

Indiana School of Real Estate

September 2019

EXECUTIVE SUMMARY

Balance Sheet:

1. The School's cash balance decreased by \$20,000 during September with an ending balance of \$41,000. This decrease is due to transfer to IAR for monthly expenses.
2. Accounts Receivable decreased by \$2,000 due to payments received for outstanding invoices with an ending balance of \$16,000.
3. Tuition receivable increased by \$1,500 due to courses ordered but not yet paid for. Ending balance was \$7,000.
4. Prepaid expenses increased by \$17,000 mostly due to amount paid for annual Xenegrade license which will be amortized over the next 12 months. Ending balance was \$25,000.
5. Prepaid Curriculum decreased by \$1,000 with an ending balance of \$92,000 – this balance will be amortized over the estimated life of the courses.
6. Accounts Payable decreased slightly with an ending balance of \$7,000.
7. Unearned registration fees decreased by \$13,000 due to courses held in September. The ending balance was \$25,000 which represents courses that have been paid for with start dates after September.
8. The amount Due to IAR decreased by \$12,500 during the month with an ending balance of \$199,000.

Income Statement:

9. The School had net income for the month of \$21,000 compared to budgeted net income of \$1,000.
10. YTD, the School had net income of \$142,000 compared to budgeted net income of \$8,000.
11. Compared to the prior year, YTD net income was higher than the prior YTD net income of \$138,000 by \$4,000 or 3%.
12. Total revenue for September was \$98,000 and was below the monthly budget of \$107,000 by \$9,000 or 8%.
13. YTD revenue was \$1,035,000 vs budget of \$965,000 – over budget by \$70,000 or 7%.
14. Compared to the prior year, YTD total revenue was lower by \$21,000 or 2%, mostly due to a decrease in contract revenue.
15. Total expenses for September were \$77,000 vs budget of \$106,000 – under budget by \$29,000 or 27% mostly due to personnel and technology consulting.
16. Total expenses YTD were \$893,000 vs budget of \$957,000 – under budget by \$65,000 or 7% mostly due to personnel, technology consulting, and bank/credit card fees.
17. Compared to the prior year, YTD expenses were lower by \$26,000 or 3% 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)
September 30, 2019

	09/30/2019	08/31/2019	Difference
ASSETS			
Current Assets			
Checking/Savings			
1000 - Cash Accounts			
1022 - ISRE Checking	41,115	60,898	(19,783)
Total 1000 - Cash Accounts	<u>41,115</u>	<u>60,898</u>	<u>(19,783)</u>
Total Checking/Savings	41,115	60,898	(19,783)
Other Current Assets			
1200 - Accounts Receivable			
1200 - Accounts Receivable	16,107	18,144	(2,037)
1210 - Tuition Receivable	6,681	5,183	1,498
Total 1200 - Accounts Receivable	<u>22,788</u>	<u>23,327</u>	<u>(539)</u>
1300 - Other Current Assets			
1310 - Prepaid Expense	24,517	7,557	16,960
1330 - Prepaid Curriculum	92,294	93,189	(895)
1350 - Other Deposits	1,559	1,559	0
Total 1300 - Other Current Assets	<u>118,370</u>	<u>102,305</u>	<u>16,065</u>
Total Other Current Assets	<u>141,158</u>	<u>125,632</u>	<u>15,526</u>
Total Current Assets	<u>182,273</u>	<u>186,530</u>	<u>(4,257)</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	(24,916)	(24,332)	(584)
1680 - Accum. Depreciation - FF&E	(23,959)	(23,534)	(425)
Total 1655 - Accumulated Depreciation	<u>(48,875)</u>	<u>(47,866)</u>	<u>(1,009)</u>
Total 1600 - Fixed Assets, Net of Deprec.	<u>9,786</u>	<u>10,795</u>	<u>(1,009)</u>
Total Fixed Assets	<u>9,786</u>	<u>10,795</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	(29,540)	(29,112)	(428)
Total 1700 - Capitalized Loan and Lease Costs	<u>1,285</u>	<u>1,713</u>	<u>(428)</u>
Total Other Assets	<u>1,285</u>	<u>1,713</u>	<u>(428)</u>
Total ASSETS	<u>193,344</u>	<u>199,038</u>	<u>(5,694)</u>
LIABILITIES & EQUITY			
Liabilities			
Current Liabilities			
Accounts Payable			
2010 - Accounts Payable	6,888	7,680	(792)
Total Accounts Payable	<u>6,888</u>	<u>7,680</u>	<u>(792)</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)**

September 30, 2019

	09/30/2019	08/31/2019	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	25,061	38,550	(13,489)
Total 2400 - Deferred Dues & Other Revenue	25,061	38,550	(13,489)
Total Other Current Liabilities	40,744	54,233	(13,489)
Total Current Liabilities	47,632	61,913	(14,281)
Other Liabilities			
2200 - Intercompany Loans Payable			
2211 - Due to IAR (from ISRE)	199,106	211,694	(12,588)
Total 2200 - Intercompany Loans Payable	199,106	211,694	(12,588)
Total - Other Liabilities	199,106	211,694	(12,588)
Total Liabilities	246,738	273,607	(26,869)
EQUITY			
Member Capital			
Undesignated	(53,394)	(74,569)	21,175
Total Member Capital	(53,394)	(74,569)	21,175
Total Equity	(53,394)	(74,569)	21,175
Total LIABILITIES & EQUITY	193,344	199,038	(5,694)

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

September 30, 2019

	1 Month Actual	1 Month Budget	YTD Actual	YTD Budget	Annual Budget	Prior YTD Actual
Income						
4000 - Membership Income	95,200	95,536	900,678	859,825	1,146,433	900,728
4200 - Contract Fees & Event Income	3,056	11,662	120,736	104,948	139,934	153,882
4300 - Royalties, Rent & Product Sales	125	42	2,255	374	500	1,602
4900 - Other Income	10	0	11,266	0	0	60
Total Income	<u>98,391</u>	<u>107,240</u>	<u>1,034,935</u>	<u>965,147</u>	<u>1,286,867</u>	<u>1,056,272</u>
Expense						
5000 - Personnel Costs	45,614	56,974	452,798	512,761	693,683	503,664
5300 - Travel & Entertainment	55	793	5,044	7,121	9,500	5,061
5600 - Professional Fees	3,011	2,325	25,445	20,925	27,900	21,550
5700 - Technology & Equipment	1,585	6,312	36,528	56,808	75,744	34,525
5900 - Office Costs	9,210	11,274	90,380	101,484	135,306	102,191
6100 - Facility Costs	4,809	4,955	43,931	44,595	59,460	33,490
7100 - Programmatic Costs	12,932	23,500	238,713	213,732	284,982	217,945
Total Expense	<u>77,216</u>	<u>106,133</u>	<u>892,839</u>	<u>957,426</u>	<u>1,286,575</u>	<u>918,426</u>
Net Income (Loss)	<u>21,175</u>	<u>1,107</u>	<u>142,096</u>	<u>7,721</u>	<u>292</u>	<u>137,846</u>

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

September 30, 2019

	1 Month Actual	1 Month Budget	YTD Actual	YTD Budget	Annual Budget	Prior YTD 09/30/2018
Income						
4000 - Membership Income						
4001 - Registrations -- Members	18,286	46,882	400,356	421,939	562,585	373,115
4011 - Registrations -- Non-members	76,914	48,654	500,322	437,886	583,848	527,613
Total 4000 - Membership Income	95,200	95,536	900,678	859,825	1,146,433	900,728
4200 - Contract Fees & Event Income						
4200 - Contract Service Fees, Broker	2,796	8,041	89,140	72,361	96,484	124,340
4210 - Contract Service Fees, Local	260	3,621	31,596	32,587	43,450	29,542
Total 4200 - Contract Fees & Event Income	3,056	11,662	120,736	104,948	139,934	153,882
4300 - Royalties, Rent & Product Sales	125	42	2,255	374	500	1,602
4900 - Other Income	10	0	11,266	0	0	60
Total Income	98,391	107,240	1,034,935	965,147	1,286,867	1,056,272
Expense						
5000 - Personnel Costs						
5010 - Compensation	25,979	33,750	241,728	303,750	405,000	297,661
5020 - Bonus Pool	0	0	0	0	10,000	0
5030 - Contract Labor / Temp Help	0	167	0	1,499	2,000	1,609
5035 - Instructor Compensation	11,955	14,083	134,386	126,751	169,000	130,939
5100 - Benefits & Taxes						
5110 - Health & Life Insurance	3,132	3,083	28,198	27,751	37,000	17,476
5115 - Wellness Benefit	84	42	778	374	500	828
5120 - Dental Insurance	314	333	2,831	3,001	4,000	1,752
5125 - Disability Insurance	191	267	1,719	2,399	3,200	1,653
5130 - Retirement Benefits	1,251	1,688	11,311	15,186	20,250	13,520
5160 - Payroll Taxes	2,708	3,415	31,512	30,738	40,983	36,741
5170 - Professional Development	0	83	0	751	1,000	1,000
5180 - Dues & Subscriptions	0	63	335	561	750	485
Total 5100 - Benefits & Taxes	7,680	8,974	76,684	80,761	107,683	73,455
Total 5000 - Personnel Costs	45,614	56,974	452,798	512,761	693,683	503,664
5300 - Travel & Entertainment						
5310 - Staff Travel Costs						
5310 - Staff Travel	0	167	1,261	1,499	2,000	709
5320 - Staff Lodging	0	167	533	1,499	2,000	637
5330 - Staff Mileage	55	125	994	1,125	1,500	896
5340 - Staff Meals	0	167	1,801	1,499	2,000	2,476
5350 - Staff Hospitality	0	125	280	1,125	1,500	53

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

September 30, 2019

	1 Month Actual	1 Month Budget	YTD Actual	YTD Budget	Annual Budget	Prior YTD 09/30/2018
5360 - Conference Registration Fees	0	42	175	374	500	290
Total 5310 - Staff Travel Costs	55	793	5,044	7,121	9,500	5,061
Total 5300 Travel & Entertainment	55	793	5,044	7,121	9,500	5,061
5600 - Professional Fees						
5610 - Legal Services	0	42	0	374	500	0
5620 - Audit & Tax Services	0	83	1,000	751	1,000	0
5630 - Accounting Services	3,011	2,200	24,445	19,800	26,400	21,550
Total 5600 - Professional Fees	3,011	2,325	25,445	20,925	27,900	21,550
5700 - Technology & Equipment						
5710 - Technology Consulting Service	0	3,750	15,444	33,750	45,000	7,839
5730 - Small Equipment Purchases	0	83	874	751	1,000	315
5740 - Equipment > \$1000	0	250	0	2,250	3,000	5,880
5750 - Equipment Lease Payments	50	600	5,282	5,400	7,200	5,665
5760 - Software & Licensing Fees	1,535	1,629	14,928	14,657	19,544	14,826
Total 5700 - Technology & Equipment	1,585	6,312	36,528	56,808	75,744	34,525
5900 - Office Costs						
5910 - Telephone	0	83	0	751	1,000	802
5920 - Postage	0	125	0	1,125	1,500	640
5925 - Shipping Expense	(62)	83	788	751	1,000	(1,568)
5926 - Sales Tax	(7)	0	(607)	0	0	(21)
5930 - Office Supplies	58	250	1,289	2,250	3,000	3,807
5935 - Supplies for Resale	0	83	0	751	1,000	1,008
5940 - Printing	0	42	10	374	500	147
5950 - Liability Insurance	0	83	0	751	1,000	581
5960 - Licenses and Fees	97	208	1,071	1,876	2,500	2,750
5970 - Bank & Credit Card Fees	2,024	3,217	23,929	28,955	38,606	30,145
5995 - IAR Management Fee (paid by ISRE)	7,100	7,100	63,900	63,900	85,200	63,900
Total 5900 - Office Costs	9,210	11,274	90,380	101,484	135,306	102,191
6100 - Facility Costs						
6110 - Office Rent & Parking	3,372	3,372	30,348	30,344	40,460	32,034
6150 - Janitorial-cleaning & supplies	0	167	650	1,499	2,000	875
6170 - Property Insurance	0	0	0	0	0	581
6510 - Amortization	1,012	1,083	9,108	9,751	13,000	0
6520 - Depreciation Expense	425	333	3,825	3,001	4,000	0
Total 6100 - Facility Costs	4,809	4,955	43,931	44,595	59,460	33,490
7100 - Programmatic Costs						

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

September 30, 2019

	1 Month Actual	1 Month Budget	YTD Actual	YTD Budget	Annual Budget	Prior YTD 09/30/2018
7110 - Facility Rental	3,464	4,224	39,851	38,012	50,684	34,051
7120 - Catering	1,499	526	4,736	4,722	6,300	2,391
7130 - Honorarium/Speaker Fees	0	1,209	6,175	10,873	14,500	12,651
7140 - Speaker Travel	0	1,667	9,688	14,999	20,000	14,668
7160 - Event Sponsorships	0	167	1,649	1,499	2,000	700
7165 - Contract Fees	0	333	10,540	3,001	4,000	10,658
7170 - Curriculum	3,150	8,031	93,048	72,280	96,373	97,347
7175 - Licensing-Big Broker	0	0	2,686	2,250	3,000	0
7210 - Website Development / Hosting	3,291	1,250	22,888	11,250	15,000	870
7230 - Distance Learning Portal	1,467	5,177	38,229	46,594	62,125	37,373
7260 - Advertising/Marketing	0	833	7,592	7,501	10,000	7,126
7310 - Other Program Costs	61	83	1,631	751	1,000	110
Total 7100 - Programmatic Costs	<u>12,932</u>	<u>23,500</u>	<u>238,713</u>	<u>213,732</u>	<u>284,982</u>	<u>217,945</u>
Total Expense	<u>77,216</u>	<u>106,133</u>	<u>892,839</u>	<u>957,426</u>	<u>1,286,575</u>	<u>918,426</u>
Net Income (Loss)	<u>21,175</u>	<u>1,107</u>	<u>142,096</u>	<u>7,721</u>	<u>292</u>	<u>137,846</u>

Indiana School of Real Estate Statement of Cash Flows

Year To Date 09/30/2019

OPERATING ACTIVITIES

Net Income	<u>142,096</u>
Adjustments to reconcile Net Income to net cash provided by operations	
1200 - Accounts Receivable	(10,877)
1210 - Tuition Receivable	(6,514)
1310 - Prepaid Expense	21,329
1330 - Prepaid Curriculum	6,832
2010 - Accounts Payable	(3,757)
2211 - Due to IAR (from ISRE)	(127,594)
2430 - Unearned Registration Fees	(13,875)
Net cash provided by Operating Activities	<u>7,640</u>

INVESTING ACTIVITIES

1670 - Accum. Amortization- Capital Lease	5,256
1680 - Accum. Depreciation - FF&E	3,825
Net Cash provided by Investing Activities	<u>9,081</u>

FINANCING ACTIVITIES

1732 - Accum Amort - Capitalized Software	3,852
Net cash provided by Financing Activities	<u>3,852</u>

Net cash change for period 20,573

Cash at beginning of period 20,542

Cash at end of period 41,115

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

For the nine months ended September 30, 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 August 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%.