

One Forty Three Entities – Combined

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

August 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 increased by \$11,000 during the month with an ending balance of \$163,000 – increase is due to rent received.
- Accounts receivable decreased by \$2,500 during the month with an ending balance of \$21,000 which represents August rent due from the IEERB and ISBOE (per the current agreement with the State of Indiana, rent is paid one month in arrears), and July and August rent from McNeely.
- Prepaid expenses decreased slightly with an ending balance of \$8,000 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 utility deposits.
- Building Improvements increased by \$3,600 for architectural expenses related to the 6th floor.
- Furniture, Fixtures & Equipment increased by \$4,600 for the Legacy/President's kiosk installed on the first floor.
- Accumulated depreciation increased by \$67,000 for estimated depreciation expense recorded for the month.
- Accounts Payable increased by \$4,000 during the month with an ending balance of \$12,000.
- 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 with an ending balance of \$96,000.
- Amounts Due to IAR decreased by \$2,700 during the month with an ending balance of \$5,788,000 – increase is due to insurance and first floor art expenses paid by IAR.
- Construction Loan Payable decreased by \$8,000 due to loan payments made during the month. Ending loan balance was \$3,064,000.

Combined Statement of Activities

- Net loss of (\$58,000) was recorded for the month compared to budgeted net income of \$11,000 – under budget by \$69,000 which is mostly due to revenue being under budget and 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 (\$578,000) compared to budgeted net loss of (\$55,000) – under budget by \$523,000 mostly due to depreciation expense.
 - Net loss YTD includes depreciation expense of \$537,000 and interest expense of \$142,000.
 - Depreciation expense was not included in the 2019 budget
- Rent income-tenants for the month was \$53,000 vs budget of \$63,800 – under budget by \$11,000 (17%) due to the budget including rent for floors 6 and 7, however actual rent only included a portion of 6th floor, with remainder of 6 and 7 not yet rented.
- Rent income-tenants YTD was \$396,000 vs budget of \$420,000 – under budget by \$24,000 (6%) for same reason as stated above.
- Rent income-Master Lease was \$18,500 for the month and \$148,000 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 \$111,000 and were above the monthly budget of \$55,000 by \$56,000 – mostly due to depreciation expense recorded but not budgeted in the amount of \$67,000.
 - Excluding depreciation expense, operating expenses for the month were \$44,500 – under budget by \$11,000 or 19%
- Total YTD operating expenses were \$981,000 and were above the YTD budget of \$496,000 by \$485,000 – mostly due to depreciation expense recorded but not budgeted in the amount of \$537,000.
 - Excluding depreciation expense, YTD operating expenses were \$444,000 - under budget by \$52,000 or 10%
- Interest expense for the month was \$18,000 vs budgeted expense of \$16,000 –over budget by \$2,000 (12%).
- YTD interest expense was \$142,000 vs budgeted expense of \$128,000 – over budget by \$14,000 (11%).

143 Entities
Balance Sheet (Detail)

August 31, 2019

	08/31/2019	07/31/2019	Difference
ASSETS			
Current Assets			
Checking/Savings			
1000 - Cash Accounts			
1026 - 143 LLC Checking-Regions	8,024	42,429	(34,405)
1034 - 143 LLC Checking-ONB	93,194	103,771	(10,577)
1035 - 143 MT Checking-ONB	61,486	5,690	55,796
Total 1000 - Cash Accounts	162,704	151,890	10,814
Total Checking/Savings	162,704	151,890	10,814
Other Current Assets			
1200 - Accounts Receivable			
1200 - Accounts Receivable	20,614	23,164	(2,550)
Total 1200 - Accounts Receivable	20,614	23,164	(2,550)
1300 - Other Current Assets			
1310 - Prepaid Expense	8,232	8,485	(253)
1350 - Other Deposits	3,075	3,075	0
Total 1300 - Other Current Assets	11,307	11,560	(253)
Total Other Current Assets	31,921	34,724	(2,803)
Total Current Assets	194,625	186,614	8,011
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	6,827,128	6,823,512	3,616
1626 - Building Improvements (McNeely)	157,400	157,400	0
1630 - Furniture, Fixtures & Equipmen	25,963	21,362	4,600
Total 1605 - Land, Buildings & Equipment	9,939,708	9,931,491	8,216
1655 - Accumulated Depreciation			
1671 - Accum. Depreciation - Building	(266,049)	(260,176)	(5,872)
1672 - Accum. Depreciation - Improvem	(911,226)	(850,172)	(61,054)
1673 - Accum. Depreciation - Furn & Equip	(3,219)	(2,997)	(222)
Total 1655 - Accumulated Depreciation	(1,180,494)	(1,113,345)	(67,148)
Total 1600 - Fixed Assets, Net of Deprec.	8,759,214	8,818,146	(58,932)
Total Fixed Assets	8,759,214	8,818,146	(58,932)
Other Assets			
1700 - Capitalized Loan and Lease Costs			
1710 - Direct Lease Cost	236,577	236,576	0
1712 - Lease Cost Amortization	(45,429)	(43,183)	(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	450,148	452,393	(2,245)
Total Other Assets	450,148	452,393	(2,245)
Total ASSETS	9,403,987	9,457,153	(53,166)

143 Entities
Balance Sheet (Detail)
August 31, 2019

	08/31/2019	07/31/2019	Difference
LIABILITIES & EQUITY			
Liabilities			
Current Liabilities			
Accounts Payable			
2010 - Accounts Payable	12,098	7,636	4,462
Total Accounts Payable	<u>12,098</u>	<u>7,636</u>	<u>4,462</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	96,219	90,536	5,682
Total 2025 - Other Current Liabilities	<u>1,861,458</u>	<u>1,855,775</u>	<u>5,682</u>
Total Other Current Liabilities	<u>1,861,458</u>	<u>1,855,775</u>	<u>5,682</u>
Total Current Liabilities	<u>1,873,556</u>	<u>1,863,411</u>	<u>10,144</u>
Other Liabilities			
2200 - Intercompany Loans Payable			
2210 - Due to IAR	5,788,847	5,786,180	2,667
Total 2200 - Intercompany Loans Payable	<u>5,788,847</u>	<u>5,786,180</u>	<u>2,667</u>
2810 - Construction Loan Payable			
2810 - Construction Loan Payable	3,064,392	3,072,359	(7,966)
Total 2810 - Construction Loan Payable	<u>3,064,392</u>	<u>3,072,359</u>	<u>(7,966)</u>
Total - Other Liabilities	<u>8,853,239</u>	<u>8,858,539</u>	<u>(5,299)</u>
Total Liabilities	<u>10,726,795</u>	<u>10,721,950</u>	<u>4,845</u>
EQUITY	(1,322,808)	(1,264,797)	(58,011)
Total LIABILITIES & EQUITY	<u>9,403,987</u>	<u>9,457,153</u>	<u>(53,166)</u>

143 Entities
Budget Performance (Detail)

August 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	53,076	63,800	396,473	420,337	675,537	259,178
4701 - Building Rental Income-Master Lease	18,522	18,522	148,176	148,176	222,264	148,176
Total 4300 - Royalties, Rent & Product Sales	71,598	82,322	544,649	568,513	897,801	407,354
4900 - Other Income						
4900 - Other Income	68	0	411	0	0	0
Total 4900 - Other Income	68	0	411	0	0	0
Total Income	71,666	82,322	545,060	568,513	897,801	407,354
Expense						
5600 - Professional Fees						
5620 - Audit & Tax Services	0	0	10,750	37,500	37,500	34,778
5630 - Accounting Services	3,456	3,333	23,704	26,664	32,664	24,114
Total 5600 - Professional Fees	3,456	3,333	34,454	64,164	70,164	58,892
5900 - Office Costs						
5910 - Telephone	0	83	0	664	1,000	595
5970 - Bank & Credit Card Fees	16	0	129	0	0	37
5980 - Miscellaneous	0	0	0	0	0	0
Total 5900 - Office Costs	16	83	129	664	1,000	632
6100 - Facility Costs						
6111 - Office Rent & Parking-Master Lease	18,522	18,522	148,176	148,176	222,264	148,176
6112 - Property Management	0	4,000	28,000	32,000	48,000	32,000
6120 - Utilities	9,674	14,892	93,859	119,136	178,703	80,829
6130 - Building Maintenance & Repair	7,950	6,250	66,807	50,000	75,000	52,938
6140 - Grounds Maintenance	342	0	2,735	0	0	0
6150 - Janitorial-cleaning & supplies	517	3,750	18,546	30,000	45,000	23,055
6155 - Trash Service	387	500	3,098	4,000	6,000	3,310
6160 - Pest Control	41	83	246	668	1,000	328
6165 - Marketing Expenses	0	0	0	750	750	0
6170 - Property Insurance	1,394	1,667	11,148	13,336	20,000	10,628
6180 - Property Taxes	0	0	18,514	16,000	32,000	15,875
6520 - Depreciation Expense	67,148	0	537,183	0	0	164,696
6700 - Leasing Commissions	2,245	2,083	17,960	16,668	25,000	11,848
Total 6100 - Facility Costs	108,220	51,747	946,272	430,734	653,717	543,683
Total Expense	111,692	55,163	980,855	495,562	724,881	603,207

143 Entities
Budget Performance (Detail)
August 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	17,984	15,993	142,234	127,949	191,921	99,208
Total Other Expense	<u>17,984</u>	<u>15,993</u>	<u>142,234</u>	<u>127,949</u>	<u>191,921</u>	<u>99,208</u>
Net Other Income (Expense)	<u>(17,984)</u>	<u>(15,993)</u>	<u>(142,234)</u>	<u>(127,949)</u>	<u>(191,921)</u>	<u>(99,208)</u>
Net Income (Loss)	<u>(58,010)</u>	<u>11,166</u>	<u>(578,029)</u>	<u>(54,998)</u>	<u>(19,001)</u>	<u>(295,061)</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 seven months ended August 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 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 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.