

# Indiana School of Real Estate

## August 2016

### EXECUTIVE SUMMARY

#### Balance Sheet:

1. The School's cash balance decreased by \$30,000 during August with an ending balance of \$181,000 mostly due to the transfer to IAR of \$115,000 of which \$108,000 was used to pay down the amount Due to IAR and \$7,000 for the monthly management fee payable to IAR.
2. Accounts Payable decreased by \$12,000 due to payment of invoices from July including Dearborn, Mobius and Netwise Resources.
3. Unearned registration fees increased by \$12,000 due to courses registered for in August course dates in coming months.
4. The amount due to IAR decreased by \$17,000 with an ending balance of \$409,000 which included a pay down of the liability of \$108,000 as mentioned above.

#### Income Statement:

5. The School had net loss for the month of (\$15,000) compared to budgeted net income of \$900.
6. YTD net income is \$155,000 compared to YTD budget of \$7,000. YTD net income is \$22,000 (12%) less than the prior YTD net income.
7. Total revenue for August is below the monthly budget by \$5,000 or 5% at \$86,000 vs budget of \$90,000.
8. Total revenue YTD is above the YTD budget by \$327,000 or 45% at \$1,049,000 vs YTD budget of \$722,000. Compared to the prior year, total revenue YTD is up by \$8,000 or less than 1%.
9. Total expenses for August are \$100,000 and are over budget by \$11,000 or 12%, mostly due to Personnel costs, Accounting Fees, and Software & Licensing Fees. Accounting Fees include two months of expense for July and August in order to catch up expenses for YTD, and Software & Licensing Fees includes costs for XenDirect software which were not included in the 2016 budget.
10. Total expenses YTD are over budget by \$180,000 or 25%, mostly due to Instructor Compensation and Curriculum.
11. Compared to the prior year, YTD expenses are up \$30,000 or 4%, mostly due to Personnel Costs, Facility Costs, and Curriculum.

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

August 31, 2016

	08/31/2016	07/31/2016	Difference
<b>ASSETS</b>			
Current Assets			
Checking/Savings			
1000 - Cash Accounts			
1022 - ISRE Checking	181,236	211,883	(30,648)
Total 1000 - Cash Accounts	<u>181,236</u>	<u>211,883</u>	<u>(30,648)</u>
Total Checking/Savings	181,236	211,883	(30,648)
Other Current Assets			
1200 - Accounts Receivable			
1200 - Accounts Receivable	11,830	11,830	0
1210 - Tuition Receivable	6,175	3,737	2,438
Total 1200 - Accounts Receivable	<u>18,005</u>	<u>15,567</u>	<u>2,438</u>
1300 - Other Current Assets			
1310 - Prepaid Expense	3,248	4,497	(1,248)
1330 - Prepaid Curriculum	116,832	118,754	(1,922)
1350 - Other Deposits	1,560	1,559	0
Total 1300 - Other Current Assets	<u>121,640</u>	<u>124,810</u>	<u>(3,170)</u>
Total Other Current Assets	<u>139,645</u>	<u>140,377</u>	<u>(732)</u>
Total Current Assets	<u>320,881</u>	<u>352,260</u>	<u>(31,380)</u>
Fixed Assets			
1600 - Fixed Assets, Net of Deprec.			
1605 - Land, Buildings & Equipment			
1621 - Capital Lease	19,546	19,547	0
1630 - Furniture, Fixtures & Equipmen	107,614	107,614	0
Total 1605 - Land, Buildings & Equipment	<u>127,160</u>	<u>127,161</u>	<u>0</u>
1655 - Accumulated Depreciation			
1670 - Accum. Amortization- Capital Lease	(15,746)	(15,746)	0
1680 - Accum. Depreciation - FF&E	(91,428)	(91,429)	0
Total 1655 - Accumulated Depreciation	<u>(107,174)</u>	<u>(107,175)</u>	<u>0</u>
Total 1600 - Fixed Assets, Net of Deprec.	<u>19,986</u>	<u>19,986</u>	<u>0</u>
Total Fixed Assets	<u>19,986</u>	<u>19,986</u>	<u>0</u>
Other Assets			
1700 - Capitalized Lease Costs			
1730 - Capitalized Software Costs	30,825	30,825	0
Total 1700 - Capitalized Lease Costs	<u>30,825</u>	<u>30,825</u>	<u>0</u>
Total Other Assets	<u>30,825</u>	<u>30,825</u>	<u>0</u>
<b>Total ASSETS</b>	<b><u>371,692</u></b>	<b><u>403,071</u></b>	<b><u>(31,380)</u></b>
<b>LIABILITIES &amp; NET ASSETS</b>			
Liabilities			
Current Liabilities			
Accounts Payable			
2010 - Accounts Payable	3,061	14,771	(11,710)
Total Accounts Payable	<u>3,061</u>	<u>14,771</u>	<u>(11,710)</u>
Other Current Liabilities			
2025 - Other Current Liabilities			
2200 - GFC Lease Payable	4,534	4,534	0
Total 2025 - Other Current Liabilities	<u>4,534</u>	<u>4,534</u>	<u>0</u>

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

August 31, 2016

	08/31/2016	07/31/2016	Difference
2400 - Deferred Dues & Other Revenue			
2430 - Unearned Registration Fees	25,671	13,947	11,724
Total 2400 - Deferred Dues & Other Revenue	<u>25,671</u>	<u>13,947</u>	<u>11,724</u>
Total Other Current Liabilities	30,205	18,481	11,724
Total Current Liabilities	<u>33,266</u>	<u>33,252</u>	14
Other Liabilities			
2200 - Intercompany Loans Payable			
2211 - Due to IAR (from ISRE)	409,281	426,105	(16,824)
Total 2200 - Intercompany Loans Payable	<u>409,281</u>	<u>426,105</u>	<u>(16,824)</u>
Total - Other Liabilities	<u>409,281</u>	<u>426,105</u>	<u>(16,824)</u>
Total Liabilities	<u>442,547</u>	<u>459,357</u>	<u>(16,810)</u>
<b>NET ASSETS</b>			
3010 - Unrestricted Net Assets	(56,286)	(37,235)	(19,051)
Net Income	(14,569)	(19,051)	4,481
Total Net Assets	<u>(70,855)</u>	<u>(56,286)</u>	<u>(14,570)</u>
<b>Total LIABILITIES &amp; NET ASSETS</b>	<u><b>371,692</b></u>	<u><b>403,071</b></u>	<u><b>(31,380)</b></u>

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

August 31, 2016

	<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>Ordinary Income/Expense</b>						
Gross Profit						
Income						
4000 - Membership Income	77,928	67,710	910,051	541,692	812,533	764,563
4200 - Contract Fees & Event Income	7,663	22,343	94,803	178,745	268,117	267,597
4300 - Royalties, Rent & Product Sales	0	167	1,536	1,332	2,000	1,809
4900 - Other Income	70	0	42,871	0	0	7,291
Total Income	<u>85,661</u>	<u>90,220</u>	<u>1,049,261</u>	<u>721,769</u>	<u>1,082,650</u>	<u>1,041,260</u>
Gross Profit	85,661	90,220	1,049,261	721,769	1,082,650	1,041,260
Expense						
5000 - Personnel Costs	50,023	45,279	475,780	362,221	553,338	450,891
5300 - Travel & Entertainment	340	958	7,116	7,667	11,500	8,822
5600 - Professional Fees	6,255	2,000	18,976	16,000	23,999	15,091
5700 - Technology & Equipment	9,436	3,667	33,446	29,333	44,000	50,889
5900 - Office Costs	10,198	12,392	93,220	99,133	148,700	94,139
6100 - Facility Costs	5,034	3,593	40,381	28,750	43,125	29,160
7100 - Programmatic Costs	18,945	21,431	225,464	171,446	257,169	215,031
Total Expense	<u>100,231</u>	<u>89,320</u>	<u>894,383</u>	<u>714,550</u>	<u>1,081,831</u>	<u>864,023</u>
Net Ordinary Income	<u>(14,570)</u>	<u>900</u>	<u>154,878</u>	<u>7,219</u>	<u>819</u>	<u>177,237</u>
<b>Net Income</b>	<b><u>(14,570)</u></b>	<b><u>900</u></b>	<b><u>154,878</u></b>	<b><u>7,219</u></b>	<b><u>819</u></b>	<b><u>177,237</u></b>

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

August 31, 2016

	<u>1 Month Actual</u>	<u>1 Month Budget</u>	<u>YTD Actual</u>	<u>YTD Budget</u>	<u>Annual Budget</u>
<b>Gross Profit</b>					
Income					
4000 - Membership Income					
4001 - Registrations -- Members	10,146	35,773	306,792	286,187	429,279
4011 - Registrations -- Non-members	67,782	31,104	603,259	248,838	373,254
4020 - Shared Fees, Local Boards	0	833	0	6,667	10,000
Total 4000 - Membership Income	<u>77,928</u>	<u>67,710</u>	<u>910,051</u>	<u>541,692</u>	<u>812,533</u>
4200 - Contract Fees & Event Income					
4200 - Contract Service Fees, Broker	7,663	22,343	17,736	178,745	268,117
4210 - Contract Service Fees, Local	0	0	77,067	0	0
Total 4200 - Contract Fees & Event In- come	<u>7,663</u>	<u>22,343</u>	<u>94,803</u>	<u>178,745</u>	<u>268,117</u>
4300 - Royalties, Rent & Product Sales					
4300 - Product Sales	0	167	1,536	1,332	2,000
Total 4300 - Royalties, Rent & Product Sales	<u>0</u>	<u>167</u>	<u>1,536</u>	<u>1,332</u>	<u>2,000</u>
4900 - Other Income					
4900 - Other Income	70	0	42,871	0	0
Total 4900 - Other Income	<u>70</u>	<u>0</u>	<u>42,871</u>	<u>0</u>	<u>0</u>
Total Income	<u>85,661</u>	<u>90,220</u>	<u>1,049,261</u>	<u>721,769</u>	<u>1,082,650</u>
Gross Profit	<u>85,661</u>	<u>90,220</u>	<u>1,049,261</u>	<u>721,769</u>	<u>1,082,650</u>
<b>Expense</b>					
5000 - Personnel Costs					
5010 - Compensation					
5010 - Staff Compensation	34,393	32,500	283,845	260,000	390,000
Total 5010 - Compensation	<u>34,393</u>	<u>32,500</u>	<u>283,845</u>	<u>260,000</u>	<u>390,000</u>
5020 - Bonus Pool					
5020 - Bonus Pool	0	0	286	0	10,000
Total 5020 - Bonus Pool	<u>0</u>	<u>0</u>	<u>286</u>	<u>0</u>	<u>10,000</u>
5030 - Contract Labor / Temp Help					
5030 - Contract Labor / Temp Help	0	417	200	3,332	5,000
Total 5030 - Contract Labor / Temp Help	<u>0</u>	<u>417</u>	<u>200</u>	<u>3,332</u>	<u>5,000</u>
5035 - Instructor Compensation					
5035 - Instructor Compensation	7,645	5,813	117,292	46,500	69,750
Total 5035 - Instructor Compensation	<u>7,645</u>	<u>5,813</u>	<u>117,292</u>	<u>46,500</u>	<u>69,750</u>
5100 - Benefits & Taxes					
5110 - Health & Life Insurance	2,552	2,375	22,137	19,000	28,500
5115 - Wellness Benefit	94	0	735	0	0
5120 - Dental Insurance	311	292	2,707	2,332	3,500
5125 - Disability Insurance	262	133	2,093	1,068	1,600

NO ASSURANCE IS PROVIDED. SEE SELECT INFORMATION.

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

August 31, 2016

	<u>1 Month Actual</u>	<u>1 Month Budget</u>	<u>YTD Actual</u>	<u>YTD Budget</u>	<u>Annual Budget</u>
5130 - Retirement Benefits	1,441	1,000	10,446	8,000	12,000
5160 - Payroll Taxes	3,325	2,166	34,370	17,324	25,988
5170 - Professional Development	0	541	795	4,333	6,500
5180 - Dues & Subscriptions	0	42	874	332	500
Total 5100 - Benefits & Taxes	<u>7,985</u>	<u>6,549</u>	<u>74,157</u>	<u>52,389</u>	<u>78,588</u>
Total 5000 - Personnel Costs	50,023	45,279	475,780	362,221	553,338
5300 - Travel & Entertainment					
5310 - Staff Travel Costs					
5310 - Staff Travel	7	167	1,227	1,333	2,000
5320 - Staff Lodging	0	208	1,000	1,667	2,500
5330 - Staff Mileage	33	167	438	1,333	2,000
5340 - Staff Meals	300	125	2,771	1,000	1,500
5350 - Staff Hospitality	0	208	146	1,667	2,500
5360 - Conference Registration Fees	0	83	1,518	667	1,000
Total 5310 - Staff Travel Costs	<u>340</u>	<u>958</u>	<u>7,100</u>	<u>7,667</u>	<u>11,500</u>
5410 - Leadership Travel					
5410 - Board / Volunteer Travel	0	0	16	0	0
Total 5410 - Leadership Travel	<u>0</u>	<u>0</u>	<u>16</u>	<u>0</u>	<u>0</u>
Total 5300 Travel & Entertainment	340	958	7,116	7,667	11,500
5600 - Professional Fees					
5610 - Legal Services	0	84	0	666	999
5620 - Audit & Tax Services	0	83	0	667	1,000
5630 - Accounting Services	6,255	1,833	18,976	14,667	22,000
Total 5600 - Professional Fees	<u>6,255</u>	<u>2,000</u>	<u>18,976</u>	<u>16,000</u>	<u>23,999</u>
5700 - Technology & Equipment					
5710 - Technology Consulting Service	0	2,917	2,144	23,333	35,000
5720 - Equipment Repairs & Maintenance	0	0	100	0	0
5730 - Small Equipment Purchases	0	83	640	667	1,000
5740 - Equipment > \$1000	0	250	1,374	2,000	3,000
5750 - Equipment Lease Payments	444	417	3,909	3,333	5,000
5760 - Software & Licensing Fees	8,992	0	25,279	0	0
Total 5700 - Technology & Equipment	<u>9,436</u>	<u>3,667</u>	<u>33,446</u>	<u>29,333</u>	<u>44,000</u>
5900 - Office Costs					
5910 - Telephone	0	250	0	2,000	3,000
5920 - Postage	0	625	0	5,000	7,500
5925 - Shipping Expense	(208)	458	(2,965)	3,666	5,500
5926 - Sales Tax	0	0	78	0	0
5930 - Office Supplies	234	125	1,926	1,000	1,500
5932 - Kitchen Supplies	129	0	543	0	0
5935 - Supplies for Resale	0	84	311	667	1,000
5940 - Printing	0	83	3,530	667	1,000

NO ASSURANCE IS PROVIDED. SEE SELECT INFORMATION.

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

August 31, 2016

	1 Month Actual	1 Month Budget	YTD Actual	YTD Budget	Annual Budget
5950 - Liability Insurance	0	83	0	666	1,000
5960 - Licenses and Fees	77	250	834	2,000	3,000
5970 - Bank & Credit Card Fees	2,866	3,334	32,163	26,667	40,000
5980 - Miscellaneous	0	0	0	0	0
5995 - IAR Management Fee (paid by ISRE)	7,100	7,100	56,800	56,800	85,200
<b>Total 5900 - Office Costs</b>	<b>10,198</b>	<b>12,392</b>	<b>93,220</b>	<b>99,133</b>	<b>148,700</b>
6100 - Facility Costs					
6110 - Office Rent & Parking	4,909	3,469	39,272	27,750	41,625
6150 - Janitorial-cleaning & supplies	0	41	109	333	500
6170 - Property Insurance	125	83	1,000	667	1,000
<b>Total 6100 - Facility Costs</b>	<b>5,034</b>	<b>3,593</b>	<b>40,381</b>	<b>28,750</b>	<b>43,125</b>
7100 - Programmatic Costs					
7110 - Facility Rental	4,513	3,346	31,883	26,767	40,150
7120 - Catering	1,225	0	2,719	0	0
7130 - Honorarium/Speaker Fees	0	1,250	5,000	9,999	15,000
7140 - Speaker Travel	287	570	16,251	4,560	6,840
7160 - Event Sponsorships	0	209	500	1,667	2,500
7165 - Contract Fees	760	0	16,615	0	0
7170 - Curriculum	9,742	6,541	111,401	52,333	78,500
7210 - Website Development / Hosting	65	834	1,226	6,667	10,000
7220 - Internet Communications	425	0	1,075	0	0
7225 - Publications	0	0	89	0	0
7230 - Distance Learning Portal	1,716	5,141	29,195	41,133	61,699
7240 - Video Production & Editing	0	417	0	3,334	5,000
7245 - Live Content Delivery	0	0	2,400	0	0
7260 - Advertising/Marketing	0	417	970	3,333	5,000
7270 - Research & Development	0	2,706	0	21,653	32,480
7310 - Other Program Costs	0	0	360	0	0
7700 - Broker Commissions	212	0	5,780	0	0
<b>Total 7100 - Programmatic Costs</b>	<b>18,945</b>	<b>21,431</b>	<b>225,464</b>	<b>171,446</b>	<b>257,169</b>
<b>Total Expense</b>	<b>100,231</b>	<b>89,320</b>	<b>894,383</b>	<b>714,550</b>	<b>1,081,831</b>
<b>Net Ordinary Income</b>	<b>(14,570)</b>	<b>900</b>	<b>154,878</b>	<b>7,219</b>	<b>819</b>
<b>Net Income</b>	<b>(14,570)</b>	<b>900</b>	<b>154,878</b>	<b>7,219</b>	<b>819</b>

**Indiana School of Real Estate, LLC**  
Selected Information  
August 2016 Financial Statements

The monthly financial statements for Indiana School of Real Estate are presented on the accrual basis in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). These financial statements have not been subjected to an audit, review, or compilation engagement; and no assurance is provided on them.

The accompanying financial statements include the following departures from accounting principles generally accepted in the United States of America:

- The financial statements omit substantially all of the disclosures and the statement of cash flows required by accounting principles generally accepted in the United States of America.
- The Balance Sheet includes a comparison with the period ended July 31, 2016 for additional meaningful data for management and the board.
- Certain accruals and adjustments 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 among unrestricted, temporarily restricted and permanently restricted in accordance with GAAP.
- Budget information is presented without notes on significant assumptions used in developing the budget.

The effects of these departures have not been determined.