

Indiana School of Real Estate

October 2019

EXECUTIVE SUMMARY

Balance Sheet:

1. The School's cash balance decreased by \$3,000 during October with an ending balance of \$38,000. This decrease is due to transfer to IAR for monthly expenses.
2. Accounts Receivable decreased by \$6,000 due to payments received for outstanding invoices with an ending balance of \$10,000.
3. Tuition receivable decreased slightly with an ending balance of \$6,000.
4. Prepaid expenses decreased by \$3,000 due to amortization of expenses for October. Ending balance was \$22,000.
5. Prepaid Curriculum decreased by \$4,000 with an ending balance of \$89,000 – this balance will be amortized over the estimated life of the courses.
6. Accounts Payable increased by \$6,000 with an ending balance of \$13,000.
7. Unearned registration fees increased by \$6,000 due to October activity. The ending balance was \$31,000 which represents courses that have been paid for with start dates after October.
8. The amount Due to IAR decreased slightly with an ending balance of \$199,000.

Income Statement:

9. The School had net loss for the month of (\$29,000) compared to budgeted net income of \$1,000.
10. YTD, the School had net income of \$113,000 compared to budgeted net income of \$9,000.
11. Compared to the prior year, YTD net income was lower than the prior YTD net income of \$175,000 by \$62,000 or 36%.
12. Total revenue for October was \$81,000 and was below the monthly budget of \$107,000 by \$27,000 or 25%.
13. YTD revenue was \$1,116,000 vs budget of \$1,072,000 – over budget by \$43,000 or 4%.
14. Compared to the prior year, YTD total revenue was lower by \$56,000 or 5%, mostly due to a decrease in pre-license and contract revenue.
15. Total expenses for October were \$110,000 vs budget of \$106,000 – over budget by \$3,000 or 3% mostly due to technology consulting.
16. Total expenses YTD were \$1,003,000 vs budget of \$1,064,000 – under budget by \$61,000 or 6% mostly due to personnel, technology consulting, and bank/credit card fees.
17. Compared to the prior year, YTD expenses were higher by \$6,000 or 1%, with personnel and office costs being under budget and most other categories being over budget.

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

October 31, 2019

	10/31/2019	09/30/2019	Difference
ASSETS			
Current Assets			
Checking/Savings			
1000 - Cash Accounts			
1022 - ISRE Checking	37,683	41,115	(3,431)
Total 1000 - Cash Accounts	<u>37,683</u>	<u>41,115</u>	<u>(3,431)</u>
Total Checking/Savings	37,683	41,115	(3,431)
Other Current Assets			
1200 - Accounts Receivable			
1200 - Accounts Receivable	10,481	16,107	(5,627)
1210 - Tuition Receivable	5,899	6,681	(782)
Total 1200 - Accounts Receivable	<u>16,380</u>	<u>22,788</u>	<u>(6,409)</u>
1300 - Other Current Assets			
1310 - Prepaid Expense	21,802	24,517	(2,714)
1330 - Prepaid Curriculum	88,695	92,294	(3,600)
1350 - Other Deposits	1,559	1,559	0
Total 1300 - Other Current Assets	<u>112,056</u>	<u>118,370</u>	<u>(6,314)</u>
Total Other Current Assets	<u>128,436</u>	<u>141,158</u>	<u>(12,723)</u>
Total Current Assets	<u>166,119</u>	<u>182,273</u>	<u>(16,154)</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	(25,500)	(24,916)	(584)
1680 - Accum. Depreciation - FF&E	(24,385)	(23,959)	(425)
Total 1655 - Accumulated Depreciation	<u>(49,885)</u>	<u>(48,875)</u>	<u>(1,009)</u>
Total 1600 - Fixed Assets, Net of Deprec.	<u>8,776</u>	<u>9,786</u>	<u>(1,009)</u>
Total Fixed Assets	<u>8,776</u>	<u>9,786</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	(29,967)	(29,540)	(428)
Total 1700 - Capitalized Loan and Lease Costs	<u>858</u>	<u>1,285</u>	<u>(428)</u>
Total Other Assets	<u>858</u>	<u>1,285</u>	<u>(428)</u>
Total ASSETS	<u>175,753</u>	<u>193,344</u>	<u>(17,591)</u>
LIABILITIES & EQUITY			
Liabilities			
Current Liabilities			
Accounts Payable			
2010 - Accounts Payable	13,162	7,020	6,142
Total Accounts Payable	<u>13,162</u>	<u>7,020</u>	<u>6,142</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)**

October 31, 2019

	10/31/2019	09/30/2019	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	30,703	25,061	5,643
Total 2400 - Deferred Dues & Other Revenue	30,703	25,061	5,643
Total Other Current Liabilities	46,387	40,744	5,643
Total Current Liabilities	59,549	47,764	11,785
Other Liabilities			
2200 - Intercompany Loans Payable			
2211 - Due to IAR (from ISRE)	198,728	199,106	(378)
Total 2200 - Intercompany Loans Payable	198,728	199,106	(378)
Total - Other Liabilities	198,728	199,106	(378)
Total Liabilities	258,277	246,870	11,407
EQUITY			
Member Capital			
Undesignated	(82,524)	(53,526)	(28,998)
Total Member Capital	(82,524)	(53,526)	(28,998)
Total Equity	(82,524)	(53,526)	(28,998)
Total LIABILITIES & EQUITY	175,753	193,344	(17,591)

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

October 31, 2019

	1 Month Actual	1 Month Budget	YTD Actual	YTD Budget	Annual Budget	Prior YTD Actual
Income						
4000 - Membership Income	63,261	95,536	963,939	955,361	1,146,433	1,007,367
4200 - Contract Fees & Event Income	17,359	11,662	138,094	116,610	139,934	162,480
4300 - Royalties, Rent & Product Sales	0	42	2,255	416	500	1,748
4900 - Other Income	0	0	11,266	0	0	60
Total Income	<u>80,620</u>	<u>107,240</u>	<u>1,115,554</u>	<u>1,072,387</u>	<u>1,286,867</u>	<u>1,171,655</u>
Expense						
5000 - Personnel Costs	47,239	56,974	500,037	569,735	693,683	546,629
5300 - Travel & Entertainment	561	793	5,605	7,914	9,500	6,258
5600 - Professional Fees	1,680	2,325	27,124	23,250	27,900	23,603
5700 - Technology & Equipment	16,846	6,312	53,374	63,120	75,744	36,812
5900 - Office Costs	9,264	11,274	99,776	112,758	135,306	111,506
6100 - Facility Costs	5,134	4,955	49,065	49,550	59,460	36,862
7100 - Programmatic Costs	28,895	23,500	267,607	237,232	284,982	234,652
Total Expense	<u>109,619</u>	<u>106,133</u>	<u>1,002,588</u>	<u>1,063,559</u>	<u>1,286,575</u>	<u>996,322</u>
Net Income (Loss)	<u>(28,999)</u>	<u>1,107</u>	<u>112,966</u>	<u>8,828</u>	<u>292</u>	<u>175,333</u>

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

October 31, 2019

	<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 10/31/2018</u>
Income						
4000 - Membership Income						
4001 - Registrations -- Members	17,183	46,882	417,539	468,821	562,585	394,064
4011 - Registrations -- Non-members	46,078	48,654	546,400	486,540	583,848	613,303
Total 4000 - Membership Income	<u>63,261</u>	<u>95,536</u>	<u>963,939</u>	<u>955,361</u>	<u>1,146,433</u>	<u>1,007,367</u>
4200 - Contract Fees & Event Income						
4200 - Contract Service Fees, Broker	16,329	8,041	105,468	80,402	96,484	132,937
4210 - Contract Service Fees, Local	1,030	3,621	32,626	36,208	43,450	29,543
Total 4200 - Contract Fees & Event Income	<u>17,359</u>	<u>11,662</u>	<u>138,094</u>	<u>116,610</u>	<u>139,934</u>	<u>162,480</u>
4300 - Royalties, Rent & Product Sales	0	42	2,255	416	500	1,748
4900 - Other Income	0	0	11,266	0	0	60
Total Income	<u>80,620</u>	<u>107,240</u>	<u>1,115,554</u>	<u>1,072,387</u>	<u>1,286,867</u>	<u>1,171,655</u>
Expense						
5000 - Personnel Costs						
5010 - Compensation	27,159	33,750	268,887	337,500	405,000	323,229
5020 - Bonus Pool	0	0	0	0	10,000	0
5030 - Contract Labor / Temp Help	0	167	0	1,666	2,000	1,609
5035 - Instructor Compensation	12,084	14,083	146,470	140,834	169,000	141,926
5100 - Benefits & Taxes						
5110 - Health & Life Insurance	3,133	3,083	31,330	30,834	37,000	19,430
5115 - Wellness Benefit	83	42	861	416	500	915
5120 - Dental Insurance	314	333	3,146	3,334	4,000	1,980
5125 - Disability Insurance	191	267	1,909	2,666	3,200	1,822
5130 - Retirement Benefits	1,276	1,688	12,587	16,874	20,250	14,734
5160 - Payroll Taxes	2,837	3,415	34,349	34,153	40,983	39,499
5170 - Professional Development	0	83	0	834	1,000	1,000
5180 - Dues & Subscriptions	162	63	498	624	750	485
Total 5100 - Benefits & Taxes	<u>7,996</u>	<u>8,974</u>	<u>84,680</u>	<u>89,735</u>	<u>107,683</u>	<u>79,865</u>
Total 5000 - Personnel Costs	<u>47,239</u>	<u>56,974</u>	<u>500,037</u>	<u>569,735</u>	<u>693,683</u>	<u>546,629</u>
5300 - Travel & Entertainment						
5310 - Staff Travel Costs						
5310 - Staff Travel	0	167	1,261	1,666	2,000	709
5320 - Staff Lodging	163	167	695	1,666	2,000	813
5330 - Staff Mileage	100	125	1,093	1,250	1,500	924
5340 - Staff Meals	298	167	2,100	1,666	2,000	3,469
5350 - Staff Hospitality	0	125	281	1,250	1,500	53

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

October 31, 2019

	1 Month Actual	1 Month Budget	YTD Actual	YTD Budget	Annual Budget	Prior YTD 10/31/2018
5360 - Conference Registration Fees	0	42	175	416	500	290
Total 5310 - Staff Travel Costs	561	793	5,605	7,914	9,500	6,258
Total 5300 Travel & Entertainment	561	793	5,605	7,914	9,500	6,258
5600 - Professional Fees						
5610 - Legal Services	0	42	0	416	500	0
5620 - Audit & Tax Services	0	83	1,000	834	1,000	0
5630 - Accounting Services	1,680	2,200	26,124	22,000	26,400	23,603
Total 5600 - Professional Fees	1,680	2,325	27,124	23,250	27,900	23,603
5700 - Technology & Equipment						
5710 - Technology Consulting Service	12,480	3,750	27,924	37,500	45,000	7,839
5730 - Small Equipment Purchases	179	83	1,053	834	1,000	315
5740 - Equipment > \$1000	2,169	250	2,169	2,500	3,000	5,880
5750 - Equipment Lease Payments	546	600	5,828	6,000	7,200	6,170
5760 - Software & Licensing Fees	1,472	1,629	16,400	16,286	19,544	16,608
Total 5700 - Technology & Equipment	16,846	6,312	53,374	63,120	75,744	36,812
5900 - Office Costs						
5910 - Telephone	0	83	0	834	1,000	802
5920 - Postage	0	125	0	1,250	1,500	640
5925 - Shipping Expense	(59)	83	730	834	1,000	(1,423)
5926 - Sales Tax	0	0	(608)	0	0	(28)
5930 - Office Supplies	166	250	1,587	2,500	3,000	4,063
5935 - Supplies for Resale	0	83	0	834	1,000	1,008
5940 - Printing	47	42	57	416	500	199
5950 - Liability Insurance	0	83	0	834	1,000	581
5960 - Licenses and Fees	97	208	1,169	2,084	2,500	2,848
5970 - Bank & Credit Card Fees	1,913	3,217	25,841	32,172	38,606	31,816
5995 - IAR Management Fee (paid by ISRE)	7,100	7,100	71,000	71,000	85,200	71,000
Total 5900 - Office Costs	9,264	11,274	99,776	112,758	135,306	111,506
6100 - Facility Costs						
6110 - Office Rent & Parking	3,372	3,372	33,720	33,716	40,460	35,406
6150 - Janitorial-cleaning & supplies	325	167	975	1,666	2,000	875
6170 - Property Insurance	0	0	0	0	0	581
6510 - Amortization	1,012	1,083	10,120	10,834	13,000	0
6520 - Depreciation Expense	425	333	4,250	3,334	4,000	0
Total 6100 - Facility Costs	5,134	4,955	49,065	49,550	59,460	36,862
7100 - Programmatic Costs						

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

October 31, 2019

	1 Month Actual	1 Month Budget	YTD Actual	YTD Budget	Annual Budget	Prior YTD 10/31/2018
7110 - Facility Rental	3,465	4,224	43,315	42,236	50,684	37,508
7120 - Catering	0	526	4,737	5,248	6,300	3,466
7130 - Honorarium/Speaker Fees	0	1,209	6,175	12,082	14,500	12,651
7140 - Speaker Travel	1,611	1,667	11,299	16,666	20,000	15,895
7160 - Event Sponsorships	0	167	1,649	1,666	2,000	700
7165 - Contract Fees	0	333	10,540	3,334	4,000	10,742
7170 - Curriculum	13,416	8,031	106,464	80,311	96,373	106,534
7175 - Licensing-Big Broker	0	0	2,686	2,250	3,000	0
7210 - Website Development / Hosting	2,389	1,250	25,277	12,500	15,000	1,072
7230 - Distance Learning Portal	1,809	5,177	40,039	51,771	62,125	38,848
7260 - Advertising/Marketing	6,205	833	13,795	8,334	10,000	7,127
7310 - Other Program Costs	0	83	1,631	834	1,000	109
Total 7100 - Programmatic Costs	<u>28,895</u>	<u>23,500</u>	<u>267,607</u>	<u>237,232</u>	<u>284,982</u>	<u>234,652</u>
Total Expense	<u>109,619</u>	<u>106,133</u>	<u>1,002,588</u>	<u>1,063,559</u>	<u>1,286,575</u>	<u>996,322</u>
Net Income (Loss)	<u>(28,999)</u>	<u>1,107</u>	<u>112,966</u>	<u>8,828</u>	<u>292</u>	<u>175,333</u>

Indiana School of Real Estate
Statement of Cash Flows
Year To Date 10/31/2019

OPERATING ACTIVITIES

Net Income	112,966
Adjustments to reconcile Net Income to net cash provided by operations	
1200 - Accounts Receivable	(5,251)
1210 - Tuition Receivable	(5,732)
1310 - Prepaid Expense	24,043
1330 - Prepaid Curriculum	10,433
2010 - Accounts Payable	2,517
2211 - Due to IAR (from ISRE)	(127,973)
2430 - Unearned Registration Fees	(8,232)
Net cash provided by Operating Activities	2,771

INVESTING ACTIVITIES

1670 - Accum. Amortization- Capital Lease	5,840
1680 - Accum. Depreciation - FF&E	4,250
Net Cash provided by Investing Activities	10,090

FINANCING ACTIVITIES

1732 - Accum Amort - Capitalized Software	4,280
Net cash provided by Financing Activities	4,280
Net cash change for period	17,141
Cash at beginning of period	20,542
Cash at end of period	37,683

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

For the ten months ended October 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 September 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%.