

Indiana School of Real Estate January 2020

EXECUTIVE SUMMARY

Balance Sheet:

1. The School's cash balance increased by \$45,000 during January with an ending balance of \$73,000. This increase is due to cash receipts for the month.
2. Accounts Receivable decreased by \$14,000 due to cash receipts for the month. Ending balance was \$8,000 which represents outstanding invoices for contract classes.
3. Tuition receivable increased by \$3,000 with an ending balance of \$10,000 which represents courses reserved but not yet paid for.
4. Prepaid expenses decreased by \$6,000 due to amortization of expenses for January. Ending balance was \$35,000.
5. Prepaid Curriculum decreased by \$5,000 with an ending balance of \$78,000 – this balance will be amortized over the estimated remaining life of the courses.
6. Accounts Payable increased by \$6,000 with an ending balance of \$16,000. Increase is due mostly to invoices for 3-month supply of books for courses.
7. Unearned registration fees increased by \$12,000 due to January activity. Ending balance was \$39,000 which represents courses that have been paid for with start dates after January, and will be recognized as revenue in the month the course is held.
8. The amount Due to IAR decreased by \$10,000 with an ending balance of \$250,000.

Income Statement:

9. The School had net income for the month of \$14,000 compared to budgeted net income of \$2,000.
10. Compared to the prior year, January net income was lower than the prior year's net income of \$59,000 by \$45,000 or 76% - decrease from 2019 to 2020 is mostly due to pre-license revenue.
11. Total revenue for January was \$104,000 and was below the monthly budget of \$106,000 by \$2,000 or 2%.
12. Compared to the prior year, January revenue was lower by \$48,000 or 32%, mostly due to a decrease in pre-license revenue.
13. Total expenses for January were \$90,000 vs budget of \$104,000 – under budget by \$14,000 or 14% mostly due to personnel costs.
14. Compared to the prior year, January expenses were lower by \$3,000 or 3%, mostly due to programmatic costs.

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

January 31, 2020

	01/31/2020	12/31/2019	Difference
ASSETS			
Current Assets			
Checking/Savings			
1000 - Cash Accounts			
1022 - ISRE Checking	73,450	28,243	45,207
Total 1000 - Cash Accounts	<u>73,450</u>	<u>28,243</u>	<u>45,207</u>
Total Checking/Savings	<u>73,450</u>	<u>28,243</u>	<u>45,207</u>
Other Current Assets			
1200 - Accounts Receivable			
1200 - Accounts Receivable	8,036	22,243	(14,207)
1210 - Tuition Receivable	10,084	7,091	2,993
Total 1200 - Accounts Receivable	<u>18,120</u>	<u>29,334</u>	<u>(11,214)</u>
1300 - Other Current Assets			
1310 - Prepaid Expense	35,024	41,034	(6,010)
1330 - Prepaid Curriculum	77,726	82,811	(5,085)
1350 - Other Deposits	1,559	1,559	0
Total 1300 - Other Current Assets	<u>114,309</u>	<u>125,404</u>	<u>(11,095)</u>
Total Other Current Assets	<u>132,429</u>	<u>154,738</u>	<u>(22,309)</u>
Total Current Assets	<u>205,879</u>	<u>182,981</u>	<u>22,898</u>
Fixed Assets			
1600 - Fixed Assets, Net of Deprec.			
1605 - Land, Buildings & Equipment			
1621 - Capital Lease	27,857	27,857	0
1630 - Furniture, Fixtures & Equipmen	34,549	34,549	0
Total 1605 - Land, Buildings & Equipment	<u>62,406</u>	<u>62,406</u>	<u>0</u>
1655 - Accumulated Depreciation			
1670 - Accum. Amortization- Capital Lease	(9,451)	(8,982)	(469)
1680 - Accum. Depreciation - FF&E	(26,087)	(25,732)	(355)
Total 1655 - Accumulated Depreciation	<u>(35,538)</u>	<u>(34,714)</u>	<u>(824)</u>
Total 1600 - Fixed Assets, Net of Deprec.	<u>26,868</u>	<u>27,692</u>	<u>(824)</u>
Total Fixed Assets	<u>26,868</u>	<u>27,692</u>	<u>(824)</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)	(30,825)	0
Total 1700 - Capitalized Loanand Lease Costs	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Assets	<u>0</u>	<u>0</u>	<u>0</u>
Total ASSETS	<u>232,747</u>	<u>210,673</u>	<u>22,074</u>
LIABILITIES & NET ASSETS			
Liabilities			
Current Liabilities			
Accounts Payable			
2010 - Accounts Payable	15,738	9,587	6,151
Total Accounts Payable	<u>15,738</u>	<u>9,587</u>	<u>6,151</u>
Other Current Liabilities			
2025 - Other Current Liabilities			
2200 - GFC Lease Payable	19,636	19,636	0

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

January 31, 2020

	01/31/2020	12/31/2019	Difference
2040 - Accrued Payables	3,173	3,173	0
Total 2025 - Other Current Liabilities	22,809	22,809	0
2400 - Deferred Dues & Other Revenue			
2430 - Unearned Registration Fees	38,829	26,501	12,328
Total 2400 - Deferred Dues & Other Revenue	38,829	26,501	12,328
Total Other Current Liabilities	61,638	49,310	12,328
Total Current Liabilities	77,376	58,897	18,479
Other Liabilities			
2200 - Intercompany Loans Payable			
2211 - Due to IAR (from ISRE)	249,765	260,227	(10,462)
Total 2200 - Intercompany Loans Payable	249,765	260,227	(10,462)
Total - Other Liabilities	249,765	260,227	(10,462)
Total Liabilities	327,141	319,124	8,017
Undesignated	(94,394)	(108,451)	14,057
Total	(94,394)	(108,451)	14,057
Total	(94,394)	(108,451)	14,057
Total LIABILITIES & NET ASSETS	232,747	210,673	22,074

Indiana School of Real Estate
Statements of Activities - Budget vs Actual (Summary)

For the one month ended January 31, 2020 and the year ending December 31, 2020
(with comparative totals for the one month ended 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 Actual</u>
Income						
4000 - Membership Income	92,716	94,474	92,716	94,474	1,133,704	122,051
4200 - Contract Fees & Event Income	11,007	11,230	11,007	11,230	134,761	18,057
4300 - Royalties, Rent & Product Sales	0	42	0	42	500	174
4900 - Other Income	0	0	0	0	0	11,196
Total Income	<u>103,723</u>	<u>105,746</u>	<u>103,723</u>	<u>105,746</u>	<u>1,268,965</u>	<u>151,478</u>
Expense						
5000 - Personnel Costs	46,713	57,450	46,713	57,450	702,413	45,987
5300 - Travel & Entertainment	0	1,125	0	1,125	13,500	210
5600 - Professional Fees	3,443	2,500	3,443	2,500	30,000	3,763
5700 - Technology & Equipment	2,342	4,683	2,342	4,683	56,200	2,283
5900 - Office Costs	10,098	11,057	10,098	11,057	132,700	9,943
6100 - Facility Costs	4,196	4,955	4,196	4,955	59,460	3,372
7100 - Programmatic Costs	22,874	22,072	22,874	22,072	264,870	26,973
Total Expense	<u>89,666</u>	<u>103,842</u>	<u>89,666</u>	<u>103,842</u>	<u>1,259,143</u>	<u>92,531</u>
Net Income (Loss)	<u>14,057</u>	<u>1,904</u>	<u>14,057</u>	<u>1,904</u>	<u>9,822</u>	<u>58,947</u>

Indiana School of Real Estate
Statement of Cash Flows
Year To Date 01/31/2020

OPERATING ACTIVITIES

Net Income	14,057
Adjustments to reconcile Net Income to net cash provided by operations	
1200 - Accounts Receivable	14,207
1210 - Tuition Receivable	(2,993)
1310 - Prepaid Expense	6,010
1330 - Prepaid Curriculum	5,086
2010 - Accounts Payable	6,151
2211 - Due to IAR (from ISRE)	(10,463)
2430 - Unearned Registration Fees	12,328
Net cash provided by Operating Activities	44,383
INVESTING ACTIVITIES	
1670 - Accum. Amortization- Capital Lease	469
1680 - Accum. Depreciation - FF&E	355
Net Cash provided by Investing Activities	824
Net cash change for period	45,207
Cash at beginning of period	28,243
Cash at end of period	73,450

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

For the one month ended January 31, 2020 and Year Ending December 31, 2020

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:

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 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.

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, 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 October 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 (same as prior year)
 - Continuing Education – 25% of total market share (same as prior year)
 - Contract Service fees – budget remains steady from prior year
 - Overall, total revenue is expected to decrease by 2% from prior year budget
- Salaries, benefits, and taxes are expected to remain steady from the prior year with fluctuations of 1-2%
- Curriculum expenses are expected to remain steady from the prior year
- Expenses associated with distance learning portals are expected to decrease by 17% due to decreased sales of customized learning portals
- All other expenses are expected to remain steady with fluctuations of less than 10%.