

Indiana School of Real Estate

October 2016

EXECUTIVE SUMMARY

Balance Sheet:

1. The School's cash balance decreased by \$22,000 during October with an ending balance of \$120,000 mostly due to the transfer to IAR of \$74,000 of which \$67,000 was used to pay down the amount Due to IAR and \$7,000 for the monthly management fee payable to IAR.
2. Accounts receivable decreased by \$9,000 during the month due to payments received on invoices.
3. Prepaid Expense decreased by \$5,000 due to amortization of various expenses.
4. Accounts Payable increased by \$4,000 due to new invoices of \$31,000 during the month vs payments of \$27,000.
5. Unearned registration fees decreased by \$4,000 due to recognition of course revenue with October class dates.
6. The amount due to IAR decreased by \$5,000 with an ending balance of \$394,000 which included a pay down of the liability of \$67,000 as mentioned above.

Income Statement:

7. The School had net loss for the month of (\$31,000) compared to budgeted net income of \$900.
8. YTD net income is \$114,000 compared to YTD budget of \$9,000. YTD net income is \$44,000 (27%) less than the prior YTD net income of \$157,000.
9. Total revenue for October is below the monthly budget by \$23,000 or 26% at \$67,000 vs budget of \$90,000.
10. Total revenue YTD is above the YTD budget by \$314,000 or 35% at \$1,216,000 vs YTD budget of \$902,000. Compared to the prior year, total revenue YTD is down by \$6,000 or less than 1%.
11. Total expenses for October are \$98,000 and are over budget by \$9,000 or 10%, mostly due to Instructor Compensation.
12. Total expenses YTD are \$1,103,000 and are over budget by \$210,000 or 23%, mostly due to Instructor Compensation, Facility Costs, and Curriculum.
13. Compared to the prior year, YTD expenses are up \$38,000 or 4%, mostly due to Instructor Compensation, Facility Costs, and Curriculum.

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

October 31, 2016

	10/31/2016	09/30/2016	Difference
ASSETS			
Current Assets			
Checking/Savings			
1000 - Cash Accounts			
1022 - ISRE Checking	120,156	141,994	(21,838)
Total 1000 - Cash Accounts	<u>120,156</u>	<u>141,994</u>	<u>(21,838)</u>
Total Checking/Savings	120,156	141,994	(21,838)
Other Current Assets			
1200 - Accounts Receivable			
1200 - Accounts Receivable	5,442	14,151	(8,709)
1210 - Tuition Receivable	4,874	5,900	(1,026)
Total 1200 - Accounts Receivable	<u>10,316</u>	<u>20,051</u>	<u>(9,735)</u>
1300 - Other Current Assets			
1310 - Prepaid Expense	17,046	18,675	(1,629)
1330 - Prepaid Curriculum	109,354	113,176	(3,822)
1350 - Other Deposits	1,559	1,559	0
Total 1300 - Other Current Assets	<u>127,959</u>	<u>133,410</u>	<u>(5,451)</u>
Total Other Current Assets	<u>138,275</u>	<u>153,461</u>	<u>(15,186)</u>
Total Current Assets	<u>258,431</u>	<u>295,455</u>	<u>(37,024)</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	107,613	0
Total 1605 - Land, Buildings & Equipment	<u>127,160</u>	<u>127,160</u>	<u>0</u>
1655 - Accumulated Depreciation			
1670 - Accum. Amortization- Capital Lease	(15,746)	(15,745)	0
1680 - Accum. Depreciation - FF&E	(91,428)	(91,429)	0
Total 1655 - Accumulated Depreciation	<u>(107,174)</u>	<u>(107,174)</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>
Total ASSETS	<u>309,242</u>	<u>346,266</u>	<u>(37,024)</u>
LIABILITIES & NET ASSETS			
Liabilities			
Current Liabilities			
Accounts Payable			
2010 - Accounts Payable	5,624	2,116	3,508
Total Accounts Payable	<u>5,624</u>	<u>2,116</u>	<u>3,508</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)**

October 31, 2016

	10/31/2016	09/30/2016	Difference
2400 - Deferred Dues & Other Revenue			
2430 - Unearned Registration Fees	16,875	21,225	(4,350)
Total 2400 - Deferred Dues & Other Revenue	<u>16,875</u>	<u>21,225</u>	<u>(4,350)</u>
Total Other Current Liabilities	<u>21,409</u>	<u>25,759</u>	<u>(4,350)</u>
Total Current Liabilities	<u>27,033</u>	<u>27,875</u>	<u>(842)</u>
Other Liabilities			
2200 - Intercompany Loans Payable			
2211 - Due to IAR (from ISRE)	394,412	399,125	(4,713)
Total 2200 - Intercompany Loans Payable	<u>394,412</u>	<u>399,125</u>	<u>(4,713)</u>
Total - Other Liabilities	<u>394,412</u>	<u>399,125</u>	<u>(4,713)</u>
Total Liabilities	<u>421,445</u>	<u>427,000</u>	<u>(5,555)</u>
NET ASSETS			
3010 - Unrestricted Net Assets	(80,734)	(70,856)	(9,879)
Net Income	(31,469)	(9,878)	(21,590)
Total Net Assets	<u>(112,203)</u>	<u>(80,734)</u>	<u>(31,469)</u>
Total LIABILITIES & NET ASSETS	<u>309,242</u>	<u>346,266</u>	<u>(37,024)</u>

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

October 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>
Ordinary Income/Expense						
Gross Profit						
Income						
4000 - Membership Income	57,189	67,710	1,055,043	677,112	812,533	934,147
4200 - Contract Fees & Event Income	8,884	22,343	115,792	223,431	268,117	277,239
4300 - Royalties, Rent & Product Sales	579	167	2,411	1,666	2,000	2,366
4900 - Other Income	160	0	43,032	0	0	8,304
Total Income	<u>66,812</u>	<u>90,220</u>	<u>1,216,278</u>	<u>902,209</u>	<u>1,082,650</u>	<u>1,222,056</u>
Gross Profit	66,812	90,220	1,216,278	902,209	1,082,650	1,222,056
Expense						
5000 - Personnel Costs	59,046	45,279	591,176	452,780	553,338	563,404
5300 - Travel & Entertainment	755	958	8,146	9,583	11,500	10,030
5600 - Professional Fees	2,779	2,000	25,762	20,000	23,999	18,810
5700 - Technology & Equipment	2,137	3,667	40,833	36,666	44,000	57,698
5900 - Office Costs	9,721	12,392	110,309	123,917	148,700	115,430
6100 - Facility Costs	4,784	3,593	50,199	35,937	43,125	36,420
7100 - Programmatic Costs	19,059	21,431	276,322	214,308	257,169	263,209
Total Expense	<u>98,281</u>	<u>89,320</u>	<u>1,102,747</u>	<u>893,191</u>	<u>1,081,831</u>	<u>1,065,001</u>
Net Ordinary Income	<u>(31,469)</u>	<u>900</u>	<u>113,531</u>	<u>9,018</u>	<u>819</u>	<u>157,055</u>
Net Income	<u>(31,469)</u>	<u>900</u>	<u>113,531</u>	<u>9,018</u>	<u>819</u>	<u>157,055</u>

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

October 31, 2016

	<u>1 Month Actual</u>	<u>1 Month Budget</u>	<u>YTD Actual</u>	<u>YTD Budget</u>	<u>Annual Budget</u>
Gross Profit					
Income					
4000 - Membership Income					
4001 - Registrations -- Members	13,832	35,773	338,435	357,733	429,279
4011 - Registrations -- Non-members	43,357	31,104	716,608	311,046	373,254
4020 - Shared Fees, Local Boards	0	833	0	8,333	10,000
Total 4000 - Membership Income	<u>57,189</u>	<u>67,710</u>	<u>1,055,043</u>	<u>677,112</u>	<u>812,533</u>
4200 - Contract Fees & Event Income					
4200 - Contract Service Fees, Broker	8,884	22,343	37,615	223,431	268,117
4210 - Contract Service Fees, Local	0	0	78,177	0	0
Total 4200 - Contract Fees & Event In- come	<u>8,884</u>	<u>22,343</u>	<u>115,792</u>	<u>223,431</u>	<u>268,117</u>
4300 - Royalties, Rent & Product Sales					
4300 - Product Sales	579	167	2,411	1,666	2,000
Total 4300 - Royalties, Rent & Product Sales	<u>579</u>	<u>167</u>	<u>2,411</u>	<u>1,666</u>	<u>2,000</u>
4900 - Other Income					
4900 - Other Income	160	0	43,032	0	0
Total 4900 - Other Income	<u>160</u>	<u>0</u>	<u>43,032</u>	<u>0</u>	<u>0</u>
Total Income	<u>66,812</u>	<u>90,220</u>	<u>1,216,278</u>	<u>902,209</u>	<u>1,082,650</u>
Gross Profit	<u>66,812</u>	<u>90,220</u>	<u>1,216,278</u>	<u>902,209</u>	<u>1,082,650</u>
Expense					
5000 - Personnel Costs					
5010 - Compensation					
5010 - Staff Compensation	33,368	32,500	351,150	325,000	390,000
Total 5010 - Compensation	<u>33,368</u>	<u>32,500</u>	<u>351,150</u>	<u>325,000</u>	<u>390,000</u>
5020 - Bonus Pool					
5020 - Bonus Pool	0	0	287	0	10,000
Total 5020 - Bonus Pool	<u>0</u>	<u>0</u>	<u>287</u>	<u>0</u>	<u>10,000</u>
5030 - Contract Labor / Temp Help					
5030 - Contract Labor / Temp Help	0	417	200	4,166	5,000
Total 5030 - Contract Labor / Temp Help	<u>0</u>	<u>417</u>	<u>200</u>	<u>4,166</u>	<u>5,000</u>
5035 - Instructor Compensation					
5035 - Instructor Compensation	17,562	5,813	148,489	58,125	69,750
Total 5035 - Instructor Compensation	<u>17,562</u>	<u>5,813</u>	<u>148,489</u>	<u>58,125</u>	<u>69,750</u>
5100 - Benefits & Taxes					
5110 - Health & Life Insurance	2,104	2,375	27,222	23,750	28,500
5115 - Wellness Benefit	95	0	926	0	0
5120 - Dental Insurance	106	292	3,124	2,916	3,500
5125 - Disability Insurance	260	133	2,612	1,334	1,600

NO ASSURANCE IS PROVIDED. SEE SELECT INFORMATION.

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

October 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	1,507	1,000	13,393	10,000	12,000
5160 - Payroll Taxes	4,044	2,166	42,104	21,656	25,988
5170 - Professional Development	0	541	795	5,417	6,500
5180 - Dues & Subscriptions	0	42	874	416	500
Total 5100 - Benefits & Taxes	<u>8,116</u>	<u>6,549</u>	<u>91,050</u>	<u>65,489</u>	<u>78,588</u>
Total 5000 - Personnel Costs	59,046	45,279	591,176	452,780	553,338
5300 - Travel & Entertainment					
5310 - Staff Travel Costs					
5310 - Staff Travel	32	167	1,259	1,666	2,000
5320 - Staff Lodging	294	208	1,295	2,083	2,500
5330 - Staff Mileage	161	167	598	1,667	2,000
5340 - Staff Meals	284	125	3,330	1,250	1,500
5350 - Staff Hospitality	0	208	146	2,083	2,500
5360 - Conference Registration Fees	0	83	1,518	834	1,000
Total 5310 - Staff Travel Costs	<u>771</u>	<u>958</u>	<u>8,146</u>	<u>9,583</u>	<u>11,500</u>
5410 - Leadership Travel					
5410 - Board / Volunteer Travel	(16)	0	0	0	0
Total 5410 - Leadership Travel	<u>(16)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total 5300 Travel & Entertainment	<u>755</u>	<u>958</u>	<u>8,146</u>	<u>9,583</u>	<u>11,500</u>
5600 - Professional Fees					
5610 - Legal Services	0	84	0	833	999
5620 - Audit & Tax Services	0	83	0	833	1,000
5630 - Accounting Services	2,779	1,833	25,762	18,334	22,000
Total 5600 - Professional Fees	<u>2,779</u>	<u>2,000</u>	<u>25,762</u>	<u>20,000</u>	<u>23,999</u>
5700 - Technology & Equipment					
5710 - Technology Consulting Service	0	2,917	16,613	29,166	35,000
5730 - Small Equipment Purchases	0	83	640	833	1,000
5740 - Equipment > \$1000	0	250	1,374	2,500	3,000
5750 - Equipment Lease Payments	479	417	4,948	4,167	5,000
5760 - Software & Licensing Fees	1,658	0	17,258	0	0
Total 5700 - Technology & Equipment	<u>2,137</u>	<u>3,667</u>	<u>40,833</u>	<u>36,666</u>	<u>44,000</u>
5900 - Office Costs					
5910 - Telephone	0	250	0	2,500	3,000
5920 - Postage	0	625	0	6,250	7,500
5925 - Shipping Expense	(372)	458	(3,591)	4,583	5,500
5926 - Sales Tax	(10)	0	58	0	0
5930 - Office Supplies	241	125	2,756	1,250	1,500
5932 - Kitchen Supplies	0	0	639	0	0
5935 - Supplies for Resale	316	84	628	834	1,000
5940 - Printing	0	83	0	833	1,000
5950 - Liability Insurance	149	83	148	833	1,000

NO ASSURANCE IS PROVIDED. SEE SELECT INFORMATION.

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

October 31, 2016

	1 Month Actual	1 Month Budget	YTD Actual	YTD Budget	Annual Budget
5960 - Licenses and Fees	181	250	1,295	2,500	3,000
5970 - Bank & Credit Card Fees	2,116	3,334	37,087	33,334	40,000
5980 - Miscellaneous	0	0	289	0	0
5995 - IAR Management Fee (paid by ISRE)	7,100	7,100	71,000	71,000	85,200
Total 5900 - Office Costs	9,721	12,392	110,309	123,917	148,700
6100 - Facility Costs					
6110 - Office Rent & Parking	4,909	3,469	49,090	34,687	41,625
6150 - Janitorial-cleaning & supplies	0	41	109	417	500
6170 - Property Insurance	(125)	83	1,000	833	1,000
Total 6100 - Facility Costs	4,784	3,593	50,199	35,937	43,125
7100 - Programmatic Costs					
7110 - Facility Rental	3,539	3,346	39,950	33,458	40,150
7120 - Catering	1,924	0	4,645	0	0
7130 - Honorarium/Speaker Fees	0	1,250	5,000	12,500	15,000
7140 - Speaker Travel	1,044	570	21,784	5,700	6,840
7160 - Event Sponsorships	0	209	500	2,083	2,500
7165 - Contract Fees	0	0	15,069	0	0
7170 - Curriculum	6,603	6,541	133,536	65,417	78,500
7210 - Website Development / Hosting	65	834	885	8,333	10,000
7220 - Internet Communications	50	0	50	0	0
7225 - Publications	(89)	0	0	0	0
7230 - Distance Learning Portal	3,760	5,141	44,317	51,417	61,699
7240 - Video Production & Editing	0	417	0	4,167	5,000
7260 - Advertising/Marketing	2,163	417	4,807	4,166	5,000
7270 - Research & Development	0	2,706	0	27,067	32,480
7700 - Broker Commissions	0	0	5,779	0	0
Total 7100 - Programmatic Costs	19,059	21,431	276,322	214,308	257,169
Total Expense	98,281	89,320	1,102,747	893,191	1,081,831
Net Ordinary Income	(31,469)	900	113,531	9,018	819
Net Income	(31,469)	900	113,531	9,018	819

Indiana School of Real Estate, LLC
Selected Information
October 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 September 30, 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.