

Indiana School of Real Estate

December 2018

EXECUTIVE SUMMARY

Balance Sheet:

1. The School's cash balance increased by \$10,000 during December with an ending balance of \$21,000.
2. Prepaid curriculum decreased by \$4,000 due to the monthly amortization of pre-license and continuing education courses.
3. Furniture, fixtures and equipment increased by \$6,000 due to purchases in 2018 that were previously expensed and reclassified to fixed assets at year end.
4. Accounts payable increased by \$4,000 with an ending balance of \$11,000.
5. Unearned registration fees increased by \$25,000 with an ending balance of \$39,000. This amount represents courses that have been paid for with starting dates in 2019 and will be recognized as revenue in the appropriate period.
6. The amount Due to IAR increased by \$54,000 during the month with an ending balance of \$327,000.

Income Statement:

7. The School had a net loss for the month of (\$90,000) compared to budgeted net loss of (\$9,000).
8. 2018 net income was \$76,000 and was above the annual budget of \$2,000 by \$74,000.
9. Compared to the prior year, YTD net income was \$135,000 higher, due to a combination of increased revenue and decreased expenses in 2018.
10. Total revenue for December was \$46,000 and was below the monthly budget of \$101,000 by \$54,000 or 54%.
11. 2018 total revenue was \$1,288,000 and was above the annual budget of \$1,207,000 by \$81,000 or 7%.
12. Compared to the prior year, 2018 total revenue was \$39,000 (3%) higher.
13. Total expenses for December were \$137,000 vs budget of \$109,000 – over budget by \$27,000 or 25% mostly due to personnel and programmatic costs.
14. Total expenses for 2018 were \$1,212,000 and were under the annual budget of \$1,205,000 by \$7,000 or 1%.
15. Compared to the prior year, YTD expenses were lower by \$95,000 or 7% mostly due to personnel, facility costs, and curriculum.

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

December 31, 2018

	12/31/2018	11/30/2018	Difference
ASSETS			
Current Assets			
Checking/Savings			
1000 - Cash Accounts			
1022 - ISRE Checking	20,542	10,078	10,464
Total 1000 - Cash Accounts	<u>20,542</u>	<u>10,078</u>	<u>10,464</u>
Total Checking/Savings	<u>20,542</u>	<u>10,078</u>	<u>10,464</u>
Other Current Assets			
1200 - Accounts Receivable			
1200 - Accounts Receivable	5,230	5,230	0
1210 - Tuition Receivable	167	926	(759)
Total 1200 - Accounts Receivable	<u>5,397</u>	<u>6,156</u>	<u>(759)</u>
1300 - Other Current Assets			
1310 - Prepaid Expense	45,845	44,306	1,540
1330 - Prepaid Curriculum	99,127	103,014	(3,888)
1350 - Other Deposits	1,559	1,560	0
Total 1300 - Other Current Assets	<u>146,531</u>	<u>148,880</u>	<u>(2,348)</u>
Total Other Current Assets	<u>151,928</u>	<u>155,036</u>	<u>(3,107)</u>
Total Current Assets	<u>172,470</u>	<u>165,114</u>	<u>7,357</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	23,294	5,881
Total 1605 - Land, Buildings & Equipment	<u>58,661</u>	<u>52,779</u>	<u>5,881</u>
1655 - Accumulated Depreciation			
1670 - Accum. Amortization- Capital Lease	(19,660)	(9,832)	(9,828)
1680 - Accum. Depreciation - FF&E	(20,134)	(15,829)	(4,305)
Total 1655 - Accumulated Depreciation	<u>(39,794)</u>	<u>(25,661)</u>	<u>(14,133)</u>
Total 1600 - Fixed Assets, Net of Deprec.	<u>18,867</u>	<u>27,118</u>	<u>(8,252)</u>
Total Fixed Assets	<u>18,867</u>	<u>27,118</u>	<u>(8,252)</u>
Other Assets			
1700 - Capitalized Loan and Lease Costs			
1730 - Capitalized Software Costs	30,825	30,825	0
1732 - Accum Amort - Capitalized Software	(25,688)	(15,413)	(10,275)
Total 1700 - Capitalized Loan and Lease Costs	<u>5,137</u>	<u>15,412</u>	<u>(10,275)</u>
Total Other Assets	<u>5,137</u>	<u>15,412</u>	<u>(10,275)</u>
Total ASSETS	<u>196,474</u>	<u>207,644</u>	<u>(11,170)</u>
LIABILITIES & NET ASSETS			
Liabilities			
Current Liabilities			
Accounts Payable			
2010 - Accounts Payable	10,645	6,782	3,863
Total Accounts Payable	<u>10,645</u>	<u>6,782</u>	<u>3,863</u>
Other Current Liabilities			
2025 - Other Current Liabilities			
2200 - GFC Lease Payable	10,601	20,369	(9,767)

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

December 31, 2018

	12/31/2018	11/30/2018	Difference
2040 - Accrued Payables	5,082	0	5,082
Total 2025 - Other Current Liabilities	15,683	20,369	(4,685)
2400 - Deferred Dues & Other Revenue			
2430 - Unearned Registration Fees	38,935	13,348	25,587
Total 2400 - Deferred Dues & Other Revenue	38,935	13,348	25,587
Total Other Current Liabilities	54,618	33,717	20,902
Total Current Liabilities	65,263	40,499	24,765
Other Liabilities			
2200 - Intercompany Loans Payable			
2211 - Due to IAR (from ISRE)	326,701	272,346	54,354
Total 2200 - Intercompany Loans Payable	326,701	272,346	54,354
Total - Other Liabilities	326,701	272,346	54,354
Total Liabilities	391,964	312,845	79,119
NET ASSETS			
Without Donor Restrictions			
Undesignated	(195,490)	(105,201)	(90,289)
Total Without Donor Restrictions	(195,490)	(105,201)	(90,289)
Total Net Assets	(195,490)	(105,201)	(90,289)
Total LIABILITIES & NET ASSETS	196,474	207,644	(11,170)

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

December 31, 2018

	1 Month Actual	1 Month Budget	YTD Actual	YTD Budget	Annual Budget	Prior YTD Actual
Income						
4000 - Membership Income	40,195	89,046	1,112,522	1,068,557	1,068,557	994,744
4200 - Contract Fees & Event Income	5,845	11,340	173,893	136,078	136,078	249,569
4300 - Royalties, Rent & Product Sales	196	208	2,015	2,500	2,500	4,856
4900 - Other Income	0	0	60	0	0	250
Total Income	<u>46,236</u>	<u>100,594</u>	<u>1,288,490</u>	<u>1,207,135</u>	<u>1,207,135</u>	<u>1,249,419</u>
Expense						
5000 - Personnel Costs	73,283	64,191	662,101	660,276	660,276	748,989
5300 - Travel & Entertainment	112	1,093	6,732	13,100	13,100	7,970
5600 - Professional Fees	0	2,242	26,877	27,900	27,900	21,494
5700 - Technology & Equipment	7,522	4,391	48,756	52,700	52,700	38,012
5900 - Office Costs	11,310	11,349	133,094	136,200	136,200	124,204
6100 - Facility Costs	28,005	3,601	69,039	43,210	43,210	82,216
7100 - Programmatic Costs	16,293	22,610	265,509	271,301	271,301	284,445
Total Expense	<u>136,525</u>	<u>109,477</u>	<u>1,212,108</u>	<u>1,204,687</u>	<u>1,204,687</u>	<u>1,307,330</u>
Net Income (Loss)	<u>(90,289)</u>	<u>(8,883)</u>	<u>76,382</u>	<u>2,448</u>	<u>2,448</u>	<u>(57,911)</u>

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

December 31, 2018

	<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 12/31/2017</u>
Income						
4000 - Membership Income						
4001 - Registrations -- Members	17,317	47,736	431,145	572,837	572,837	461,569
4011 - Registrations -- Non-members	22,878	41,310	681,377	495,720	495,720	533,175
Total 4000 - Membership Income	<u>40,195</u>	<u>89,046</u>	<u>1,112,522</u>	<u>1,068,557</u>	<u>1,068,557</u>	<u>994,744</u>
4200 - Contract Fees & Event Income						
4200 - Contract Service Fees, Broker	5,845	7,285	144,351	87,414	87,414	206,153
4210 - Contract Service Fees, Local	0	4,055	29,542	48,664	48,664	43,416
Total 4200 - Contract Fees & Event Income	<u>5,845</u>	<u>11,340</u>	<u>173,893</u>	<u>136,078</u>	<u>136,078</u>	<u>249,569</u>
4300 - Royalties, Rent & Product Sales	196	208	2,015	2,500	2,500	4,856
4900 - Other Income	0	0	60	0	0	250
Total Income	<u>46,236</u>	<u>100,594</u>	<u>1,288,490</u>	<u>1,207,135</u>	<u>1,207,135</u>	<u>1,249,419</u>
Expense						
5000 - Personnel Costs						
5010 - Compensation	29,228	33,750	377,243	405,000	405,000	422,845
5020 - Bonus Pool	22,827	10,000	22,828	10,000	10,000	32,593
5030 - Contract Labor / Temp Help	0	167	1,609	2,000	2,000	0
5035 - Instructor Compensation	10,873	11,213	163,961	134,550	134,550	178,148
5100 - Benefits & Taxes						
5110 - Health & Life Insurance	3,895	3,083	25,279	37,000	37,000	34,212
5115 - Wellness Benefit	88	0	1,090	0	0	1,671
5120 - Dental Insurance	341	333	2,550	4,000	4,000	2,954
5125 - Disability Insurance	237	267	2,226	3,200	3,200	2,671
5130 - Retirement Benefits	2,115	1,688	18,062	20,250	20,250	21,376
5160 - Payroll Taxes	3,679	3,440	45,769	41,276	41,276	51,704
5170 - Professional Development	0	125	1,000	1,500	1,500	0
5180 - Dues & Subscriptions	0	125	484	1,500	1,500	815
Total 5100 - Benefits & Taxes	<u>10,355</u>	<u>9,061</u>	<u>96,460</u>	<u>108,726</u>	<u>108,726</u>	<u>115,403</u>
Total 5000 - Personnel Costs	<u>73,283</u>	<u>64,191</u>	<u>662,101</u>	<u>660,276</u>	<u>660,276</u>	<u>748,989</u>
5300 - Travel & Entertainment						
5310 - Staff Travel Costs						
5310 - Staff Travel	0	167	711	2,000	2,000	704
5320 - Staff Lodging	0	292	813	3,500	3,500	1,936
5330 - Staff Mileage	49	167	999	2,000	2,000	735
5340 - Staff Meals	63	167	3,833	2,000	2,000	3,146
5350 - Staff Hospitality	0	167	86	2,000	2,000	215

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

December 31, 2018

	1 Month Actual	1 Month Budget	YTD Actual	YTD Budget	Annual Budget	Prior YTD 12/31/2017
5360 - Conference Registration Fees	0	133	290	1,600	1,600	1,090
Total 5310 - Staff Travel Costs	112	1,093	6,732	13,100	13,100	7,826
5410 - Leadership Travel						
5440 - Board / Volunteer Meals	0	0	0	0	0	144
Total 5410 - Leadership Travel	0	0	0	0	0	144
Total 5300 Travel & Entertainment	112	1,093	6,732	13,100	13,100	7,970
5600 - Professional Fees						
5610 - Legal Services	0	42	0	500	500	0
5620 - Audit & Tax Services	0	0	0	1,000	1,000	1,000
5630 - Accounting Services	0	2,200	26,877	26,400	26,400	20,494
Total 5600 - Professional Fees	0	2,242	26,877	27,900	27,900	21,494
5700 - Technology & Equipment						
5710 - Technology Consulting Service	16,653	2,083	26,637	25,000	25,000	14,976
5730 - Small Equipment Purchases	430	125	744	1,500	1,500	383
5740 - Equipment > \$1000	(5,881)	83	(1)	1,000	1,000	0
5750 - Equipment Lease Payments	(6,578)	600	112	7,200	7,200	1,770
5760 - Software & Licensing Fees	1,757	1,500	20,123	18,000	18,000	19,983
5780 - Interest Expense	1,141	0	1,141	0	0	900
Total 5700 - Technology & Equipment	7,522	4,391	48,756	52,700	52,700	38,012
5900 - Office Costs						
5910 - Telephone	0	250	802	3,000	3,000	1,738
5920 - Postage	0	125	640	1,500	1,500	0
5925 - Shipping Expense	(187)	166	(1,608)	2,000	2,000	(6,229)
5926 - Sales Tax	113	0	80	0	0	(646)
5930 - Office Supplies	296	125	4,638	1,500	1,500	3,121
5935 - Supplies for Resale	2,041	83	3,049	1,000	1,000	2,342
5940 - Printing	0	83	209	1,000	1,000	0
5950 - Liability Insurance	0	83	581	1,000	1,000	149
5960 - Licenses and Fees	97	167	4,213	2,000	2,000	1,712
5970 - Bank & Credit Card Fees	1,850	3,167	35,290	38,000	38,000	36,757
5980 - Miscellaneous	0	0	0	0	0	60
5995 - IAR Management Fee (paid by ISRE)	7,100	7,100	85,200	85,200	85,200	85,200
Total 5900 - Office Costs	11,310	11,349	133,094	136,200	136,200	124,204
6100 - Facility Costs						
6110 - Office Rent & Parking	3,372	3,372	42,150	40,460	40,460	58,938
6150 - Janitorial-cleaning & supplies	225	146	1,900	1,750	1,750	1,960

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

December 31, 2018

	1 Month Actual	1 Month Budget	YTD Actual	YTD Budget	Annual Budget	Prior YTD 12/31/2017
6170 - Property Insurance	0	83	581	1,000	1,000	0
6510 - Amortization	20,103	0	20,103	0	0	17,291
6520 - Depreciation Expense	4,305	0	4,305	0	0	4,027
Total 6100 - Facility Costs	28,005	3,601	69,039	43,210	43,210	82,216
7100 - Programmatic Costs						
7110 - Facility Rental	5,290	5,134	46,018	61,600	61,600	46,316
7120 - Catering	102	667	3,987	8,000	8,000	3,224
7130 - Honorarium/Speaker Fees	0	333	12,651	4,000	4,000	11,943
7140 - Speaker Travel	1,575	2,000	17,863	24,000	24,000	19,866
7160 - Event Sponsorships	0	208	700	2,500	2,500	865
7165 - Contract Fees	84	0	10,909	0	0	19,068
7170 - Curriculum	4,197	6,841	117,003	82,092	82,092	122,252
7210 - Website Development / Hosting	3,442	1,250	7,079	15,000	15,000	6,768
7230 - Distance Learning Portal	1,595	3,697	42,035	44,353	44,353	44,159
7260 - Advertising/Marketing	8	417	7,154	5,000	5,000	9,939
7270 - Research & Development	0	1,980	0	23,756	23,756	0
7310 - Other Program Costs	0	83	110	1,000	1,000	45
Total 7100 - Programmatic Costs	16,293	22,610	265,509	271,301	271,301	284,445
Total Expense	136,525	109,477	1,212,108	1,204,687	1,204,687	1,307,330
Net Income (Loss)	(90,289)	(8,883)	76,382	2,448	2,448	(57,911)

Indiana School of Real Estate
Statement of Cash Flows
Year To Date 12/31/2018

OPERATING ACTIVITIES

Net Income	76,382
Adjustments to reconcile Net Income to net cash provided by operations	
1200 - Accounts Receivable	626
1210 - Tuition Receivable	821
1310 - Prepaid Expense	(11,557)
1330 - Prepaid Curriculum	13,633
2010 - Accounts Payable	(14,265)
2040 - Accrued Payables	5,082
2200 - GFC Lease Payable	(9,767)
2211 - Due to IAR (from ISRE)	(79,099)
2430 - Unearned Registration Fees	2,815
Net cash provided by Operating Activities	(15,329)

INVESTING ACTIVITIES

1630 - Furniture, Fixtures & Equipmen	(5,881)
1670 - Accum. Amortization- Capital Lease	9,828
1680 - Accum. Depreciation - FF&E	4,305
Net Cash provided by Investing Activities	8,252

FINANCING ACTIVITIES

1732 - Accum Amort - Capitalized Software	10,275
Net cash provided by Financing Activities	10,275

Net cash change for period	3,197
Cash at beginning of period	17,344
Cash at end of period	20,542

Indiana School of Real Estate, LLC
Historical and Budgeted Financial Statements
Selected Information
For the year ended December 31, 2018

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 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 among unrestricted, temporarily restricted and permanently restricted 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 November 30, 2018 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 November 9, 2017, 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 expected to decrease over the prior year actual by 3%, mostly due to market competition
- Salaries, benefits, and taxes are expected to decrease by 12%, mostly due to a decrease in instructor payroll for live courses as online courses are preferred by students
- Curriculum expenses are expected to decrease by 49%, due to certain courses being fully amortized in 2018
- All other expenses are expected to decrease by an average rate of 11%