

Indiana School of Real Estate LLC

June 2019

EXECUTIVE SUMMARY

Balance Sheet:

1. The School's cash balance increased by \$63,000 during June with an ending balance of \$114,000. This increase is due to increased revenue during the month related to the CE requirements deadline.
2. Accounts receivable increased by \$5,000 due to invoices for local board courses. Ending balance was \$18,000 for accounts receivable and \$5,000 for tuition receivable, for a total of \$23,000.
3. Prepaid expenses decreased by \$3,000 due to amortization of expenses for the month with an ending balance of \$91,000 for prepaid curriculum and \$15,000 for all other prepaid expenses.
4. Accounts Payable increased by \$12,000 due to various invoices received and ended the month with a balance of \$19,000.
5. Unearned registration fees decreased by \$37,000 due to courses held in June. The ending balance was \$21,000 which represents courses that have been paid for with start dates after July.
6. The amount Due to IAR decreased by \$8,000 during the month with an ending balance of \$239,000.

Income Statement:

7. The School had net income for the month of \$97,000 compared to budgeted net income of \$1,000.
8. YTD, the School had net income of \$162,000 compared to budgeted net income of \$5,000.
9. Compared to the prior year, YTD net income was \$32,000 lower, due to a decrease in pre-license revenue so far in 2019.
10. Total revenue for June was \$202,000 and was above the monthly budget of \$107,000 by \$95,000 or 89%.
11. YTD revenue was \$794,000 vs budget of \$643,000 – over budget by \$150,000 or 23%.
12. Compared to the prior year, YTD total revenue was lower by \$65,000 or 8%, mostly due to a decrease in pre-license revenue.
13. Total expenses for June were \$105,000 vs budget of \$106,000 – under budget by \$1,000 or 1%.
14. Total expenses YTD were \$632,000 vs budget of \$638,000 – under budget by \$6,000 or 1%.
15. Compared to the prior year, YTD expenses were lower by \$33,000 or 5% 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)**

June 30, 2019

	06/30/2019	05/31/2019	Difference
ASSETS			
Current Assets			
Checking/Savings			
1000 - Cash Accounts			
1022 - ISRE Checking	114,158	50,766	63,392
Total 1000 - Cash Accounts	<u>114,158</u>	<u>50,766</u>	<u>63,392</u>
Total Checking/Savings	<u>114,158</u>	<u>50,766</u>	<u>63,392</u>
Other Current Assets			
1200 - Accounts Receivable			
1200 - Accounts Receivable	18,099	11,380	6,719
1210 - Tuition Receivable	4,795	6,553	(1,758)
Total 1200 - Accounts Receivable	<u>22,894</u>	<u>17,933</u>	<u>4,961</u>
1300 - Other Current Assets			
1310 - Prepaid Expense	15,324	19,208	(3,884)
1330 - Prepaid Curriculum	91,499	90,275	1,223
1350 - Other Deposits	1,559	1,559	0
Total 1300 - Other Current Assets	<u>108,382</u>	<u>111,042</u>	<u>(2,661)</u>
Total Other Current Assets	<u>131,276</u>	<u>128,975</u>	<u>2,300</u>
Total Current Assets	<u>245,434</u>	<u>179,741</u>	<u>65,692</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	29,177	0
Total 1605 - Land, Buildings & Equipment	<u>58,661</u>	<u>58,662</u>	<u>0</u>
1655 - Accumulated Depreciation			
1670 - Accum. Amortization- Capital Lease	(23,165)	(22,581)	(584)
1680 - Accum. Depreciation - FF&E	(22,684)	(22,259)	(425)
Total 1655 - Accumulated Depreciation	<u>(45,849)</u>	<u>(44,840)</u>	<u>(1,009)</u>
Total 1600 - Fixed Assets, Net of Deprec.	<u>12,812</u>	<u>13,822</u>	<u>(1,009)</u>
Total Fixed Assets	<u>12,812</u>	<u>13,822</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	(28,255)	(27,828)	(428)
Total 1700 - Capitalized Loan and Lease Costs	<u>2,570</u>	<u>2,997</u>	<u>(428)</u>
Total Other Assets	<u>2,570</u>	<u>2,997</u>	<u>(428)</u>
Total ASSETS	<u>260,816</u>	<u>196,560</u>	<u>64,255</u>
LIABILITIES & NET ASSETS			
Liabilities			
Current Liabilities			
Accounts Payable			
2010 - Accounts Payable	19,426	7,472	11,954
Total Accounts Payable	<u>19,426</u>	<u>7,472</u>	<u>11,954</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)**

June 30, 2019

	06/30/2019	05/31/2019	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	21,026	57,757	(36,731)
Total 2400 - Deferred Dues & Other Revenue	21,026	57,757	(36,731)
Total Other Current Liabilities	36,710	73,441	(36,731)
Total Current Liabilities	56,136	80,913	(24,777)
Other Liabilities			
2200 - Intercompany Loans Payable			
2211 - Due to IAR (from ISRE)	238,847	247,129	(8,283)
Total 2200 - Intercompany Loans Payable	238,847	247,129	(8,283)
Total - Other Liabilities	238,847	247,129	(8,283)
Total Liabilities	294,983	328,042	(33,060)
NET ASSETS			
Without Donor Restrictions			
Undesignated	(34,167)	(131,482)	97,315
Total Without Donor Restrictions	(34,167)	(131,482)	97,315
Total Net Assets	(34,167)	(131,482)	97,315
Total LIABILITIES & NET ASSETS	260,816	196,560	64,255

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

June 30, 2019

	1 Month Actual	1 Month Budget	YTD Actual	YTD Budget	Annual Budget	Prior YTD Actual
Income						
4000 - Membership Income	180,494	95,536	686,460	573,217	1,146,433	729,435
4200 - Contract Fees & Event Income	21,520	11,662	94,194	69,962	139,934	128,118
4300 - Royalties, Rent & Product Sales	220	42	1,983	248	500	988
4900 - Other Income	30	0	11,246	0	0	40
Total Income	<u>202,264</u>	<u>107,240</u>	<u>793,883</u>	<u>643,427</u>	<u>1,286,867</u>	<u>858,581</u>
Expense						
5000 - Personnel Costs	54,163	56,974	324,630	341,839	693,683	363,554
5300 - Travel & Entertainment	681	793	2,502	4,742	9,500	3,663
5600 - Professional Fees	5,148	2,325	19,218	13,950	27,900	16,089
5700 - Technology & Equipment	2,166	6,312	25,225	37,872	75,744	24,963
5900 - Office Costs	11,528	11,274	62,845	67,662	135,306	71,791
6100 - Facility Costs	4,809	4,955	29,179	29,730	59,460	22,793
7100 - Programmatic Costs	26,454	23,500	168,456	142,482	284,982	161,766
Total Expense	<u>104,949</u>	<u>106,133</u>	<u>632,055</u>	<u>638,277</u>	<u>1,286,575</u>	<u>664,619</u>
Net Income (Loss)	<u>97,315</u>	<u>1,107</u>	<u>161,828</u>	<u>5,150</u>	<u>292</u>	<u>193,962</u>

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

June 30, 2019

	1 Month Actual	1 Month Budget	YTD Actual	YTD Budget	Annual Budget	Prior YTD 06/30/2018
Income						
4000 - Membership Income						
4001 - Registrations -- Members	133,470	46,882	353,485	281,293	562,585	342,679
4011 - Registrations -- Non-members	47,024	48,654	332,975	291,924	583,848	386,756
Total 4000 - Membership Income	180,494	95,536	686,460	573,217	1,146,433	729,435
4200 - Contract Fees & Event Income						
4200 - Contract Service Fees, Broker	13,257	8,041	65,477	48,238	96,484	98,181
4210 - Contract Service Fees, Local	8,263	3,621	28,717	21,724	43,450	29,937
Total 4200 - Contract Fees & Event Income	21,520	11,662	94,194	69,962	139,934	128,118
4300 - Royalties, Rent & Product Sales	220	42	1,983	248	500	988
4900 - Other Income	30	0	11,246	0	0	40
Total Income	202,264	107,240	793,883	643,427	1,286,867	858,581
Expense						
5000 - Personnel Costs						
5010 - Compensation	27,897	33,750	162,746	202,500	405,000	209,322
5020 - Bonus Pool	0	0	0	0	10,000	0
5030 - Contract Labor / Temp Help	0	167	0	998	2,000	1,609
5035 - Instructor Compensation	17,649	14,083	108,108	84,502	169,000	101,074
5100 - Benefits & Taxes						
5110 - Health & Life Insurance	3,132	3,083	18,801	18,502	37,000	11,625
5115 - Wellness Benefit	84	42	504	248	500	566
5120 - Dental Insurance	314	333	1,887	2,002	4,000	1,167
5125 - Disability Insurance	191	267	1,146	1,598	3,200	1,126
5130 - Retirement Benefits	1,280	1,688	7,552	10,122	20,250	9,564
5160 - Payroll Taxes	3,616	3,415	23,550	20,493	40,983	27,165
5170 - Professional Development	0	83	0	502	1,000	0
5180 - Dues & Subscriptions	0	63	336	372	750	336
Total 5100 - Benefits & Taxes	8,617	8,974	53,776	53,839	107,683	51,549
Total 5000 - Personnel Costs	54,163	56,974	324,630	341,839	693,683	363,554
5300 - Travel & Entertainment						
5310 - Staff Travel Costs						
5310 - Staff Travel	37	167	285	998	2,000	708
5320 - Staff Lodging	0	167	0	998	2,000	633
5330 - Staff Mileage	327	125	614	750	1,500	511
5340 - Staff Meals	227	167	1,169	998	2,000	1,468
5350 - Staff Hospitality	90	125	259	750	1,500	53

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

June 30, 2019

	1 Month Actual	1 Month Budget	YTD Actual	YTD Budget	Annual Budget	Prior YTD 06/30/2018
5360 - Conference Registration Fees	0	42	175	248	500	290
Total 5310 - Staff Travel Costs	681	793	2,502	4,742	9,500	3,663
Total 5300 Travel & Entertainment	681	793	2,502	4,742	9,500	3,663
5600 - Professional Fees						
5610 - Legal Services	0	42	0	248	500	0
5620 - Audit & Tax Services	0	83	1,000	502	1,000	0
5630 - Accounting Services	5,148	2,200	18,218	13,200	26,400	16,089
Total 5600 - Professional Fees	5,148	2,325	19,218	13,950	27,900	16,089
5700 - Technology & Equipment						
5710 - Technology Consulting Service	0	3,750	10,803	22,500	45,000	7,761
5730 - Small Equipment Purchases	0	83	0	502	1,000	172
5740 - Equipment > \$1000	0	250	0	1,500	3,000	3,112
5750 - Equipment Lease Payments	631	600	4,098	3,600	7,200	4,106
5760 - Software & Licensing Fees	1,535	1,629	10,324	9,770	19,544	9,812
Total 5700 - Technology & Equipment	2,166	6,312	25,225	37,872	75,744	24,963
5900 - Office Costs						
5910 - Telephone	0	83	0	502	1,000	669
5920 - Postage	0	125	0	750	1,500	0
5925 - Shipping Expense	550	83	931	502	1,000	(1,125)
5926 - Sales Tax	(450)	0	(573)	0	0	47
5930 - Office Supplies	125	250	981	1,500	3,000	3,181
5935 - Supplies for Resale	0	83	0	502	1,000	1,008
5940 - Printing	0	42	10	248	500	0
5950 - Liability Insurance	0	83	0	502	1,000	0
5960 - Licenses and Fees	111	208	779	1,252	2,500	2,350
5970 - Bank & Credit Card Fees	4,092	3,217	18,117	19,304	38,606	23,061
5995 - IAR Management Fee (paid by ISRE)	7,100	7,100	42,600	42,600	85,200	42,600
Total 5900 - Office Costs	11,528	11,274	62,845	67,662	135,306	71,791
6100 - Facility Costs						
6110 - Office Rent & Parking	3,372	3,372	20,232	20,228	40,460	21,918
6150 - Janitorial-cleaning & supplies	0	167	325	998	2,000	875
6510 - Amortization	1,012	1,083	6,072	6,502	13,000	0
6520 - Depreciation Expense	425	333	2,550	2,002	4,000	0
Total 6100 - Facility Costs	4,809	4,955	29,179	29,730	59,460	22,793
7100 - Programmatic Costs						
7110 - Facility Rental	6,441	4,224	28,390	25,340	50,684	24,743

NO ASSURANCE IS PROVIDED. SEE SELECT INFORMATION.

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

June 30, 2019

	1 Month Actual	1 Month Budget	YTD Actual	YTD Budget	Annual Budget	Prior YTD 06/30/2018
7120 - Catering	140	526	2,661	3,144	6,300	2,390
7130 - Honorarium/Speaker Fees	0	1,209	6,175	7,246	14,500	12,276
7140 - Speaker Travel	1,038	1,667	5,758	9,998	20,000	10,327
7160 - Event Sponsorships	0	167	1,349	998	2,000	450
7165 - Contract Fees	4,023	333	8,780	2,002	4,000	9,645
7170 - Curriculum	8,799	8,031	74,499	48,187	96,373	77,826
7175 - Licensing-Big Broker	0	0	1,369	1,500	3,000	0
7210 - Website Development / Hosting	2,382	1,250	14,899	7,500	15,000	675
7230 - Distance Learning Portal	3,631	5,177	16,951	31,063	62,125	15,782
7260 - Advertising/Marketing	0	833	7,055	5,002	10,000	7,542
7310 - Other Program Costs	0	83	570	502	1,000	110
Total 7100 - Programmatic Costs	<u>26,454</u>	<u>23,500</u>	<u>168,456</u>	<u>142,482</u>	<u>284,982</u>	<u>161,766</u>
Total Expense	<u>104,949</u>	<u>106,133</u>	<u>632,055</u>	<u>638,277</u>	<u>1,286,575</u>	<u>664,619</u>
Net Income (Loss)	<u>97,315</u>	<u>1,107</u>	<u>161,828</u>	<u>5,150</u>	<u>292</u>	<u>193,962</u>

Indiana School of Real Estate
Statement of Cash Flows
Year To Date 06/30/2019

OPERATING ACTIVITIES

Net Income	161,828
Adjustments to reconcile Net Income to net cash provided by operations	
1200 - Accounts Receivable	(12,869)
1210 - Tuition Receivable	(4,628)
1310 - Prepaid Expense	30,521
1330 - Prepaid Curriculum	7,629
2010 - Accounts Payable	8,275
2211 - Due to IAR (from ISRE)	(87,853)
2430 - Unearned Registration Fees	(17,909)
Net cash provided by Operating Activities	84,994

INVESTING ACTIVITIES

1670 - Accum. Amortization- Capital Lease	3,504
1680 - Accum. Depreciation - FF&E	2,550
Net Cash provided by Investing Activities	6,054

FINANCING ACTIVITIES

1732 - Accum Amort - Capitalized Software	2,568
Net cash provided by Financing Activities	2,568

Net cash change for period	93,616
Cash at beginning of period	20,542
Cash at end of period	114,158

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

For the six months ended June 30, 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 May 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%.

Indiana School of Real Estate LLC
Budget Performance By Program (Summary)

For one month ending June 30, 2019

	100 - General	200 - Prelicensing Live	250 - Prelicensing Online	300 - Continuing Ed Live	350 - Continuing Ed Online	400 - Post- Licensing	402 - Transition Broker	404 - Managing Broker	410 - GRI	All Departments
Income										
4000 - Membership Income	-	161	46,863	51,117	67,861	10,050	185	4,050	207	180,494
4200 - Contract Fees & Event Income	-	575	6,520	8,153	5,752	520	-	-	-	21,520
4300 - Royalties, Rent & Product Sales	77	-	143	-	-	-	-	-	-	220
4900 - Other Income	30	-	-	-	-	-	-	-	-	30
Total Income	107	736	53,526	59,270	73,613	10,570	185	4,050	207	202,264
Expense										
5000 - Personnel Costs	36,514	3,762	-	13,888	-	-	-	-	-	54,163
5300 - Travel & Entertainment	567	50	-	-	64	-	-	-	-	681
5600 - Professional Fees	5,148	-	-	-	-	-	-	-	-	5,148
5700 - Technology & Equipment	2,166	-	-	-	-	-	-	-	-	2,166
5900 - Office Costs	12,862	(130)	(764)	-	-	(440)	-	-	-	11,528
6100 - Facility Costs	4,809	-	-	-	-	-	-	-	-	4,809
7100 - Programmatic Costs	6,986	4,078	5,053	4,919	4,590	696	-	132	-	26,454
Total Expense	69,052	7,760	4,289	18,807	4,654	256	-	132	-	104,949
Net Income (Loss)	(68,945)	(7,024)	49,237	40,463	68,959	10,314	185	3,918	207	97,315

Indiana School of Real Estate LLC
Budget Performance by Program (Summary)

For the six months ended June 30, 2019

	100 - General	200 - Prelicensing Live	250 - Prelicensing Online	300 - Continuing Ed Live	350 - Continuing Ed Online	400 - Post- Licensing	402 - Transition Broker	404 - Managing Broker	410 - GRI	450 - Bloom	All Departments
Income											
4000 - Membership Income	-	43,060	289,915	145,595	110,905	58,415	2,220	22,961	11,140	2,250	686,460
4200 - Contract Fees & Event Income	-	9,781	36,738	31,026	11,246	4,883	520	-	-	-	94,194
4300 - Royalties, Rent & Product Sales	916	823	143	-	-	-	-	-	100	-	1,983
4900 - Other Income	11,246	-	-	-	-	-	-	-	-	-	11,246
Total Income	12,162	53,664	326,796	176,621	122,151	63,298	2,740	22,961	11,240	2,250	793,883
Expense											
5000 - Personnel Costs	216,521	52,408	887	48,113	2,500	3,500	-	700	-	-	324,630
5300 - Travel & Entertainment	2,073	132	-	36	118	-	-	-	143	-	2,502
5600 - Professional Fees	19,218	-	-	-	-	-	-	-	-	-	19,218
5700 - Technology & Equipment	25,225	-	-	-	-	-	-	-	-	-	25,225
5900 - Office Costs	72,233	(1,002)	(5,985)	190	-	(2,590)	-	-	-	-	62,845
6100 - Facility Costs	29,179	-	-	-	-	-	-	-	-	-	29,179
7100 - Programmatic Costs	43,666	20,946	30,018	26,282	20,521	17,977	192	1,020	4,991	2,844	168,456
Total Expense	408,115	72,484	24,920	74,621	23,139	18,887	192	1,720	5,134	2,844	632,055
Net Income (Loss)	(395,953)	(18,820)	301,876	102,000	99,012	44,411	2,548	21,241	6,106	(594)	161,828