

Indiana School of Real Estate

May 2020

EXECUTIVE SUMMARY

Balance Sheet (changes from prior month):

1. The School's cash balance increased by \$54,000 during May with an ending balance of \$125,000.
2. Accounts Receivable decreased by \$3,000 during the month with an ending balance of \$9,000 which represents outstanding invoices for contract classes.
3. Tuition receivable increased slightly with an ending balance of \$13,000 which represents courses reserved but not yet paid for.
4. Prepaid expenses decreased by \$4,000 due to amortization of expenses for May. Ending balance was \$20,000.
5. Prepaid Curriculum decreased by \$2,000 with an ending balance of \$65,000 – this balance will be amortized over the estimated remaining life of the courses.
6. Accounts Payable decreased by \$2,000 with an ending balance of \$9,000.
7. Unearned registration fees increased by \$5,000 due to May activity. Ending balance was \$24,000 which represents courses that have been paid for with start dates after May, and will be recognized as revenue in the month the course is held.
8. The amount Due to IAR decreased by \$1,000 with an ending balance of \$189,000.

Income Statement:

9. The School had net income for the month of \$42,000 compared to budgeted net income of \$2,000. Over budget due to revenues being over budget and expenses being under budget.
10. YTD, the School had net income of \$121,000 compared to budget of \$9,500. Over budget due to revenues being over budget and expenses being under budget.
11. Compared to the prior year, YTD net income was higher than the prior YTD net income of \$61,000 by \$61,000 or 100% - mostly due to lower expenses in the current year.
12. Total revenue for May was \$129,000 and was above the monthly budget of \$106,000 by \$23,000 or 22%.
13. YTD revenue was \$578,000 vs budget of \$529,000 – over budget by \$50,000 or 9%.
14. Compared to the prior year, YTD revenue was lower by \$11,000 or 2%, mostly due to a decrease in contract revenue.
15. Total expenses for May were \$87,000 vs budget of \$104,000 – under budget by \$17,000 or 17% mostly due to personnel, technology, and programmatic costs.
16. Total expenses YTD were \$457,000 vs budget of \$519,000 – under budget by \$62,000 or 12% mostly due to personnel, travel, and programmatic costs.
17. Compared to the prior year, YTD expenses were lower by \$72,000 or 14%, mostly due to personnel and programmatic costs.

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

May 31, 2020

	05/31/2020	04/30/2020	Difference
ASSETS			
Current Assets			
Checking/Savings			
1000 - Cash Accounts			
1022 - ISRE Checking	125,206	71,672	53,534
Total 1000 - Cash Accounts	<u>125,206</u>	<u>71,672</u>	<u>53,534</u>
Total Checking/Savings	125,206	71,672	53,534
Other Current Assets			
1200 - Accounts Receivable			
1200 - Accounts Receivable	9,001	11,937	(2,937)
1210 - Tuition Receivable	13,466	12,637	829
Total 1200 - Accounts Receivable	<u>22,467</u>	<u>24,574</u>	<u>(2,108)</u>
1300 - Other Current Assets			
1310 - Prepaid Expense	20,496	24,914	(4,417)
1330 - Prepaid Curriculum	64,715	67,176	(2,461)
1350 - Other Deposits	1,559	1,559	0
Total 1300 - Other Current Assets	<u>86,770</u>	<u>93,649</u>	<u>(6,878)</u>
Total Other Current Assets	<u>109,237</u>	<u>118,223</u>	<u>(8,986)</u>
Total Current Assets	<u>234,443</u>	<u>189,895</u>	<u>44,548</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	(11,328)	(10,858)	(469)
1680 - Accum. Depreciation - FF&E	(27,507)	(27,152)	(355)
Total 1655 - Accumulated Depreciation	<u>(38,835)</u>	<u>(38,010)</u>	<u>(824)</u>
Total 1600 - Fixed Assets, Net of Deprec.	<u>23,571</u>	<u>24,396</u>	<u>(824)</u>
Total Fixed Assets	<u>23,571</u>	<u>24,396</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 Loan and 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>258,014</u>	<u>214,291</u>	<u>43,724</u>
LIABILITIES & NET ASSETS			
Liabilities			
Current Liabilities			
Accounts Payable			
2010 - Accounts Payable	9,008	11,341	(2,333)
Total Accounts Payable	<u>9,008</u>	<u>11,341</u>	<u>(2,333)</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)**

May 31, 2020

	05/31/2020	04/30/2020	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	24,200	19,280	4,920
Total 2400 - Deferred Dues & Other Revenue	24,200	19,280	4,920
Total Other Current Liabilities	47,009	42,089	4,920
Total Current Liabilities	56,017	53,430	2,587
Other Liabilities			
2200 - Intercompany Loans Payable			
2211 - Due to IAR (from ISRE)	189,071	190,042	(972)
Total 2200 - Intercompany Loans Payable	189,071	190,042	(972)
Total - Other Liabilities	189,071	190,042	(972)
Total Liabilities	245,088	243,472	1,615
NET ASSETS			
Undesignated	12,926	(29,181)	42,109
Total Net Assets	12,926	(29,181)	42,109
Total Net Assets	12,926	(29,181)	42,109
Total LIABILITIES & NET ASSETS	258,014	214,291	43,724

Indiana School of Real Estate
Statements of Activities - Budget vs Actual (Summary)
For the one and five months ended May 31, 2020 and year ending December 31, 2020
(with comparative totals for the five months ended May 31, 2019)

	1 Month Actual	1 Month Budget	YTD Actual	YTD Budget	Annual Budget	Prior YTD Actual
Income						
4000 - Membership Income	120,989	94,474	533,209	472,370	1,133,704	505,966
4200 - Contract Fees & Event Income	7,761	11,230	43,793	56,150	134,761	70,754
4300 - Royalties, Rent & Product Sales	0	42	92	210	500	1,763
4900 - Other Income	0	0	1,259	0	0	11,216
Total Income	128,750	105,746	578,353	528,730	1,268,965	589,699
Expense						
5000 - Personnel Costs	46,132	57,450	244,540	287,250	702,413	270,466
5300 - Travel & Entertainment	0	1,125	885	5,625	13,500	1,821
5600 - Professional Fees	3,107	2,500	15,464	12,500	30,000	14,071
5700 - Technology & Equipment	2,193	4,683	20,864	23,415	56,200	23,059
5900 - Office Costs	11,051	11,057	52,079	55,285	132,700	51,317
6100 - Facility Costs	4,196	4,955	21,305	24,775	59,460	24,370
7100 - Programmatic Costs	19,963	22,072	101,838	110,360	264,870	143,954
Total Expense	86,642	103,842	456,975	519,210	1,259,143	529,058
Net Income (Loss)	42,108	1,904	121,378	9,520	9,822	60,641

Indiana School of Real Estate
Statement of Cash Flows
Year To Date 05/31/2020

OPERATING ACTIVITIES

Net Income	121,378
Adjustments to reconcile Net Income to net cash provided by operations	
1200 - Accounts Receivable	13,242
1210 - Tuition Receivable	(6,375)
1310 - Prepaid Expense	20,538
1330 - Prepaid Curriculum	18,097
2010 - Accounts Payable	(579)
2211 - Due to IAR (from ISRE)	(71,157)
2430 - Unearned Registration Fees	(2,301)
Net cash provided by Operating Activities	92,843
INVESTING ACTIVITIES	
1670 - Accum. Amortization- Capital Lease	2,345
1680 - Accum. Depreciation - FF&E	1,775
Net Cash provided by Investing Activities	4,120
Net cash change for period	96,963
Cash at beginning of period	28,243
Cash at end of period	125,206

Indiana School of Real Estate, LLC
Historical and Budgeted Financial Statements
Selected Information
For the five months ended May 31, 2020 and Year Ending December 31, 2020

The accompanying historical and budgeted 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 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 Statement 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 April 30, 2020 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%.