

Indiana School of Real Estate

May 2019

EXECUTIVE SUMMARY

Balance Sheet:

1. The School's cash balance increased by \$9,000 during May with an ending balance of \$51,000.
2. Accounts receivable decreased by \$3,000 due to payments received during the month. Ending balance was \$11,000 for accounts receivable and \$7,000 for tuition receivable, for a total of \$18,000.
3. Prepaid expenses decreased by \$7,000 due to amortization of expenses for the month.
4. Accounts Payable decreased by \$6,000 due to payment of various invoices and ended the month with a balance of \$7,000.
5. Unearned registration fees increased by \$19,000 due to courses ordered in May. The ending balance was \$58,000 which represents courses that have been paid for with start dates after May.
6. The amount Due to IAR decreased by \$31,000 during the month with an ending balance of \$247,000.

Income Statement:

7. The School had net income for the month of \$15,500 compared to budgeted net income of less than \$1,000.
8. YTD, the School had net income of \$65,000 compared to budgeted net income of \$4,000.
9. Compared to the prior year, YTD net income was \$66,000 lower, due to a decrease in pre-license revenue so far in 2019.
10. Total revenue for May was \$110,000 and was above the monthly budget of \$107,000 by \$3,000 or 3%.
11. YTD revenue was \$592,000 vs budgeted YTD of \$536,000 – over budget by \$55,000 or 10%.
12. Compared to the prior year, YTD total revenue was lower by \$87,000 or 13%, mostly due to a decrease in pre-license revenue.
13. Total expenses for May were \$95,000 vs budget of \$107,000 – under budget by \$12,000 or 11% mostly due to technology consulting services and programmatic costs.
14. Total expenses YTD were \$527,000 vs budget of \$532,000 – under budget by \$5,000 or 1%.
15. Compared to the prior year, YTD expenses were lower by \$21,000 or 4% mostly due to personnel and office costs being less than the prior YTD, net of increased costs in technology/equipment, facility costs due to amortization and depreciation expense being recorded on a monthly basis in 2019, but was only recorded at year end in the prior year, and website development/hosting.

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

May 31, 2019

	05/31/2019	04/30/2019	Difference
ASSETS			
Current Assets			
Checking/Savings			
1000 - Cash Accounts			
1022 - ISRE Checking	50,766	42,039	8,727
Total 1000 - Cash Accounts	<u>50,766</u>	<u>42,039</u>	<u>8,727</u>
Total Checking/Savings	<u>50,766</u>	<u>42,039</u>	<u>8,727</u>
Other Current Assets			
1200 - Accounts Receivable			
1200 - Accounts Receivable	11,380	14,784	(3,404)
1210 - Tuition Receivable	6,553	6,281	272
Total 1200 - Accounts Receivable	<u>17,933</u>	<u>21,065</u>	<u>(3,132)</u>
1300 - Other Current Assets			
1310 - Prepaid Expense	19,208	23,399	(4,190)
1330 - Prepaid Curriculum	90,275	92,815	(2,541)
1350 - Other Deposits	1,559	1,559	0
Total 1300 - Other Current Assets	<u>111,042</u>	<u>117,773</u>	<u>(6,731)</u>
Total Other Current Assets	<u>128,975</u>	<u>138,838</u>	<u>(9,863)</u>
Total Current Assets	<u>179,741</u>	<u>180,877</u>	<u>(1,136)</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	29,177	29,177	0
Total 1605 - Land, Buildings & Equipment	<u>58,662</u>	<u>58,662</u>	<u>0</u>
1655 - Accumulated Depreciation			
1670 - Accum. Amortization- Capital Lease	(22,581)	(21,997)	(584)
1680 - Accum. Depreciation - FF&E	(22,259)	(21,834)	(425)
Total 1655 - Accumulated Depreciation	<u>(44,840)</u>	<u>(43,831)</u>	<u>(1,009)</u>
Total 1600 - Fixed Assets, Net of Deprec.	<u>13,822</u>	<u>14,831</u>	<u>(1,009)</u>
Total Fixed Assets	<u>13,822</u>	<u>14,831</u>	<u>(1,009)</u>
Other Assets			
1700 - Capitalized Loan and Lease Costs			
1730 - Capitalized Software Costs	30,825	30,825	0
1732 - Accum Amort - Capitalized Software	(27,828)	(27,400)	(428)
Total 1700 - Capitalized Loan and Lease Costs	<u>2,997</u>	<u>3,425</u>	<u>(428)</u>
Total Other Assets	<u>2,997</u>	<u>3,425</u>	<u>(428)</u>
Total ASSETS	<u>196,560</u>	<u>199,133</u>	<u>(2,573)</u>
LIABILITIES & NET ASSETS			
Liabilities			
Current Liabilities			
Accounts Payable			
2010 - Accounts Payable	6,966	13,074	(6,107)
Total Accounts Payable	<u>6,966</u>	<u>13,074</u>	<u>(6,107)</u>
Other Current Liabilities			
2025 - Other Current Liabilities			
2200 - GFC Lease Payable	10,602	10,601	0

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

May 31, 2019

	05/31/2019	04/30/2019	Difference
2040 - Accrued Payables	5,082	5,082	0
Total 2025 - Other Current Liabilities	15,684	15,683	0
2400 - Deferred Dues & Other Revenue			
2430 - Unearned Registration Fees	57,757	38,480	19,277
Total 2400 - Deferred Dues & Other Revenue	57,757	38,480	19,277
Total Other Current Liabilities	73,441	54,163	19,277
Total Current Liabilities	80,407	67,237	13,170
Other Liabilities			
2200 - Intercompany Loans Payable			
2211 - Due to IAR (from ISRE)	247,130	278,321	(31,191)
Total 2200 - Intercompany Loans Payable	247,130	278,321	(31,191)
Total - Other Liabilities	247,130	278,321	(31,191)
Total Liabilities	327,537	345,558	(18,021)
NET ASSETS			
Without Donor Restrictions			
Undesignated	(130,977)	(146,425)	15,448
Total Without Donor Restrictions	(130,977)	(146,425)	15,448
Total Net Assets	(130,977)	(146,425)	15,448
Total LIABILITIES & NET ASSETS	196,560	199,133	(2,573)

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

May 31, 2019

	1 Month Actual	1 Month Budget	YTD Actual	YTD Budget	Annual Budget	Prior YTD Actual
Income						
4000 - Membership Income	92,901	95,536	505,966	477,681	1,146,433	574,958
4200 - Contract Fees & Event Income	17,073	11,662	72,674	58,300	139,934	102,661
4300 - Royalties, Rent & Product Sales	181	42	1,763	206	500	802
4900 - Other Income	10	0	11,216	0	0	40
Total Income	<u>110,165</u>	<u>107,240</u>	<u>591,619</u>	<u>536,187</u>	<u>1,286,867</u>	<u>678,461</u>
Expense						
5000 - Personnel Costs	57,173	56,974	270,466	284,865	693,683	301,716
5300 - Travel & Entertainment	316	793	1,821	3,949	9,500	2,583
5600 - Professional Fees	2,100	2,325	14,071	11,625	27,900	12,769
5700 - Technology & Equipment	2,966	6,312	23,059	31,560	75,744	19,623
5900 - Office Costs	10,655	11,274	51,317	56,388	135,306	59,367
6100 - Facility Costs	4,809	4,955	24,370	24,775	59,460	19,421
7100 - Programmatic Costs	16,698	24,250	142,002	118,982	284,982	132,592
Total Expense	<u>94,717</u>	<u>106,883</u>	<u>527,106</u>	<u>532,144</u>	<u>1,286,575</u>	<u>548,071</u>
Net Income (Loss)	<u>15,448</u>	<u>357</u>	<u>64,513</u>	<u>4,043</u>	<u>292</u>	<u>130,390</u>

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

May 31, 2019

	1 Month Actual	1 Month Budget	YTD Actual	YTD Budget	Annual Budget	Prior YTD 05/31/2018
Income						
4000 - Membership Income						
4001 - Registrations -- Members	54,270	46,882	220,015	234,411	562,585	235,879
4011 - Registrations -- Non-members	38,631	48,654	285,951	243,270	583,848	339,079
Total 4000 - Membership Income	92,901	95,536	505,966	477,681	1,146,433	574,958
4200 - Contract Fees & Event Income						
4200 - Contract Service Fees, Broker	13,081	8,041	52,220	40,197	96,484	78,834
4210 - Contract Service Fees, Local	3,992	3,621	20,454	18,103	43,450	23,827
Total 4200 - Contract Fees & Event Income	17,073	11,662	72,674	58,300	139,934	102,661
4300 - Royalties, Rent & Product Sales	181	42	1,763	206	500	802
4900 - Other Income	10	0	11,216	0	0	40
Total Income	110,165	107,240	591,619	536,187	1,286,867	678,461
Expense						
5000 - Personnel Costs						
5010 - Compensation	27,603	33,750	134,849	168,750	405,000	179,096
5020 - Bonus Pool	0	0	0	0	10,000	0
5030 - Contract Labor / Temp Help	0	167	0	831	2,000	1,249
5035 - Instructor Compensation	20,724	14,083	90,459	70,419	169,000	78,056
5100 - Benefits & Taxes						
5110 - Health & Life Insurance	3,132	3,083	15,668	15,419	37,000	9,668
5115 - Wellness Benefit	83	42	421	206	500	478
5120 - Dental Insurance	315	333	1,573	1,669	4,000	974
5125 - Disability Insurance	191	267	954	1,331	3,200	934
5130 - Retirement Benefits	1,250	1,688	6,273	8,434	20,250	8,247
5160 - Payroll Taxes	3,875	3,415	19,933	17,078	40,983	22,678
5170 - Professional Development	0	83	0	419	1,000	0
5180 - Dues & Subscriptions	0	63	336	309	750	336
Total 5100 - Benefits & Taxes	8,846	8,974	45,158	44,865	107,683	43,315
Total 5000 - Personnel Costs	57,173	56,974	270,466	284,865	693,683	301,716
5300 - Travel & Entertainment						
5310 - Staff Travel Costs						
5310 - Staff Travel	0	167	249	831	2,000	708
5320 - Staff Lodging	0	167	0	831	2,000	454
5330 - Staff Mileage	0	125	287	625	1,500	334
5340 - Staff Meals	148	167	942	831	2,000	750
5350 - Staff Hospitality	168	125	168	625	1,500	47

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

May 31, 2019

	1 Month Actual	1 Month Budget	YTD Actual	YTD Budget	Annual Budget	Prior YTD 05/31/2018
5360 - Conference Registration Fees	0	42	175	206	500	290
Total 5310 - Staff Travel Costs	316	793	1,821	3,949	9,500	2,583
Total 5300 Travel & Entertainment	316	793	1,821	3,949	9,500	2,583
5600 - Professional Fees						
5610 - Legal Services	0	42	0	206	500	0
5620 - Audit & Tax Services	0	83	1,000	419	1,000	0
5630 - Accounting Services	2,100	2,200	13,071	11,000	26,400	12,769
Total 5600 - Professional Fees	2,100	2,325	14,071	11,625	27,900	12,769
5700 - Technology & Equipment						
5710 - Technology Consulting Service	0	3,750	10,803	18,750	45,000	7,761
5730 - Small Equipment Purchases	0	83	0	419	1,000	171
5740 - Equipment > \$1000	0	250	0	1,250	3,000	0
5750 - Equipment Lease Payments	1,208	600	3,467	3,000	7,200	3,549
5760 - Software & Licensing Fees	1,758	1,629	8,789	8,141	19,544	8,142
Total 5700 - Technology & Equipment	2,966	6,312	23,059	31,560	75,744	19,623
5900 - Office Costs						
5910 - Telephone	0	83	0	419	1,000	401
5920 - Postage	0	125	0	625	1,500	0
5925 - Shipping Expense	(38)	83	382	419	1,000	(1,127)
5926 - Sales Tax	(10)	0	(124)	0	0	47
5930 - Office Supplies	317	250	856	1,250	3,000	2,324
5935 - Supplies for Resale	0	83	0	419	1,000	1,007
5940 - Printing	0	42	10	206	500	0
5950 - Liability Insurance	0	83	0	419	1,000	0
5960 - Licenses and Fees	97	208	667	1,044	2,500	2,253
5970 - Bank & Credit Card Fees	3,189	3,217	14,026	16,087	38,606	18,962
5995 - IAR Management Fee (paid by ISRE)	7,100	7,100	35,500	35,500	85,200	35,500
Total 5900 - Office Costs	10,655	11,274	51,317	56,388	135,306	59,367
6100 - Facility Costs						
6110 - Office Rent & Parking	3,372	3,372	16,860	16,856	40,460	18,546
6150 - Janitorial-cleaning & supplies	0	167	325	831	2,000	875
6510 - Amortization	1,012	1,083	5,060	5,419	13,000	0
6520 - Depreciation Expense	425	333	2,125	1,669	4,000	0
Total 6100 - Facility Costs	4,809	4,955	24,370	24,775	59,460	19,421
7100 - Programmatic Costs						
7110 - Facility Rental	2,162	4,224	21,949	21,116	50,684	19,406

NO ASSURANCE IS PROVIDED. SEE SELECT INFORMATION.

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

May 31, 2019

	1 Month Actual	1 Month Budget	YTD Actual	YTD Budget	Annual Budget	Prior YTD 05/31/2018
7120 - Catering	349	526	2,522	2,618	6,300	1,476
7130 - Honorarium/Speaker Fees	0	1,209	6,175	6,037	14,500	12,276
7140 - Speaker Travel	1,368	1,667	4,719	8,331	20,000	8,095
7160 - Event Sponsorships	0	167	1,349	831	2,000	450
7165 - Contract Fees	2,053	333	4,757	1,669	4,000	1,750
7170 - Curriculum	5,571	8,031	65,700	40,156	96,373	71,800
7175 - Licensing-Big Broker	0	750	1,369	1,500	3,000	0
7210 - Website Development / Hosting	2,317	1,250	12,517	6,250	15,000	545
7230 - Distance Learning Portal	2,759	5,177	13,320	25,886	62,125	12,070
7260 - Advertising/Marketing	119	833	7,055	4,169	10,000	4,615
7310 - Other Program Costs	0	83	570	419	1,000	109
Total 7100 - Programmatic Costs	16,698	24,250	142,002	118,982	284,982	132,592
Total Expense	94,717	106,883	527,106	532,144	1,286,575	548,071
Net Income (Loss)	15,448	357	64,513	4,043	292	130,390

Indiana School of Real Estate
Statement of Cash Flows
Year To Date 05/31/2019

OPERATING ACTIVITIES

Net Income	64,513
Adjustments to reconcile Net Income to net cash provided by operations	
1200 - Accounts Receivable	(6,150)
1210 - Tuition Receivable	(6,386)
1310 - Prepaid Expense	26,637
1330 - Prepaid Curriculum	8,852
2010 - Accounts Payable	(3,678)
2211 - Due to IAR (from ISRE)	(79,571)
2430 - Unearned Registration Fees	18,822
Net cash provided by Operating Activities	23,039

INVESTING ACTIVITIES

1670 - Accum. Amortization- Capital Lease	2,920
1680 - Accum. Depreciation - FF&E	2,125
Net Cash provided by Investing Activities	5,045

FINANCING ACTIVITIES

1732 - Accum Amort - Capitalized Software	2,140
Net cash provided by Financing Activities	2,140
Net cash change for period	30,224
Cash at beginning of period	20,542
Cash at end of period	50,766

Indiana School of Real Estate, LLC
Historical and Budgeted Financial Statements
Selected Information
For the five months ended May 31, 2019 and Year Ending December 31, 2019

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 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 Budget Performance reports do not report changes in net assets 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 April 30, 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 July, 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 (decrease of 18% from prior year actual)
 - Continuing Education – 25% of total market share (increase of 27% from prior year actual)
 - Contract Service fees – decrease of 20% from prior year actual
 - Overall, total revenue is expected to decrease by 1% from prior year actual
- Salaries, benefits, and taxes are expected to remain steady from the prior year with fluctuations of less than 5%
- Curriculum expenses are expected to decrease by 15%, due to certain courses being fully amortized in 2019
- Expenses associated with distance learning portals are expected to increase by 48% due to increased sales of customized learning portals
- All other expenses are expected to remain steady with fluctuations of less than 10%.

Indiana School of Real Estate LLC
Budget Performance By Program (Summary)

For one month ending May 31, 2019

	100 - General	200 - Prelicensing Live	250 - Prelicensing Online	300 - Continuing Ed Live	350 - Continuing Ed Online	400 - Post- Licensing	402 - Transition Broker	404 - Managing Broker	410 - GRI	All Departments
Income										
4000 - Membership Income	0	5,744	32,887	20,063	21,844	9,558	0	3,150	(345)	92,901
4200 - Contract Fees & Event Income	0	0	7,712	8,182	707	472	0	0	0	17,073
4300 - Royalties, Rent & Product Sales	182	0	0	0	0	0	0	0	0	181
4900 - Other Income	10	0	0	0	0	0	0	0	0	10
Total Income	192	5,744	40,599	28,245	22,551	10,030	0	3,150	(345)	110,165
Expense										
5000 - Personnel Costs	36,450	10,301	122	10,300	0	0	0	0	0	57,173
5300 - Travel & Entertainment	316	0	0	0	0	0	0	0	0	316
5600 - Professional Fees	2,100	0	0	0	0	0	0	0	0	2,100
5700 - Technology & Equipment	2,966	0	0	0	0	0	0	0	0	2,966
5900 - Office Costs	12,158	(104)	(949)	0	0	(450)	0	0	0	10,655
6100 - Facility Costs	4,809	0	0	0	0	0	0	0	0	4,809
7100 - Programmatic Costs	4,074	1,291	1,947	4,912	3,526	697	24	144	83	16,698
Total Expense	62,873	11,488	1,120	15,212	3,526	247	24	144	83	94,717
Net Income (Loss)	(62,681)	(5,744)	39,479	13,033	19,025	9,783	(24)	3,006	(428)	15,448

Indiana School of Real Estate LLC
Budget Performance by Program (Summary)
For the five months ended May 31, 2019

	100 - General	200 - Prelicensing Live	250 - Prelicensing Online	300 - Continuing Ed Live	350 - Continuing Ed Online	400 - Post- Licensing	402 - Transition Broker	404 - Managing Broker	410 - GRI	450 - Bloom	All Departments
Income											
4000 - Membership Income	0	42,899	243,052	94,478	43,044	48,365	2,035	18,911	10,933	2,250	505,966
4200 - Contract Fees & Event Income	0	9,206	30,218	22,873	5,494	4,363	520	0	0	0	72,674
4300 - Royalties, Rent & Product Sales	840	823	0	0	0	0	0	0	100	0	1,763
4900 - Other Income	11,216	0	0	0	0	0	0	0	0	0	11,216
Total Income	12,056	52,928	273,270	117,351	48,538	52,728	2,555	18,911	11,033	2,250	591,619
Expense											
5000 - Personnel Costs	180,008	48,646	888	34,225	2,500	3,500	0	700	0	0	270,466
5300 - Travel & Entertainment	1,506	82	0	37	54	0	0	0	143	0	1,821
5600 - Professional Fees	14,071	0	0	0	0	0	0	0	0	0	14,071
5700 - Technology & Equipment	23,058	0	0	0	0	0	0	0	0	0	23,059
5900 - Office Costs	59,371	(873)	(5,221)	189	0	(2,150)	0	0	0	0	51,317
6100 - Facility Costs	24,370	0	0	0	0	0	0	0	0	0	24,370
7100 - Programmatic Costs	36,680	16,870	24,964	21,363	15,930	17,281	192	888	4,991	2,844	142,002
Total Expense	339,064	64,725	20,631	55,814	18,484	18,631	192	1,588	5,134	2,844	527,106
Net Income (Loss)	(327,008)	(11,797)	252,639	61,537	30,054	34,097	2,363	17,323	5,899	(594)	64,513