

# Indiana School of Real Estate

## December 2019

### EXECUTIVE SUMMARY

#### Balance Sheet (compared to the prior month):

1. The School's cash balance increased by \$21,000 during December with an ending balance of \$28,000.
2. Accounts Receivable increased by \$14,000 with an ending balance of \$22,000. Increase is due to billings for local board courses/course development for Q4 2019.
3. Tuition receivable increased by \$2,000 with an ending balance of \$7,000.
4. Prepaid expenses increased by \$24,000 due to correction of 2019 monthly amortization (Boxcrush website expense was being incorrectly amortized over 12 months instead of 36 months) and recording of RECP book inventory at year end. Ending balance was \$41,000.
5. Prepaid Curriculum decreased by \$4,000 with an ending balance of \$83,000 – this balance will be amortized over the estimated life of the courses.
6. Capital Lease and the related accumulated amortization were adjusted in December for the new copier lease entered into during 2019. These accounts are only adjusted at year end and resulted in a decrease in Capital Lease asset of \$2,000 and a decrease in accumulated amortization of \$17,000.
7. Furniture, fixture & equipment increased by \$5,000 due to reclassifying 2019 equipment purchases from expenses to assets. Purchases included cabinets/countertops and laptops for Meridian Street classroom. The related accumulated depreciation also increased by \$900 for 2019 depreciation expense.
8. Accounts Payable decreased by \$4,000 with an ending balance of \$10,000.
9. GFC lease payable increased by \$9,000 due to recording the new copier lease as mentioned above. Ending balance was \$20,000 and will be adjusted annually over the life of the lease.
10. Unearned registration fees increased by \$5,000 due to December activity. The ending balance was \$27,000 which represents courses that have been paid for with start dates after December.
11. The amount Due to IAR increased by \$63,000 with an ending balance of \$260,000.

#### Income Statement:

12. The School had net income for the month of \$7,000 compared to budgeted net loss of \$9,000.
13. For 2019, the School had net income of \$87,000 compared to budgeted net income of less than \$1,000.
14. Compared to the prior year, 2019 net income was higher than the prior year net income of \$76,000 by \$11,000 or 14%.
15. Total revenue for December was \$74,000 and was below the monthly budget of \$107,000 by \$33,000 or 31%.
16. Total revenue for 2019 was \$1,250,000 vs budget of \$1,287,000 – under budget by \$37,000 or 3%.
17. Compared to the prior year, total revenue for 2019 was lower by \$38,000 or 3%, mostly due to a decrease in pre-license and contract revenue.
18. Total expenses for December were \$67,000 vs budget of \$116,000 – under budget by \$49,000 or 42% mostly due to personnel costs, technology/equipment and programmatic costs.
  - a. Year end adjustments which decreased expenses in December included the following:
    - i. Reclassification of fixed asset purchases of \$5,000 from expense to fixed assets
    - ii. Correction of website amortization of \$17,000 from expense to prepaid assets

- iii. Adjustment to record year end book inventory of \$7,000 from expense to prepaid assets
19. Total expenses for 2019 were \$1,163,000 vs budget of \$1,287,000 – under budget by \$123,000 or 10% mostly due to personnel, technology consulting, and bank/credit card fees.
  20. Compared to the prior year, total expenses for 2019 were lower by \$49,000 or 4% mostly due to personnel, office costs and facility costs.

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

December 31, 2019

	12/31/2019	11/30/2019	Difference
<b>ASSETS</b>			
Current Assets			
Checking/Savings			
1000 - Cash Accounts			
1022 - ISRE Checking	28,243	7,363	20,880
Total 1000 - Cash Accounts	<u>28,243</u>	<u>7,363</u>	<u>20,880</u>
Total Checking/Savings	<u>28,243</u>	<u>7,363</u>	<u>20,880</u>
Other Current Assets			
1200 - Accounts Receivable			
1200 - Accounts Receivable	22,243	8,026	14,217
1210 - Tuition Receivable	7,091	5,101	1,990
Total 1200 - Accounts Receivable	<u>29,334</u>	<u>13,127</u>	<u>16,207</u>
1300 - Other Current Assets			
1310 - Prepaid Expense	41,034	16,962	24,072
1330 - Prepaid Curriculum	82,811	86,411	(3,600)
1350 - Other Deposits	1,559	1,559	0
Total 1300 - Other Current Assets	<u>125,404</u>	<u>104,932</u>	<u>20,472</u>
Total Other Current Assets	<u>154,738</u>	<u>118,059</u>	<u>36,679</u>
Total Current Assets	<u>182,981</u>	<u>125,422</u>	<u>57,559</u>
Fixed Assets			
1600 - Fixed Assets, Net of Deprec.			
1605 - Land, Buildings & Equipment			
1621 - Capital Lease	27,857	29,485	(1,628)
1630 - Furniture, Fixtures & Equipment	34,549	29,177	5,373
Total 1605 - Land, Buildings & Equipment	<u>62,406</u>	<u>58,662</u>	<u>3,745</u>
1655 - Accumulated Depreciation			
1670 - Accum. Amortization- Capital Lease	(8,982)	(26,085)	17,101
1680 - Accum. Depreciation - FF&E	(25,732)	(24,809)	(922)
Total 1655 - Accumulated Depreciation	<u>(34,714)</u>	<u>(50,894)</u>	<u>16,179</u>
Total 1600 - Fixed Assets, Net of Deprec.	<u>27,692</u>	<u>7,768</u>	<u>19,924</u>
Total Fixed Assets	<u>27,692</u>	<u>7,768</u>	<u>19,924</u>
Other Assets			
1700 - Capitalized Loan and Lease Costs			
1730 - Capitalized Software Costs	30,825	30,825	0
1732 - Accum Amort - Capitalized Software	(30,825)	(30,396)	(430)
Total 1700 - Capitalized Loan and Lease Costs	<u>0</u>	<u>429</u>	<u>(430)</u>
Total Other Assets	<u>0</u>	<u>429</u>	<u>(430)</u>
<b>Total ASSETS</b>	<b><u>210,673</u></b>	<b><u>133,619</u></b>	<b><u>77,053</u></b>
<b>LIABILITIES &amp; NET ASSETS</b>			
Liabilities			
Current Liabilities			
Accounts Payable			
2010 - Accounts Payable	9,587	13,938	(4,351)
Total Accounts Payable	<u>9,587</u>	<u>13,938</u>	<u>(4,351)</u>
Other Current Liabilities			
2025 - Other Current Liabilities			
2200 - GFC Lease Payable	19,636	10,602	9,034

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

December 31, 2019

	12/31/2019	11/30/2019	Difference
2040 - Accrued Payables	3,173	5,082	(1,909)
Total 2025 - Other Current Liabilities	22,809	15,684	7,125
2400 - Deferred Dues & Other Revenue			
2430 - Unearned Registration Fees	26,501	21,830	4,671
Total 2400 - Deferred Dues & Other Revenue	26,501	21,830	4,671
Total Other Current Liabilities	49,310	37,514	11,796
Total Current Liabilities	58,897	51,452	7,445
Other Liabilities			
2200 - Intercompany Loans Payable			
2211 - Due to IAR (from ISRE)	260,227	197,661	62,566
Total 2200 - Intercompany Loans Payable	260,227	197,661	62,566
Total - Other Liabilities	260,227	197,661	62,566
Total Liabilities	319,124	249,113	70,011
NET ASSETS			
Undesignated	(108,451)	(115,494)	7,042
Total Undesignated	(108,451)	(115,494)	7,042
Total Net Assets	(108,451)	(115,494)	7,042
<b>Total LIABILITIES &amp; NET ASSETS</b>	<b>210,673</b>	<b>133,619</b>	<b>77,053</b>

**Indiana School of Real Estate**  
**Statements of Activities - Budget vs Actual (Summary)**  
For the one month and year ended December 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 Actual</u>
<b>Income</b>						
4000 - Membership Income	45,868	95,536	1,067,663	1,146,433	1,146,433	1,112,522
4200 - Contract Fees & Event Income	28,365	11,662	168,928	139,934	139,934	173,893
4300 - Royalties, Rent & Product Sales	0	42	2,255	500	500	2,015
4900 - Other Income	20	0	11,286	0	0	60
Total Income	<u>74,253</u>	<u>107,240</u>	<u>1,250,132</u>	<u>1,286,867</u>	<u>1,286,867</u>	<u>1,288,490</u>
<b>Expense</b>						
5000 - Personnel Costs	58,607	66,974	603,915	693,683	693,683	662,101
5300 - Travel & Entertainment	932	793	6,876	9,500	9,500	6,732
5600 - Professional Fees	2,750	2,325	32,114	27,900	27,900	26,877
5700 - Technology & Equipment	(3,996)	6,312	55,268	75,744	75,744	48,756
5900 - Office Costs	8,734	11,274	117,721	135,306	135,306	133,094
6100 - Facility Costs	8,228	4,955	62,102	59,460	59,460	69,039
7100 - Programmatic Costs	(8,044)	23,500	285,098	284,982	284,982	265,509
Total Expense	<u>67,211</u>	<u>116,133</u>	<u>1,163,094</u>	<u>1,286,575</u>	<u>1,286,575</u>	<u>1,212,108</u>
<b>Net Income (Loss)</b>	<u><b>7,042</b></u>	<u><b>(8,893)</b></u>	<u><b>87,038</b></u>	<u><b>292</b></u>	<u><b>292</b></u>	<u><b>76,382</b></u>

Indiana School of Real Estate  
Statement of Cash Flows  
Year To Date 12/31/2019

OPERATING ACTIVITIES

Net Income	87,038
Adjustments to reconcile Net Income to net cash provided by operations	
1200 - Accounts Receivable	(17,013)
1210 - Tuition Receivable	(6,924)
1310 - Prepaid Expense	4,811
1330 - Prepaid Curriculum	16,316
2010 - Accounts Payable	(1,059)
2040 - Accrued Payables	(1,909)
2200 - GFC Lease Payable	9,035
2211 - Due to IAR (from ISRE)	(66,473)
2430 - Unearned Registration Fees	(12,434)
Net cash provided by Operating Activities	11,388

INVESTING ACTIVITIES

1621 - Capital Lease	1,628
1630 - Furniture, Fixtures & Equipmen	(5,373)
1670 - Accum. Amortization- Capital Lease	(10,677)
1680 - Accum. Depreciation - FF&E	5,597
Net Cash provided by Investing Activities	(8,825)

FINANCING ACTIVITIES

1732 - Accum Amort - Capitalized Software	5,138
Net cash provided by Financing Activities	5,138

Net cash change for period	7,701
Cash at beginning of period	20,542
Cash at end of period	28,243

**Indiana School of Real Estate, LLC**  
**Historical Financial Statements**  
**Selected Information**  
**For the Month and Year Ended December 31, 2019**

The accompanying historical financial statements were not subjected to an audit, review, or compilation by CLA and we do not express an opinion, a conclusion, nor provide any assurance on them.

These statements include the following departures from accounting principles generally accepted in the United States of America.

- 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 Statements of Activities reports do not report changes in net assets in accordance with GAAP.
- The term Net Income (Loss) in the financial statements represents Change in Net Assets. Terminology is a limitation of software reporting.

The effects of these departures have not been determined.

**Additional Information**

- The Balance Sheet includes a comparison with the period ended November 30, 2019 for additional meaningful data for management.