

Indiana School of Real Estate

November 2019

EXECUTIVE SUMMARY

Balance Sheet:

1. The School's cash balance decreased by \$30,000 during November with an ending balance of \$37,000. This decrease is due to transfer to IAR for monthly expenses.
2. Accounts Receivable decreased slightly with an ending balance of \$10,000.
3. Tuition receivable decreased slightly with an ending balance of \$5,000.
4. Prepaid expenses decreased by \$5,000 due to amortization of expenses for November. Ending balance was \$17,000.
5. Prepaid Curriculum decreased by \$2,000 with an ending balance of \$86,000 – this balance will be amortized over the estimated life of the courses.
6. Accounts Payable decreased by \$1,000 with an ending balance of \$12,000.
7. Unearned registration fees decreased by \$9,000 due to November activity. The ending balance was \$22,000 which represents courses that have been paid for with start dates after November.
8. The amount Due to IAR decreased slightly with an ending balance of \$198,000.

Income Statement:

9. The School had net loss for the month of (\$29,000) compared to budgeted net income of less than \$1,000.
10. YTD, the School had net income of \$84,000 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 \$167,000 by \$83,000 or 99%.
12. Total revenue for November was \$62,000 and was below the monthly budget of \$107,000 by \$45,000 or 42%.
13. YTD revenue was \$1,178,000 vs budget of \$1,180,000 – under budget by \$2,000 or less than 1%.
14. Compared to the prior year, YTD total revenue was lower by \$64,000 or 5%, mostly due to a decrease in pre-license and contract revenue.
15. Total expenses for November were \$91,000 vs budget of \$107,000 – under budget by \$16,000 or 15% mostly due to personnel costs.
16. Total expenses YTD were \$1,094,000 vs budget of \$1,170,000 – under budget by \$77,000 or 7% mostly due to personnel, technology consulting, and bank/credit card fees.
17. Compared to the prior year, YTD expenses were higher by \$18,000 or 2%, with personnel and office costs being under budget and most other categories being over budget.

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

November 30, 2019

	11/30/2019	10/31/2019	Difference
ASSETS			
Current Assets			
Checking/Savings			
1000 - Cash Accounts			
1022 - ISRE Checking	7,363	37,683	(30,320)
Total 1000 - Cash Accounts	<u>7,363</u>	<u>37,683</u>	<u>(30,320)</u>
Total Checking/Savings	7,363	37,683	(30,320)
Other Current Assets			
1200 - Accounts Receivable			
1200 - Accounts Receivable	9,946	10,481	(535)
1210 - Tuition Receivable	5,101	5,899	(798)
Total 1200 - Accounts Receivable	<u>15,047</u>	<u>16,380</u>	<u>(1,333)</u>
1300 - Other Current Assets			
1310 - Prepaid Expense	16,962	21,802	(4,841)
1330 - Prepaid Curriculum	86,411	88,695	(2,282)
1350 - Other Deposits	1,559	1,559	0
Total 1300 - Other Current Assets	<u>104,932</u>	<u>112,056</u>	<u>(7,123)</u>
Total Other Current Assets	<u>119,979</u>	<u>128,436</u>	<u>(8,456)</u>
Total Current Assets	<u>127,342</u>	<u>166,119</u>	<u>(38,776)</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	29,176	0
Total 1605 - Land, Buildings & Equipment	<u>58,662</u>	<u>58,661</u>	<u>0</u>
1655 - Accumulated Depreciation			
1670 - Accum. Amortization- Capital Lease	(26,085)	(25,500)	(584)
1680 - Accum. Depreciation - FF&E	(24,809)	(24,385)	(425)
Total 1655 - Accumulated Depreciation	<u>(50,894)</u>	<u>(49,885)</u>	<u>(1,009)</u>
Total 1600 - Fixed Assets, Net of Deprec.	<u>7,768</u>	<u>8,776</u>	<u>(1,009)</u>
Total Fixed Assets	<u>7,768</u>	<u>8,776</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	(30,396)	(29,967)	(428)
Total 1700 - Capitalized Loan and Lease Costs	<u>429</u>	<u>858</u>	<u>(428)</u>
Total Other Assets	<u>429</u>	<u>858</u>	<u>(428)</u>
Total ASSETS	<u>135,539</u>	<u>175,753</u>	<u>(40,213)</u>
LIABILITIES & EQUITY			
Liabilities			
Current Liabilities			
Accounts Payable			
2010 - Accounts Payable	11,985	13,162	(1,177)
Total Accounts Payable	<u>11,985</u>	<u>13,162</u>	<u>(1,177)</u>
Other Current Liabilities			
2025 - Other Current Liabilities			
2200 - GFC Lease Payable	10,602	10,602	0

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

November 30, 2019

	11/30/2019	10/31/2019	Difference
2040 - Accrued Payables	5,082	5,082	0
Total 2025 - Other Current Liabilities	15,684	15,684	0
2400 - Deferred Dues & Other Revenue			
2430 - Unearned Registration Fees	21,830	30,703	(8,873)
Total 2400 - Deferred Dues & Other Revenue	21,830	30,703	(8,873)
Total Other Current Liabilities	37,514	46,387	(8,873)
Total Current Liabilities	49,499	59,549	(10,050)
Other Liabilities			
2200 - Intercompany Loans Payable			
2211 - Due to IAR (from ISRE)	197,662	198,728	(1,066)
Total 2200 - Intercompany Loans Payable	197,662	198,728	(1,066)
Total - Other Liabilities	197,662	198,728	(1,066)
Total Liabilities	247,161	258,277	(11,116)
EQUITY			
Member Capital			
Undesignated	(111,622)	(82,524)	(29,097)
Total Member Capital	(111,622)	(82,524)	(29,097)
Total Equity	(111,622)	(82,524)	(29,097)
Total LIABILITIES & EQUITY	135,539	175,753	(40,213)

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

November 30, 2019

	1 Month Actual	1 Month Budget	YTD Actual	YTD Budget	Annual Budget	Prior YTD Actual
Income						
4000 - Membership Income	57,856	95,536	1,021,795	1,050,897	1,146,433	1,072,327
4200 - Contract Fees & Event Income	4,389	11,662	142,483	128,272	139,934	168,048
4300 - Royalties, Rent & Product Sales	0	42	2,255	458	500	1,820
4900 - Other Income	0	0	11,266	0	0	60
Total Income	<u>62,245</u>	<u>107,240</u>	<u>1,177,799</u>	<u>1,179,627</u>	<u>1,286,867</u>	<u>1,242,255</u>
Expense						
5000 - Personnel Costs	45,272	56,974	545,308	626,709	693,683	588,819
5300 - Travel & Entertainment	339	793	5,944	8,707	9,500	6,620
5600 - Professional Fees	2,238	2,325	29,364	25,575	27,900	26,876
5700 - Technology & Equipment	5,892	6,312	59,265	69,432	75,744	41,235
5900 - Office Costs	9,210	11,274	108,986	124,032	135,306	121,784
6100 - Facility Costs	4,809	4,955	53,874	54,505	59,460	41,034
7100 - Programmatic Costs	23,583	24,250	291,190	261,482	284,982	249,215
Total Expense	<u>91,343</u>	<u>106,883</u>	<u>1,093,931</u>	<u>1,170,442</u>	<u>1,286,575</u>	<u>1,075,583</u>
Net Income (Loss)	<u>(29,098)</u>	<u>357</u>	<u>83,868</u>	<u>9,185</u>	<u>292</u>	<u>166,672</u>

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

November 30, 2019

	1 Month Actual	1 Month Budget	YTD Actual	YTD Budget	Annual Budget	Prior YTD 11/30/2018
Income						
4000 - Membership Income						
4001 - Registrations -- Members	13,742	46,882	431,280	515,703	562,585	413,828
4011 - Registrations -- Non-members	44,114	48,654	590,515	535,194	583,848	658,499
Total 4000 - Membership Income	<u>57,856</u>	<u>95,536</u>	<u>1,021,795</u>	<u>1,050,897</u>	<u>1,146,433</u>	<u>1,072,327</u>
4200 - Contract Fees & Event Income						
4200 - Contract Service Fees, Broker	3,934	8,041	109,402	88,443	96,484	138,506
4210 - Contract Service Fees, Local	455	3,621	33,081	39,829	43,450	29,542
Total 4200 - Contract Fees & Event Income	<u>4,389</u>	<u>11,662</u>	<u>142,483</u>	<u>128,272</u>	<u>139,934</u>	<u>168,048</u>
4300 - Royalties, Rent & Product Sales	0	42	2,255	458	500	1,820
4900 - Other Income	0	0	11,266	0	0	60
Total Income	<u>62,245</u>	<u>107,240</u>	<u>1,177,799</u>	<u>1,179,627</u>	<u>1,286,867</u>	<u>1,242,255</u>
Expense						
5000 - Personnel Costs						
5010 - Compensation	25,949	33,750	294,835	371,250	405,000	348,016
5020 - Bonus Pool	0	0	0	0	10,000	0
5030 - Contract Labor / Temp Help	0	167	0	1,833	2,000	1,609
5035 - Instructor Compensation	11,657	14,083	158,128	154,917	169,000	153,088
5100 - Benefits & Taxes						
5110 - Health & Life Insurance	3,132	3,083	34,462	33,917	37,000	21,385
5115 - Wellness Benefit	84	42	945	458	500	1,002
5120 - Dental Insurance	314	333	3,460	3,667	4,000	2,209
5125 - Disability Insurance	191	267	2,101	2,933	3,200	1,989
5130 - Retirement Benefits	1,251	1,688	13,837	18,562	20,250	15,947
5160 - Payroll Taxes	2,694	3,415	37,043	37,568	40,983	42,089
5170 - Professional Development	0	83	0	917	1,000	1,000
5180 - Dues & Subscriptions	0	63	497	687	750	485
Total 5100 - Benefits & Taxes	<u>7,666</u>	<u>8,974</u>	<u>92,345</u>	<u>98,709</u>	<u>107,683</u>	<u>86,106</u>
Total 5000 - Personnel Costs	<u>45,272</u>	<u>56,974</u>	<u>545,308</u>	<u>626,709</u>	<u>693,683</u>	<u>588,819</u>
5300 - Travel & Entertainment						
5310 - Staff Travel Costs						
5310 - Staff Travel	0	167	1,261	1,833	2,000	710
5320 - Staff Lodging	0	167	695	1,833	2,000	814
5330 - Staff Mileage	91	125	1,186	1,375	1,500	950
5340 - Staff Meals	248	167	2,347	1,833	2,000	3,770
5350 - Staff Hospitality	0	125	280	1,375	1,500	86

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

November 30, 2019

	1 Month Actual	1 Month Budget	YTD Actual	YTD Budget	Annual Budget	Prior YTD 11/30/2018
5360 - Conference Registration Fees	0	42	175	458	500	290
Total 5310 - Staff Travel Costs	339	793	5,944	8,707	9,500	6,620
Total 5300 Travel & Entertainment	339	793	5,944	8,707	9,500	6,620
5600 - Professional Fees						
5610 - Legal Services	0	42	0	458	500	0
5620 - Audit & Tax Services	0	83	1,000	917	1,000	0
5630 - Accounting Services	2,238	2,200	28,364	24,200	26,400	26,876
Total 5600 - Professional Fees	2,238	2,325	29,364	25,575	27,900	26,876
5700 - Technology & Equipment						
5710 - Technology Consulting Service	3,588	3,750	31,512	41,250	45,000	9,984
5730 - Small Equipment Purchases	294	83	1,346	917	1,000	315
5740 - Equipment > \$1000	0	250	2,169	2,750	3,000	5,881
5750 - Equipment Lease Payments	561	600	6,389	6,600	7,200	6,689
5760 - Software & Licensing Fees	1,449	1,629	17,849	17,915	19,544	18,366
Total 5700 - Technology & Equipment	5,892	6,312	59,265	69,432	75,744	41,235
5900 - Office Costs						
5910 - Telephone	0	83	0	917	1,000	802
5920 - Postage	0	125	0	1,375	1,500	640
5925 - Shipping Expense	281	83	1,011	917	1,000	(1,420)
5926 - Sales Tax	0	0	(608)	0	0	(34)
5930 - Office Supplies	172	250	1,759	2,750	3,000	4,342
5935 - Supplies for Resale	0	83	0	917	1,000	1,008
5940 - Printing	0	42	56	458	500	209
5950 - Liability Insurance	0	83	0	917	1,000	581
5960 - Licenses and Fees	313	208	1,483	2,292	2,500	4,116
5970 - Bank & Credit Card Fees	1,344	3,217	27,185	35,389	38,606	33,440
5995 - IAR Management Fee (paid by ISRE)	7,100	7,100	78,100	78,100	85,200	78,100
Total 5900 - Office Costs	9,210	11,274	108,986	124,032	135,306	121,784
6100 - Facility Costs						
6110 - Office Rent & Parking	3,372	3,372	37,092	37,088	40,460	38,778
6150 - Janitorial-cleaning & supplies	0	167	975	1,833	2,000	1,675
6170 - Property Insurance	0	0	0	0	0	581
6510 - Amortization	1,012	1,083	11,132	11,917	13,000	0
6520 - Depreciation Expense	425	333	4,675	3,667	4,000	0
Total 6100 - Facility Costs	4,809	4,955	53,874	54,505	59,460	41,034
7100 - Programmatic Costs						

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

November 30, 2019

	1 Month Actual	1 Month Budget	YTD Actual	YTD Budget	Annual Budget	Prior YTD 11/30/2018
7110 - Facility Rental	3,509	4,224	46,824	46,460	50,684	40,727
7120 - Catering	3,422	526	8,159	5,774	6,300	3,886
7130 - Honorarium/Speaker Fees	0	1,209	6,175	13,291	14,500	12,651
7140 - Speaker Travel	621	1,667	11,921	18,333	20,000	16,288
7160 - Event Sponsorships	0	167	1,649	1,833	2,000	700
7165 - Contract Fees	0	333	10,539	3,667	4,000	10,825
7170 - Curriculum	12,737	8,031	119,201	88,342	96,373	112,806
7175 - Licensing-Big Broker	0	750	2,686	3,000	3,000	0
7210 - Website Development / Hosting	1,191	1,250	26,468	13,750	15,000	3,637
7230 - Distance Learning Portal	1,993	5,177	42,031	56,948	62,125	40,440
7260 - Advertising/Marketing	110	833	13,906	9,167	10,000	7,146
7310 - Other Program Costs	0	83	1,631	917	1,000	109
Total 7100 - Programmatic Costs	<u>23,583</u>	<u>24,250</u>	<u>291,190</u>	<u>261,482</u>	<u>284,982</u>	<u>249,215</u>
Total Expense	<u>91,343</u>	<u>106,883</u>	<u>1,093,931</u>	<u>1,170,442</u>	<u>1,286,575</u>	<u>1,075,583</u>
Net Income (Loss)	<u>(29,098)</u>	<u>357</u>	<u>83,868</u>	<u>9,185</u>	<u>292</u>	<u>166,672</u>

Indiana School of Real Estate Statement of Cash Flows

Year To Date 11/30/2019

OPERATING ACTIVITIES

Net Income	<u>83,868</u>
Adjustments to reconcile Net Income to net cash provided by operations	
1200 - Accounts Receivable	(4,716)
1210 - Tuition Receivable	(4,934)
1310 - Prepaid Expense	28,884
1330 - Prepaid Curriculum	12,715
2010 - Accounts Payable	1,341
2211 - Due to IAR (from ISRE)	(129,039)
2430 - Unearned Registration Fees	(17,105)
Net cash provided by Operating Activities	<u>(28,986)</u>

INVESTING ACTIVITIES

1670 - Accum. Amortization- Capital Lease	6,424
1680 - Accum. Depreciation - FF&E	4,675
Net Cash provided by Investing Activities	<u>11,099</u>

FINANCING ACTIVITIES

1732 - Accum Amort - Capitalized Software	4,708
Net cash provided by Financing Activities	<u>4,708</u>
Net cash change for period	(13,179)
Cash at beginning of period	<u>20,542</u>
Cash at end of period	<u>7,363</u>

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

For the eleven months ended November 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 October 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%.