

Indiana School of Real Estate

August 2019

EXECUTIVE SUMMARY

Balance Sheet:

1. The School's cash balance decreased by \$32,000 during August with an ending balance of \$61,000. This decrease is due to transfer to IAR for monthly expenses.
2. Tuition receivable decreased by \$2,000 due to payments received for courses with an ending balance of \$5,000.
3. Prepaid expenses decreased by \$4,000 due to amortization of expenses for the month with an ending balance of \$8,000.
4. Prepaid Curriculum increased by \$4,000 due to expenses incurred for new courses not yet launched. Ending balance for Prepaid Curriculum was \$93,000 and will be amortized over the estimated life of the courses.
5. Accounts Payable decreased by \$10,000 due to payment of various invoices – ending balance was \$8,000.
6. Unearned registration fees increased by \$10,000 due to August activity. The ending balance was \$38,500 which represents courses that have been paid for with start dates after August.
7. The amount Due to IAR decreased by \$24,000 during the month with an ending balance of \$212,000.

Income Statement:

8. The School had net loss for the month of (\$12,000) compared to budgeted net income of less than \$1,000.
9. YTD, the School had net income of \$121,000 compared to budgeted net income of \$7,000.
10. Compared to the prior year, YTD net income was \$23,000 or 16% lower, due to a decrease in pre-license revenue.
11. Total revenue for August was \$71,000 and was below the monthly budget of \$107,000 by \$36,000 or 34%.
12. YTD revenue was \$936,500 vs budget of \$858,000 – over budget by \$79,000 or 9%.
13. Compared to the prior year, YTD total revenue was lower by \$56,000 or 6%, mostly due to a decrease in pre-license revenue.
14. Total expenses for August were \$83,000 vs budget of \$107,000 – under budget by \$24,000 or 22% mostly due to personnel and technology consulting.
15. Total expenses YTD were \$816,000 vs budget of \$851,000 – under budget by \$36,000 or 4% mostly due to personnel, technology consulting, and bank/credit card fees.
16. Compared to the prior year, YTD expenses were lower by \$33,000 or 4% mostly due to personnel and bank/credit card fees, net of increased costs for amortization/depreciation due to this being recorded on a monthly basis in 2019, but only recorded at year end in the prior year, and also increased costs in facility rental and website development/hosting.

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

August 31, 2019

	08/31/2019	07/31/2019	Difference
ASSETS			
Current Assets			
Checking/Savings			
1000 - Cash Accounts			
1022 - ISRE Checking	60,898	92,830	(31,933)
Total 1000 - Cash Accounts	<u>60,898</u>	<u>92,830</u>	<u>(31,933)</u>
Total Checking/Savings	60,898	92,830	(31,933)
Other Current Assets			
1200 - Accounts Receivable			
1200 - Accounts Receivable	18,144	18,018	127
1210 - Tuition Receivable	5,183	7,021	(1,838)
Total 1200 - Accounts Receivable	<u>23,327</u>	<u>25,039</u>	<u>(1,711)</u>
1300 - Other Current Assets			
1310 - Prepaid Expense	7,557	11,440	(3,884)
1330 - Prepaid Curriculum	93,189	89,179	4,011
1350 - Other Deposits	1,559	1,560	0
Total 1300 - Other Current Assets	<u>102,305</u>	<u>102,179</u>	<u>127</u>
Total Other Current Assets	<u>125,632</u>	<u>127,218</u>	<u>(1,584)</u>
Total Current Assets	<u>186,530</u>	<u>220,048</u>	<u>(33,517)</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	29,176	0
Total 1605 - Land, Buildings & Equipment	<u>58,661</u>	<u>58,661</u>	<u>0</u>
1655 - Accumulated Depreciation			
1670 - Accum. Amortization- Capital Lease	(24,332)	(23,749)	(584)
1680 - Accum. Depreciation - FF&E	(23,534)	(23,109)	(425)
Total 1655 - Accumulated Depreciation	<u>(47,866)</u>	<u>(46,858)</u>	<u>(1,009)</u>
Total 1600 - Fixed Assets, Net of Deprec.	<u>10,795</u>	<u>11,803</u>	<u>(1,009)</u>
Total Fixed Assets	<u>10,795</u>	<u>11,803</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	(29,112)	(28,683)	(428)
Total 1700 - Capitalized Loan and Lease Costs	<u>1,713</u>	<u>2,142</u>	<u>(428)</u>
Total Other Assets	<u>1,713</u>	<u>2,142</u>	<u>(428)</u>
Total ASSETS	<u>199,038</u>	<u>233,993</u>	<u>(34,954)</u>
LIABILITIES & EQUITY			
Liabilities			
Current Liabilities			
Accounts Payable			
2010 - Accounts Payable	7,680	17,211	(9,531)
Total Accounts Payable	<u>7,680</u>	<u>17,211</u>	<u>(9,531)</u>
Other Current Liabilities			
2025 - Other Current Liabilities			
2200 - GFC Lease Payable	10,601	10,601	0

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

August 31, 2019

	08/31/2019	07/31/2019	Difference
2040 - Accrued Payables	5,082	5,082	0
Total 2025 - Other Current Liabilities	15,683	15,683	0
2400 - Deferred Dues & Other Revenue			
2430 - Unearned Registration Fees	38,550	28,468	10,081
Total 2400 - Deferred Dues & Other Revenue	38,550	28,468	10,081
Total Other Current Liabilities	54,233	44,151	10,081
Total Current Liabilities	61,913	61,362	550
Other Liabilities			
2200 - Intercompany Loans Payable			
2211 - Due to IAR (from ISRE)	211,694	235,220	(23,525)
Total 2200 - Intercompany Loans Payable	211,694	235,220	(23,525)
Total - Other Liabilities	211,694	235,220	(23,525)
Total Liabilities	273,607	296,582	(22,975)
EQUITY			
Member Capital			
Undesignated	(74,569)	(62,589)	(11,979)
Total Member Capital	(74,569)	(62,589)	(11,979)
Total Equity	(74,569)	(62,589)	(11,979)
Total LIABILITIES & EQUITY	199,038	233,993	(34,954)

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

August 31, 2019

	1 Month Actual	1 Month Budget	YTD Actual	YTD Budget	Annual Budget	Prior YTD Actual
Income						
4000 - Membership Income	60,956	95,536	805,478	764,289	1,146,433	846,326
4200 - Contract Fees & Event Income	10,267	11,662	117,680	93,286	139,934	145,038
4300 - Royalties, Rent & Product Sales	50	42	2,130	332	500	1,285
4900 - Other Income	0	0	11,256	0	0	40
Total Income	<u>71,273</u>	<u>107,240</u>	<u>936,544</u>	<u>857,907</u>	<u>1,286,867</u>	<u>992,689</u>
Expense						
5000 - Personnel Costs	40,234	56,974	407,184	455,787	693,683	461,448
5300 - Travel & Entertainment	1,837	793	4,990	6,328	9,500	4,913
5600 - Professional Fees	2,194	2,325	22,434	18,600	27,900	19,434
5700 - Technology & Equipment	2,016	6,312	34,943	50,496	75,744	32,325
5900 - Office Costs	9,390	11,274	81,169	90,210	135,306	93,218
6100 - Facility Costs	5,134	4,955	39,122	39,640	59,460	30,118
7100 - Programmatic Costs	22,447	24,250	225,781	190,232	284,982	207,505
Total Expense	<u>83,252</u>	<u>106,883</u>	<u>815,623</u>	<u>851,293</u>	<u>1,286,575</u>	<u>848,961</u>
Net Income (Loss)	<u>(11,979)</u>	<u>357</u>	<u>120,921</u>	<u>6,614</u>	<u>292</u>	<u>143,728</u>

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

August 31, 2019

	1 Month Actual	1 Month Budget	YTD Actual	YTD Budget	Annual Budget	Prior YTD 08/31/2018
Income						
4000 - Membership Income						
4001 - Registrations -- Members	9,266	46,882	382,070	375,057	562,585	363,470
4011 - Registrations -- Non-members	51,690	48,654	423,408	389,232	583,848	482,856
Total 4000 - Membership Income	60,956	95,536	805,478	764,289	1,146,433	846,326
4200 - Contract Fees & Event Income						
4200 - Contract Service Fees, Broker	8,003	8,041	86,344	64,320	96,484	115,496
4210 - Contract Service Fees, Local	2,264	3,621	31,336	28,966	43,450	29,542
Total 4200 - Contract Fees & Event Income	10,267	11,662	117,680	93,286	139,934	145,038
4300 - Royalties, Rent & Product Sales	50	42	2,130	332	500	1,285
4900 - Other Income	0	0	11,256	0	0	40
Total Income	71,273	107,240	936,544	857,907	1,286,867	992,689
Expense						
5000 - Personnel Costs						
5010 - Compensation	26,111	33,750	215,750	270,000	405,000	271,109
5020 - Bonus Pool	0	0	0	0	10,000	0
5030 - Contract Labor / Temp Help	0	167	0	1,332	2,000	1,609
5035 - Instructor Compensation	6,488	14,083	122,431	112,668	169,000	121,925
5100 - Benefits & Taxes						
5110 - Health & Life Insurance	3,132	3,083	25,065	24,668	37,000	15,529
5115 - Wellness Benefit	84	42	695	332	500	740
5120 - Dental Insurance	314	333	2,516	2,668	4,000	1,558
5125 - Disability Insurance	191	267	1,528	2,132	3,200	1,484
5130 - Retirement Benefits	1,251	1,688	10,060	13,498	20,250	12,305
5160 - Payroll Taxes	2,663	3,415	28,803	27,323	40,983	33,704
5170 - Professional Development	0	83	0	668	1,000	1,000
5180 - Dues & Subscriptions	0	63	336	498	750	485
Total 5100 - Benefits & Taxes	7,635	8,974	69,003	71,787	107,683	66,805
Total 5000 - Personnel Costs	40,234	56,974	407,184	455,787	693,683	461,448
5300 - Travel & Entertainment						
5310 - Staff Travel Costs						
5310 - Staff Travel	838	167	1,261	1,332	2,000	709
5320 - Staff Lodging	254	167	533	1,332	2,000	637
5330 - Staff Mileage	177	125	939	1,000	1,500	748
5340 - Staff Meals	568	167	1,801	1,332	2,000	2,477
5350 - Staff Hospitality	0	125	281	1,000	1,500	52

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

August 31, 2019

	1 Month Actual	1 Month Budget	YTD Actual	YTD Budget	Annual Budget	Prior YTD 08/31/2018
5360 - Conference Registration Fees	0	42	175	332	500	290
Total 5310 - Staff Travel Costs	1,837	793	4,990	6,328	9,500	4,913
Total 5300 Travel & Entertainment	1,837	793	4,990	6,328	9,500	4,913
5600 - Professional Fees						
5610 - Legal Services	0	42	0	332	500	0
5620 - Audit & Tax Services	0	83	1,000	668	1,000	0
5630 - Accounting Services	2,194	2,200	21,434	17,600	26,400	19,434
Total 5600 - Professional Fees	2,194	2,325	22,434	18,600	27,900	19,434
5700 - Technology & Equipment						
5710 - Technology Consulting Service	0	3,750	15,444	30,000	45,000	7,839
5730 - Small Equipment Purchases	0	83	874	668	1,000	315
5740 - Equipment > \$1000	0	250	0	2,000	3,000	5,881
5750 - Equipment Lease Payments	481	600	5,232	4,800	7,200	5,135
5760 - Software & Licensing Fees	1,535	1,629	13,393	13,028	19,544	13,155
Total 5700 - Technology & Equipment	2,016	6,312	34,943	50,496	75,744	32,325
5900 - Office Costs						
5910 - Telephone	0	83	0	668	1,000	802
5920 - Postage	0	125	0	1,000	1,500	640
5925 - Shipping Expense	100	83	849	668	1,000	(996)
5926 - Sales Tax	(4)	0	(600)	0	0	(7)
5930 - Office Supplies	69	250	1,232	2,000	3,000	3,750
5935 - Supplies for Resale	0	83	0	668	1,000	1,008
5940 - Printing	0	42	9	332	500	147
5950 - Liability Insurance	0	83	0	668	1,000	581
5960 - Licenses and Fees	97	208	974	1,668	2,500	2,553
5970 - Bank & Credit Card Fees	2,028	3,217	21,905	25,738	38,606	27,940
5995 - IAR Management Fee (paid by ISRE)	7,100	7,100	56,800	56,800	85,200	56,800
Total 5900 - Office Costs	9,390	11,274	81,169	90,210	135,306	93,218
6100 - Facility Costs						
6110 - Office Rent & Parking	3,372	3,372	26,976	26,972	40,460	28,662
6150 - Janitorial-cleaning & supplies	325	167	650	1,332	2,000	875
6170 - Property Insurance	0	0	0	0	0	581
6510 - Amortization	1,012	1,083	8,096	8,668	13,000	0
6520 - Depreciation Expense	425	333	3,400	2,668	4,000	0
Total 6100 - Facility Costs	5,134	4,955	39,122	39,640	59,460	30,118
7100 - Programmatic Costs						

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

August 31, 2019

	1 Month Actual	1 Month Budget	YTD Actual	YTD Budget	Annual Budget	Prior YTD 08/31/2018
7110 - Facility Rental	3,464	4,224	36,386	33,788	50,684	30,889
7120 - Catering	0	526	3,239	4,196	6,300	2,391
7130 - Honorarium/Speaker Fees	0	1,209	6,175	9,664	14,500	12,651
7140 - Speaker Travel	1,425	1,667	9,687	13,332	20,000	13,121
7160 - Event Sponsorships	0	167	1,649	1,332	2,000	450
7165 - Contract Fees	500	333	10,540	2,668	4,000	10,325
7170 - Curriculum	3,435	8,031	89,898	64,249	96,373	94,310
7175 - Licensing-Big Broker	1,317	750	2,686	2,250	3,000	0
7210 - Website Development / Hosting	2,447	1,250	19,597	10,000	15,000	870
7230 - Distance Learning Portal	9,323	5,177	36,763	41,417	62,125	35,263
7260 - Advertising/Marketing	536	833	7,591	6,668	10,000	7,126
7310 - Other Program Costs	0	83	1,570	668	1,000	109
Total 7100 - Programmatic Costs	<u>22,447</u>	<u>24,250</u>	<u>225,781</u>	<u>190,232</u>	<u>284,982</u>	<u>207,505</u>
Total Expense	<u>83,252</u>	<u>106,883</u>	<u>815,623</u>	<u>851,293</u>	<u>1,286,575</u>	<u>848,961</u>
Net Income (Loss)	<u>(11,979)</u>	<u>357</u>	<u>120,921</u>	<u>6,614</u>	<u>292</u>	<u>143,728</u>

Indiana School of Real Estate Statement of Cash Flows

Year To Date 08/31/2019

OPERATING ACTIVITIES

Net Income	<u>120,921</u>
Adjustments to reconcile Net Income to net cash provided by operations	
1200 - Accounts Receivable	(12,915)
1210 - Tuition Receivable	(5,016)
1310 - Prepaid Expense	38,290
1330 - Prepaid Curriculum	5,937
2010 - Accounts Payable	(2,965)
2211 - Due to IAR (from ISRE)	(115,006)
2430 - Unearned Registration Fees	(386)
Net cash provided by Operating Activities	<u>28,860</u>

INVESTING ACTIVITIES

1670 - Accum. Amortization- Capital Lease	4,672
1680 - Accum. Depreciation - FF&E	3,400
Net Cash provided by Investing Activities	<u>8,072</u>

FINANCING ACTIVITIES

1732 - Accum Amort - Capitalized Software	3,424
Net cash provided by Financing Activities	<u>3,424</u>
Net cash change for period	40,356
Cash at beginning of period	<u>20,542</u>
Cash at end of period	<u>60,898</u>

Indiana School of Real Estate, LLC
Historical and Budgeted Financial Statements
Selected Information

For the eight months ended August 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 July 31, 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%.