

One Forty Three Entities – Combined

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

July 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 \$252,000 during the month with an ending balance of \$152,000 – decrease is due to construction costs paid to Brandt, Ratio and Superior.
- Accounts receivable increased by \$9,000 during the month with an ending balance of \$23,000 which represents June and July rent due from the IEERB (per the current agreement with the State of Indiana, rent is paid one month in arrears), and July rent from McNeely.
- Prepaid expenses decreased by \$2,000 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.
- Accumulated depreciation increased by \$67,000 for estimated depreciation expense recorded for the month.
- Accounts Payable decreased by \$219,000 during the month due to payment of invoices from Superior Construction, Brandt and Midwest Remediation. Ending balance was \$4,000.
- 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 \$91,000.
- Amounts Due to IAR decreased by \$25,000 during the month with an ending balance of \$5,786,000 – decrease is due to reimbursement to IAR for Ration invoices paid by IAR in a prior month.
- Construction Loan Payable decreased by \$8,000 due to loan payments made during the month. Ending loan balance was \$3,072,000.

Combined Statement of Activities

- Net loss of (\$71,000) was recorded for the month compared to budgeted net income of \$11,000 – under budget by \$82,000 which is mostly due to revenue being under budget, depreciation expense, and maintenance & repairs.
 - 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 (\$520,000) compared to budgeted net loss of (\$66,000) – under budget by \$454,000 mostly due to depreciation expense.
 - Net loss YTD includes depreciation expense of \$470,000 and interest expense of \$124,000.
 - Depreciation expense was not included in the 2019 budget
- Rent income-tenants for the month was \$51,000 vs budget of \$63,800 – under budget by \$12,000 (19%) due to the budget including rent for floors 6 and 7, however actual rent only included pro-rated amount for portion of 6th floor, with remainder of 6 and 7 not yet rented.
- Rent income-tenants YTD was \$343,000 vs budget of \$357,000 – under budget by \$13,000 (4%) for same reason as stated above.
- Rent income-Master Lease was \$18,500 for the month and \$130,000 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 \$123,000 and were above the monthly budget of \$55,000 by \$68,000 – mostly due to depreciation expense recorded but not budgeted in the amount of \$67,000.
 - Excluding depreciation expense, operating expenses for the month were \$56,000 - over budget by \$1,000 or 1%
- Total YTD operating expenses were \$869,000 and were above the YTD budget of \$440,000 by \$429,000 – mostly due to depreciation expense recorded but not budgeted in the amount of \$470,000.
 - Excluding depreciation expense, YTD operating expenses were \$399,000 - under budget by \$41,000 or 9%
- Interest expense for the month was \$18,000 vs budgeted expense of \$16,000 –over budget by \$2,000 (10%).
- YTD interest expense was \$124,000 vs budgeted expense of \$112,000 – over budget by \$13,000 (11%).

**143 Entities - Combined
Balance Sheet (Detail)**

July 31, 2019

	07/31/2019	06/30/2019	Difference
ASSETS			
Current Assets			
Checking/Savings			
1000 - Cash Accounts			
1026 - 143 LLC Checking-Regions	42,429	35,564	6,866
1034 - 143 LLC Checking-ONB	103,771	343,217	(239,447)
1035 - 143 MT Checking-ONB	5,690	24,613	(18,922)
Total 1000 - Cash Accounts	<u>151,890</u>	<u>403,394</u>	<u>(251,503)</u>
Total Checking/Savings	<u>151,890</u>	<u>403,394</u>	<u>(251,503)</u>
Other Current Assets			
1200 - Accounts Receivable			
1200 - Accounts Receivable	23,164	13,701	9,462
Total 1200 - Accounts Receivable	<u>23,164</u>	<u>13,701</u>	<u>9,462</u>
1300 - Other Current Assets			
1310 - Prepaid Expense	8,485	10,369	(1,884)
1350 - Other Deposits	3,075	3,075	0
Total 1300 - Other Current Assets	<u>11,560</u>	<u>13,444</u>	<u>(1,884)</u>
Total Other Current Assets	<u>34,724</u>	<u>27,145</u>	<u>7,578</u>
Total Current Assets	<u>186,614</u>	<u>430,539</u>	<u>(243,925)</u>
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	6,823,512	6,823,511	0
1626 - Building Improvements (McNeely)	157,400	157,400	0
1630 - Furniture, Fixtures & Equipmen	21,362	21,363	0
Total 1605 - Land, Buildings & Equipment	<u>9,931,491</u>	<u>9,931,491</u>	<u>0</u>
1655 - Accumulated Depreciation			
1671 - Accum. Depreciation - Building	(260,176)	(254,304)	(5,872)
1672 - Accum. Depreciation - Improvem	(850,172)	(789,118)	(61,054)
1673 - Accum. Depreciation - Furn & Equip	(2,997)	(2,775)	(222)
Total 1655 - Accumulated Depreciation	<u>(1,113,345)</u>	<u>(1,046,197)</u>	<u>(67,148)</u>
Total 1600 - Fixed Assets, Net of Deprec.	<u>8,818,146</u>	<u>8,885,294</u>	<u>(67,148)</u>
Total Fixed Assets	<u>8,818,146</u>	<u>8,885,294</u>	<u>(67,148)</u>
Other Assets			
1700 - Capitalized Loan and Lease Costs			
1710 - Direct Lease Cost	236,576	236,576	0
1712 - Lease Cost Amortization	(43,183)	(40,938)	(2,245)
1715 - Capitalized Loan Costs			
1715 - Capitalized Loan Costs	267,900	267,900	0
Total 1715 - Capitalized Loan Costs	<u>267,900</u>	<u>267,900</u>	<u>0</u>
1716 - Accum Amort-Capitalized Loan Costs			
1716 - Accum Amort - Capitalized Loan Costs	(8,900)	(8,901)	0
Total 1716 - Accum Amort-Capitalized Loan Costs	<u>(8,900)</u>	<u>(8,901)</u>	<u>0</u>
Total 1700 - Capitalized Loan and Lease Costs	<u>452,393</u>	<u>454,637</u>	<u>(2,245)</u>
Total Other Assets	<u>452,393</u>	<u>454,637</u>	<u>(2,245)</u>
Total ASSETS	<u>9,457,153</u>	<u>9,770,470</u>	<u>(313,318)</u>

**143 Entities - Combined
Balance Sheet (Detail)**

July 31, 2019

	<u>07/31/2019</u>	<u>06/30/2019</u>	<u>Difference</u>
LIABILITIES & EQUITY			
Liabilities			
Current Liabilities			
Accounts Payable			
2010 - Accounts Payable	7,636	222,377	(214,741)
Total Accounts Payable	<u>7,636</u>	<u>222,377</u>	<u>(214,741)</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	90,536	84,854	5,682
Total 2025 - Other Current Liabilities	<u>1,855,775</u>	<u>1,850,093</u>	<u>5,682</u>
Total Other Current Liabilities	<u>1,855,775</u>	<u>1,850,093</u>	<u>5,682</u>
Total Current Liabilities	<u>1,863,411</u>	<u>2,072,470</u>	<u>(209,059)</u>
Other Liabilities			
2200 - Intercompany Loans Payable			
2210 - Due to IAR	5,786,180	5,811,485	(25,305)
Total 2200 - Intercompany Loans Payable	<u>5,786,180</u>	<u>5,811,485</u>	<u>(25,305)</u>
2810 - Construction Loan Payable			
2810 - Construction Loan Payable	3,072,359	3,080,690	(8,331)
Total 2810 - Construction Loan Payable	<u>3,072,359</u>	<u>3,080,690</u>	<u>(8,331)</u>
Total - Other Liabilities	<u>8,858,539</u>	<u>8,892,175</u>	<u>(33,636)</u>
Total Liabilities	<u>10,721,950</u>	<u>10,964,645</u>	<u>(242,695)</u>
EQUITY	<u>(1,264,797)</u>	<u>(1,194,175)</u>	<u>(70,623)</u>
Total LIABILITIES & EQUITY	<u>9,457,153</u>	<u>9,770,470</u>	<u>(313,318)</u>

**143 Entities - Combined
Budget Performance (Detail)**

July 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>
Income						
4300 - Royalties, Rent & Product Sales						
4700 - Building Rental Income-tenants	51,416	63,800	343,397	356,537	675,537	226,406
4701 - Building Rental Income-Master Lease	18,522	18,522	129,654	129,654	222,264	129,654
Total 4300 - Royalties, Rent & Product Sales	<u>69,938</u>	<u>82,322</u>	<u>473,051</u>	<u>486,191</u>	<u>897,801</u>	<u>356,060</u>
4900 - Other Income						
4900 - Other Income	0	0	343	0	0	0
Total 4900 - Other Income	<u>0</u>	<u>0</u>	<u>343</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Income	<u>69,938</u>	<u>82,322</u>	<u>473,394</u>	<u>486,191</u>	<u>897,801</u>	<u>356,060</u>
Expense						
5600 - Professional Fees						
5620 - Audit & Tax Services	0	0	10,750	37,500	37,500	34,779
5630 - Accounting Services	2,034	3,333	20,248	23,331	32,664	22,738
Total 5600 - Professional Fees	<u>2,034</u>	<u>3,333</u>	<u>30,998</u>	<u>60,831</u>	<u>70,164</u>	<u>57,517</u>
5900 - Office Costs						
5910 - Telephone	0	83	0	581	1,000	545
5970 - Bank & Credit Card Fees	16	0	113	0	0	37
5980 - Miscellaneous	0	0	0	0	0	0
Total 5900 - Office Costs	<u>16</u>	<u>83</u>	<u>113</u>	<u>581</u>	<u>1,000</u>	<u>582</u>
6100 - Facility Costs						
6111 - Office Rent & Parking-Master Lease	18,522	18,522	129,654	129,654	222,264	129,654
6112 - Property Management	4,000	4,000	28,000	28,000	48,000	24,000
6120 - Utilities	6,041	14,892	84,185	104,244	178,703	70,707
6130 - Building Maintenance & Repair	17,557	6,250	58,857	43,750	75,000	30,751
6140 - Grounds Maintenance	342	0	2,393	0	0	0
6150 - Janitorial-cleaning & supplies	3,255	3,750	18,029	26,250	45,000	17,343
6155 - Trash Service	387	500	2,711	3,500	6,000	2,941
6160 - Pest Control	0	83	205	585	1,000	246
6165 - Marketing Expenses	0	0	0	750	750	0
6170 - Property Insurance	1,393	1,667	9,755	11,669	20,000	9,299
6180 - Property Taxes	0	0	18,514	16,000	32,000	15,875
6520 - Depreciation Expense	67,148	0	470,035	0	0	144,109
6700 - Leasing Commissions	2,245	2,083	15,715	14,585	25,000	11,848
Total 6100 - Facility Costs	<u>120,890</u>	<u>51,747</u>	<u>838,053</u>	<u>378,987</u>	<u>653,717</u>	<u>456,773</u>
Total Expense	<u>122,940</u>	<u>55,163</u>	<u>869,164</u>	<u>440,399</u>	<u>724,881</u>	<u>514,872</u>

**143 Entities - Combined
Budget Performance (Detail)**

July 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	17,621	15,993	124,249	111,956	191,921	83,275
Total Other Expense	<u>17,621</u>	<u>15,993</u>	<u>124,249</u>	<u>111,956</u>	<u>191,921</u>	<u>83,275</u>
Net Other Income (Expense)	<u>(17,621)</u>	<u>(15,993)</u>	<u>(124,249)</u>	<u>(111,956)</u>	<u>(191,921)</u>	<u>(83,275)</u>
Net Income (Loss)	<u>(70,623)</u>	<u>11,166</u>	<u>(520,019)</u>	<u>(66,164)</u>	<u>(19,001)</u>	<u>(242,087)</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 July 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 June 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.