u>
Income						
4000 - Membership Income						
4001 - Registrations -- Members	19,319	46,882	372,804	328,175	562,585	354,299
4011 - Registrations -- Non-members	38,743	48,654	371,718	340,578	583,848	444,939
Total 4000 - Membership Income	<u>58,062</u>	<u>95,536</u>	<u>744,522</u>	<u>668,753</u>	<u>1,146,433</u>	<u>799,238</u>
4200 - Contract Fees & Event Income						
4200 - Contract Service Fees, Broker	12,864	8,041	78,341	56,279	96,484	102,508
4210 - Contract Service Fees, Local	355	3,621	29,072	25,345	43,450	29,938
Total 4200 - Contract Fees & Event Income	<u>13,219</u>	<u>11,662</u>	<u>107,413</u>	<u>81,624</u>	<u>139,934</u>	<u>132,446</u>
4300 - Royalties, Rent & Product Sales	97	42	2,080	290	500	1,177
4900 - Other Income	10	0	11,256	0	0	40
Total Income	<u>71,388</u>	<u>107,240</u>	<u>865,271</u>	<u>750,667</u>	<u>1,286,867</u>	<u>932,901</u>
Expense						
5000 - Personnel Costs						
5010 - Compensation	26,893	33,750	189,639	236,250	405,000	240,184
5020 - Bonus Pool	0	0	0	0	10,000	0
5030 - Contract Labor / Temp Help	0	167	0	1,165	2,000	1,609
5035 - Instructor Compensation	7,835	14,083	115,942	98,585	169,000	110,841
5100 - Benefits & Taxes						
5110 - Health & Life Insurance	3,132	3,083	21,934	21,585	37,000	13,582
5115 - Wellness Benefit	107	42	611	290	500	653
5120 - Dental Insurance	315	333	2,202	2,335	4,000	1,362
5125 - Disability Insurance	191	267	1,337	1,865	3,200	1,317
5130 - Retirement Benefits	1,258	1,688	8,809	11,810	20,250	10,925
5160 - Payroll Taxes	2,590	3,415	26,141	23,908	40,983	30,366
5170 - Professional Development	0	83	0	585	1,000	1,000
5180 - Dues & Subscriptions	0	63	335	435	750	336
Total 5100 - Benefits & Taxes	<u>7,593</u>	<u>8,974</u>	<u>61,369</u>	<u>62,813</u>	<u>107,683</u>	<u>59,541</u>
Total 5000 - Personnel Costs	<u>42,321</u>	<u>56,974</u>	<u>366,950</u>	<u>398,813</u>	<u>693,683</u>	<u>412,175</u>
5300 - Travel & Entertainment						
5310 - Staff Travel Costs						
5310 - Staff Travel	138	167	423	1,165	2,000	708
5320 - Staff Lodging	279	167	279	1,165	2,000	633
5330 - Staff Mileage	147	125	762	875	1,500	581
5340 - Staff Meals	65	167	1,234	1,165	2,000	2,205
5350 - Staff Hospitality	21	125	280	875	1,500	53

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

July 31, 2019

	1 Month Actual	1 Month Budget	YTD Actual	YTD Budget	Annual Budget	Prior YTD 07/31/2018
5360 - Conference Registration Fees	0	42	175	290	500	290
Total 5310 - Staff Travel Costs	650	793	3,153	5,535	9,500	4,470
Total 5300 Travel & Entertainment	650	793	3,153	5,535	9,500	4,470
5600 - Professional Fees						
5610 - Legal Services	0	42	0	290	500	0
5620 - Audit & Tax Services	0	83	1,000	585	1,000	0
5630 - Accounting Services	1,022	2,200	19,240	15,400	26,400	17,671
Total 5600 - Professional Fees	1,022	2,325	20,240	16,275	27,900	17,671
5700 - Technology & Equipment						
5710 - Technology Consulting Service	4,641	3,750	15,444	26,250	45,000	7,761
5730 - Small Equipment Purchases	874	83	874	585	1,000	171
5740 - Equipment > \$1000	0	250	0	1,750	3,000	4,639
5750 - Equipment Lease Payments	652	600	4,750	4,200	7,200	4,644
5760 - Software & Licensing Fees	1,535	1,629	11,859	11,399	19,544	11,484
Total 5700 - Technology & Equipment	7,702	6,312	32,927	44,184	75,744	28,699
5900 - Office Costs						
5910 - Telephone	0	83	0	585	1,000	803
5920 - Postage	0	125	0	875	1,500	640
5925 - Shipping Expense	(182)	83	749	585	1,000	(1,444)
5926 - Sales Tax	(23)	0	(596)	0	0	44
5930 - Office Supplies	182	250	1,163	1,750	3,000	3,337
5935 - Supplies for Resale	0	83	0	585	1,000	1,008
5940 - Printing	0	42	9	290	500	0
5950 - Liability Insurance	0	83	0	585	1,000	581
5960 - Licenses and Fees	97	208	877	1,460	2,500	2,451
5970 - Bank & Credit Card Fees	1,760	3,217	19,878	22,521	38,606	25,445
5995 - IAR Management Fee (paid by ISRE)	7,100	7,100	49,700	49,700	85,200	49,700
Total 5900 - Office Costs	8,934	11,274	71,780	78,936	135,306	82,565
6100 - Facility Costs						
6110 - Office Rent & Parking	3,372	3,372	23,604	23,600	40,460	25,290
6150 - Janitorial-cleaning & supplies	0	167	325	1,165	2,000	875
6170 - Property Insurance	0	0	0	0	0	581
6510 - Amortization	1,012	1,083	7,084	7,585	13,000	0
6520 - Depreciation Expense	425	333	2,975	2,335	4,000	0
Total 6100 - Facility Costs	4,809	4,955	33,988	34,685	59,460	26,746
7100 - Programmatic Costs						

NO ASSURANCE IS PROVIDED. SEE SELECT INFORMATION.

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

July 31, 2019

	1 Month Actual	1 Month Budget	YTD Actual	YTD Budget	Annual Budget	Prior YTD 07/31/2018
7110 - Facility Rental	4,532	4,224	32,921	29,564	50,684	27,728
7120 - Catering	577	526	3,238	3,670	6,300	2,390
7130 - Honorarium/Speaker Fees	0	1,209	6,175	8,455	14,500	12,651
7140 - Speaker Travel	2,505	1,667	8,263	11,665	20,000	11,261
7160 - Event Sponsorships	300	167	1,649	1,165	2,000	450
7165 - Contract Fees	1,260	333	10,040	2,335	4,000	10,324
7170 - Curriculum	11,963	8,031	86,462	56,218	96,373	82,125
7175 - Licensing-Big Broker	0	0	1,369	1,500	3,000	0
7210 - Website Development / Hosting	2,252	1,250	17,151	8,750	15,000	805
7230 - Distance Learning Portal	10,489	5,177	27,440	36,240	62,125	25,607
7260 - Advertising/Marketing	0	833	7,055	5,835	10,000	7,126
7310 - Other Program Costs	1,000	83	1,570	585	1,000	110
Total 7100 - Programmatic Costs	<u>34,878</u>	<u>23,500</u>	<u>203,333</u>	<u>165,982</u>	<u>284,982</u>	<u>180,577</u>
Total Expense	<u>100,316</u>	<u>106,133</u>	<u>732,371</u>	<u>744,410</u>	<u>1,286,575</u>	<u>752,903</u>
Net Income (Loss)	<u>(28,928)</u>	<u>1,107</u>	<u>132,900</u>	<u>6,257</u>	<u>292</u>	<u>179,998</u>

Indiana School of Real Estate
Statement of Cash Flows
Year To Date 07/31/2019

OPERATING ACTIVITIES

Net Income	132,900
Adjustments to reconcile Net Income to net cash provided by operations	
1200 - Accounts Receivable	(12,787)
1210 - Tuition Receivable	(6,854)
1310 - Prepaid Expense	34,405
1330 - Prepaid Curriculum	9,948
2010 - Accounts Payable	6,566
2211 - Due to IAR (from ISRE)	(91,481)
2430 - Unearned Registration Fees	(10,467)
Net cash provided by Operating Activities	62,230

INVESTING ACTIVITIES

1670 - Accum. Amortization- Capital Lease	4,088
1680 - Accum. Depreciation - FF&E	2,975
Net Cash provided by Investing Activities	7,063

FINANCING ACTIVITIES

1732 - Accum Amort - Capitalized Software	2,996
Net cash provided by Financing Activities	2,996

Net cash change for period	72,289
Cash at beginning of period	20,542
Cash at end of period	92,830

Indiana School of Real Estate, LLC
Historical and Budgeted Financial Statements
Selected Information
For the seven months ended July 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 the statement of functional expense and 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 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 June 30, 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%.