

One Forty Three Entities – Combined

(Includes One Forty Three LLC, One Forty Three MT LLC, One Forty Three MM LLC)

May 2019

EXECUTIVE SUMMARY

Note: These financial statements report on the combined activities of the following entities that are under common management control:

- One Forty Three LLC (referred to as 143 LLC)
- One Forty Three MM LLC (referred to as 143 MM)
- One Forty Three MT LLC (referred to as 143 MT)

Combined Balance Sheet (compared to the prior month)

- Cash balances decreased by \$9,000 during the month with an ending balance of \$397,000 –note that during the month 143 MT paid 143 LLC \$316,000 for back rent due per the Master Lease Agreement in accordance with the historic tax credit arrangement.
- Accounts receivable decreased by \$304,000 during the month due to rent payments made from 143 MT to 143 LLC as noted above. Ending balance is \$14,000 which represents April rent due from the State of Indiana (per the current agreement with the State of Indiana, rent is paid one month in arrears).
- Prepaid expenses remained steady with an ending balance of \$12,000 which represents various building service contracts that will be amortized over the life of the contract.
- Other deposits remained unchanged with an ending balance of \$3,000 which represents various utility deposits.
- Building Improvements & Construction in Progress – assets placed in service during the first 5 months of 2019 were transferred from Construction in Progress to Building Improvements during the month in the amount of \$318,000.
- Furniture and fixtures increased by \$3,000 due to cabinets purchased for the first floor.
- Accumulated depreciation increased by \$67,000 for estimated depreciation expense recorded for the month.
- Accounts Payable decreased by \$32,000 during the month mostly due to payment of the Ratio Architects invoices. Ending balance was \$63,000.
- Note Payable (to IAR) remained unchanged with an ending balance of \$1,749,000.
- Accrued Interest Payable (to IAR) increased by \$6,000 due to interest on notes payable for the month.
- Amounts Due to IAR increased by \$33,000 during the month with an ending balance of \$5,810,000 – increase is due mostly to payment of Ratio invoice by IAR which will be reimbursed after final loan draw is made in the next month or so.
- Construction Loan Payable decreased by \$8,000 due to loan payments made during the month. Ending loan balance was \$3,089,000.

Combined Statement of Activities

- Net loss of (\$83,000) was recorded for the month compared to budgeted net loss of (\$20,000) – under budget by \$63,000 which is mostly due to depreciation expense.
 - Net loss includes depreciation expense of \$67,000 and interest expense of \$18,000.
 - Depreciation expense was not included in the 2019 budget

EXECUTIVE SUMMARY (continued)

- Net loss YTD was (\$384,000) compared to budgeted net loss of (\$73,000) – under budget by \$310,000 mostly due to depreciation expense.
 - Net loss YTD includes depreciation expense of \$336,000 and interest expense of \$89,000.
 - Depreciation expense was not included in the 2019 budget
- Rent income-tenants was \$49,000 for the month and \$243,000 YTD – both are right in line with the budget.
- Rent income-Master Lease was \$18,500 for the month and \$93,000 YTD – both are right in line with the budget
 - The Master Lease rent income is paid from 143 MT to 143 LLC as part of the historic tax credit arrangement and is income for 143 LLC and expense for 143 MT. Normally such intercompany activity is eliminated in the combined financials, but included here since the income and expense were included in the budget.
- Total operating expenses for the month were \$133,000 and were above the monthly budget of \$71,000 by \$61,000 – mostly due to depreciation expense recorded but not budgeted in the amount of \$67,000.
 - Excluding depreciation expense, operating expenses for the month were under budget by \$6,000 or 8%
- Total YTD operating expenses were \$631,000 and were above the YTD budget of \$330,000 by \$301,000 – mostly due to depreciation expense recorded but not budgeted in the amount of \$336,000.
 - Excluding depreciation expense, YTD operating expenses were under budget by \$34,000 or 10%
- Interest expense for the month was \$18,000 vs budgeted expense of \$16,000 –over budget by \$2,000.
- YTD interest expense was \$89,000 vs budgeted expense of \$80,000 – over budget by \$9,000.

One Forty Three Entities Combined Balance Sheet

May 31, 2019

	05/31/2019	04/30/2019	Difference
ASSETS			
Current Assets			
Checking/Savings			
1000 - Cash Accounts			
1026 - 143 LLC Checking-Regions	21,862	57,064	(35,202)
1034 - 143 LLC Checking-ONB	346,909	52,359	294,550
1035 - 143 MT Checking-ONB	28,392	296,893	(268,501)
Total 1000 - Cash Accounts	397,163	406,316	(9,153)
Total Checking/Savings	397,163	406,316	(9,153)
Other Current Assets			
1200 - Accounts Receivable			
1200 - Accounts Receivable	13,702	317,990	(304,288)
Total 1200 - Accounts Receivable	13,702	317,990	(304,288)
1300 - Other Current Assets			
1310 - Prepaid Expense	12,252	12,505	(253)
1350 - Other Deposits	3,075	3,075	0
Total 1300 - Other Current Assets	15,327	15,580	(253)
Total Other Current Assets	29,029	333,570	(304,541)
Total Current Assets	426,192	739,886	(313,694)
Fixed Assets			
1600 - Fixed Assets, Net of Deprec.			
1605 - Land, Buildings & Equipment			
1610 - Land	200,000	200,000	0
1620 - Building-143	2,729,217	2,729,217	0
1622 - Building Improvements-143 general	6,823,277	6,505,899	317,378
1630 - Furniture, Fixtures & Equipmen	21,363	18,634	2,729
1635 - Construction in Progress	0	318,278	(318,278)
Total 1605 - Land, Buildings & Equipment	9,773,857	9,772,028	1,829
1655 - Accumulated Depreciation			
1671 - Accum. Depreciation - Building	(248,433)	(242,561)	(5,872)
1672 - Accum. Depreciation - Improvem	(728,064)	(667,010)	(61,054)
1673 - Accum. Depreciation - Furn & Equip	(2,553)	(2,331)	(222)
Total 1655 - Accumulated Depreciation	(979,050)	(911,902)	(67,148)
Total 1600 - Fixed Assets, Net of Deprec.	8,794,807	8,860,126	(65,319)
Total Fixed Assets	8,794,807	8,860,126	(65,319)
Other Assets			
1700 - Capitalized Loan and Lease Costs			
1710 - Direct Lease Cost	236,576	236,576	0
1712 - Lease Cost Amortization	(38,693)	(36,448)	(2,245)
1715 - Capitalized Loan Costs			
1715 - Capitalized Loan Costs	267,900	267,900	0
Total 1715 - Capitalized Loan Costs	267,900	267,900	0
1716 - Accum Amort-Capitalized Loan Costs			
1716 - Accum Amort - Capitalized Loan Costs	(8,900)	(8,900)	0
Total 1716 - Accum Amort-Capitalized Loan Costs	(8,900)	(8,900)	0
Total 1700 - Capitalized Loan and Lease Costs	456,883	459,128	(2,245)
Total Other Assets	456,883	459,128	(2,245)
Total ASSETS	9,677,882	10,059,140	(381,258)

**One Forty Three Entities
Combined Balance Sheet**

May 31, 2019

	05/31/2019	04/30/2019	Difference
LIABILITIES & EQUITY			
Liabilities			
Current Liabilities			
Accounts Payable			
2010 - Accounts Payable	63,404	94,983	(31,579)
2020 - Rent Payable	0	297,452	(297,452)
Total Accounts Payable	<u>63,404</u>	<u>392,435</u>	<u>(329,031)</u>
Other Current Liabilities			
2025 - Other Current Liabilities			
2030 - Accrued Property Taxes	16,000	16,000	0
2039 - Note Payable	1,749,239	1,749,239	0
2045 - Accrued Interest Payable	79,171	73,488	5,683
Total 2025 - Other Current Liabilities	<u>1,844,410</u>	<u>1,838,727</u>	<u>5,683</u>
Total Other Current Liabilities	<u>1,844,410</u>	<u>1,838,727</u>	<u>5,683</u>
Total Current Liabilities	<u>1,907,814</u>	<u>2,231,162</u>	<u>(323,348)</u>
Other Liabilities			
2200 - Intercompany Loans Payable			
2210 - Due to IAR	5,810,092	5,776,771	33,321
Total 2200 - Intercompany Loans Payable	<u>5,810,092</u>	<u>5,776,771</u>	<u>33,321</u>
2810 - Construction Loan Payable			
2810 - Construction Loan Payable	3,088,591	3,096,859	(8,268)
Total 2810 - Construction Loan Payable	<u>3,088,591</u>	<u>3,096,859</u>	<u>(8,268)</u>
Total - Other Liabilities	<u>8,898,683</u>	<u>8,873,630</u>	<u>25,053</u>
Total Liabilities	<u>10,806,497</u>	<u>11,104,792</u>	<u>(298,295)</u>
EQUITY	<u>(1,128,615)</u>	<u>(1,045,652)</u>	<u>(82,963)</u>
Total LIABILITIES & EQUITY	<u>9,677,882</u>	<u>10,059,140</u>	<u>(381,258)</u>

**One Forty Three Entities
Combined Budget Performance**

May 31, 2019

	1 Month Actual	1 Month Budget	YTD Actual	YTD Budget	Annual Budget	Prior YTD Actual
Income						
4300 - Royalties, Rent & Product Sales						
4700 - Building Rental Income-tenants	48,790	48,790	243,191	243,947	675,537	261,837
4701 - Building Rental Income-Master Lease	18,522	18,522	92,610	92,610	222,264	0
Total 4300 - Royalties, Rent & Product Sales	67,312	67,312	335,801	336,557	897,801	261,837
4900 - Other Income						
4900 - Other Income	68	0	343	0	0	0
Total 4900 - Other Income	68	0	343	0	0	0
Total Income	67,380	67,312	336,144	336,557	897,801	261,837
Expense						
5600 - Professional Fees						
5620 - Audit & Tax Services	0	0	10,750	37,500	37,500	19,779
5630 - Accounting Services	3,000	3,333	14,670	16,665	32,664	14,485
Total 5600 - Professional Fees	3,000	3,333	25,420	54,165	70,164	34,264
5900 - Office Costs						
5910 - Telephone	0	83	0	415	1,000	445
5970 - Bank & Credit Card Fees	17	0	81	0	0	37
5980 - Miscellaneous	0	0	0	0	0	0
Total 5900 - Office Costs	17	83	81	415	1,000	482
6100 - Facility Costs						
6111 - Office Rent & Parking-Master Lease	18,522	18,522	92,610	92,610	222,264	92,610
6112 - Property Management	4,000	4,000	20,000	20,000	48,000	20,000
6120 - Utilities	10,980	14,892	69,282	74,460	178,703	43,825
6130 - Building Maintenance & Repair	3,411	6,250	33,445	31,250	75,000	22,300
6140 - Grounds Maintenance	342	0	1,710	0	0	0
6150 - Janitorial-cleaning & supplies	2,659	3,750	14,308	18,750	45,000	14,379
6155 - Trash Service	387	500	1,936	2,500	6,000	2,202
6160 - Pest Control	41	83	164	419	1,000	205
6165 - Marketing Expenses	0	0	0	750	750	0
6170 - Property Insurance	1,394	1,667	6,968	8,335	20,000	6,642
6180 - Property Taxes	18,514	16,000	18,514	16,000	32,000	15,875
6520 - Depreciation Expense	67,148	0	335,739	0	0	102,935
6700 - Leasing Commissions	2,245	2,083	11,225	10,419	25,000	0
Total 6100 - Facility Costs	129,643	67,747	605,901	275,493	653,717	320,973
Total Expense	132,660	71,163	631,402	330,073	724,881	355,719

**One Forty Three Entities
Combined Budget Performance**

May 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 Actual</u>
Other Income/Expense						
Other Expense						
8000 - Interest Expense	17,683	15,993	88,579	79,970	191,921	53,588
Total Other Expense	<u>17,683</u>	<u>15,993</u>	<u>88,579</u>	<u>79,970</u>	<u>191,921</u>	<u>53,588</u>
Net Other Income (Expense)	<u>(17,683)</u>	<u>(15,993)</u>	<u>(88,579)</u>	<u>(79,970)</u>	<u>(191,921)</u>	<u>(53,588)</u>
Net Income (Loss)	<u>(82,963)</u>	<u>(19,844)</u>	<u>(383,837)</u>	<u>(73,486)</u>	<u>(19,001)</u>	<u>(147,470)</u>

One Forty Three Entities - Combined
(Includes One Forty Three LLC, One Forty Three MT LLC, One Forty Three MM 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 combined financial statements and combined 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 substantially all of the disclosures and the statement of cash flows required by accounting principles generally accepted in the United States of America.
- Certain accruals and adjustments are made on an annual basis in preparation for the organization's annual audit.
- The financial statements do not reflect a federal and state income tax provision.
- Intercompany rental income and expense related to the Master Lease are not eliminated in these financial statements in accordance with accounting principles generally accepted in the United States of America.

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 month 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 combined Companies' expected results of operations for the forecast periods. Accordingly, the forecasts reflect its judgment as of July, 2018, 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

- Building rental income is estimated to increase by 53% based on current and expected occupancy in 2019.
- According to the Master Lease Agreement, One Forty Three MT, LLC will pay rent to One Forty Three LLC during 2019 at an estimated rate of \$18,522 per month.
- Building operating expenses are expected to increase by 10-15% based on current and expected occupancy in 2019.