

One Forty Three Entities – Combined

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

September 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 \$648,000 during the month with an ending balance of \$811,000 – increase is due to tax credit funds received.
- Accounts receivable decreased by \$7,000 during the month with an ending balance of \$14,000 which represents September rent due from the IEERB and ISBOE (per the current agreement with the State of Indiana, rent is paid one month in arrears).
- Prepaid expenses decreased by \$2,000 with an ending balance of \$6,000 which represents various building service contracts that will be amortized over the life of the contracts.
- 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 increased by \$7,000 during the month with an ending balance of \$19,000.
- 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 \$102,000.
- Amounts Due to IAR decreased by \$37,000 during the month with an ending balance of \$5,752,000 – decrease is due to transfer made from 143 MT ONB account to IAR ONB account to cover IAR loan payments thru November.
- Construction Loan Payable decreased by \$8,000 due to loan payments made during the month. Ending loan balance was \$3,056,000.

Combined Statement of Activities

- Net income for September was \$602,000 compared to budgeted net income of \$13,000.
 - Net income consisted of Net Loss from Operations of (\$48,000) vs budgeted Net Income from Operations of \$29,000.
 - i. Net Ordinary Loss includes depreciation expense of \$67,000 and interest expense of \$18,000. Depreciation expense was not included in the 2019 budget
 - Net Other Income for September included \$668,000 of tax credits received during the month

EXECUTIVE SUMMARY (continued)

- Net income YTD was \$24,000 compared to budgeted net loss of (\$42,000).
 - Net income YTD consisted of Net Ordinary Loss of (\$484,000) and Net Other Income of \$508,000
 - i. Net Ordinary Loss YTD includes depreciation expense of \$604,000 and interest expense of \$160,000. Depreciation expense was not included in the 2019 budget
 - Net Other Income included \$668,000 of tax credits received in September
- Rent income-tenants for the month was \$50,000 vs budget of \$64,000 – under budget by \$14,000 (21%) due to the budget including twelve months of rent for floors 6 and 7, however actual rent only included a portion of 6th floor, with remainder of 6 and all of floor 7 not yet rented.
 - Rent income-tenants YTD was \$447,000 vs budget of \$484,000 – under budget by \$37,000 (8%) for same reason as stated above.
- Rent income-Master Lease was \$18,500 for the month and \$167,000 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 \$117,000 and were above the monthly budget of \$53,000 by \$64,000 – mostly due to depreciation expense recorded but not budgeted in the amount of \$67,000.
 - Excluding depreciation expense, operating expenses for the month were \$50,000 – under budget by \$3,000 or 6%
- Total YTD operating expenses were \$1,098,000 and were above the YTD budget of \$549,000 by \$549,000 – mostly due to depreciation expense recorded but not budgeted in the amount of \$604,000.
 - Excluding depreciation expense, YTD operating expenses were \$494,000 - under budget by \$55,000 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 \$160,000 vs budgeted expense of \$144,000 – over budget by \$16,000 (11%).

143 Entities
Balance Sheet (Detail)
September 30, 2019

	09/30/2019	08/31/2019	Difference
ASSETS			
Current Assets			
Checking/Savings			
1000 - Cash Accounts			
1026 - 143 LLC Checking-Regions	21,726	8,024	13,701
1034 - 143 LLC Checking-ONB	84,477	93,194	(8,716)
1035 - 143 MT Checking-ONB	498,333	61,486	436,847
1036 - 143 MT - Building Reserve Acct	206,193	0	206,193
Total 1000 - Cash Accounts	<u>810,729</u>	<u>162,704</u>	<u>648,025</u>
Total Checking/Savings	810,729	162,704	648,025
Other Current Assets			
1200 - Accounts Receivable			
1200 - Accounts Receivable	13,702	20,614	(6,913)
Total 1200 - Accounts Receivable	<u>13,702</u>	<u>20,614</u>	<u>(6,913)</u>
1300 - Other Current Assets			
1310 - Prepaid Expense	6,348	8,232	(1,884)
1350 - Other Deposits	3,075	3,075	0
Total 1300 - Other Current Assets	<u>9,423</u>	<u>11,307</u>	<u>(1,884)</u>
Total Other Current Assets	<u>23,125</u>	<u>31,921</u>	<u>(8,797)</u>
Total Current Assets	<u>833,854</u>	<u>194,625</u>	<u>639,228</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	6,827,128	6,827,128	0
1626 - Building Improvements (McNeely)	157,400	157,400	0
1630 - Furniture, Fixtures & Equipmen	25,962	25,963	0
Total 1605 - Land, Buildings & Equipment	<u>9,939,707</u>	<u>9,939,708</u>	<u>0</u>
1655 - Accumulated Depreciation			
1671 - Accum. Depreciation - Building	(271,920)	(266,049)	(5,872)
1672 - Accum. Depreciation - Improvem	(972,280)	(911,226)	(61,054)
1673 - Accum. Depreciation - Furn & Equip	(3,441)	(3,219)	(222)
Total 1655 - Accumulated Depreciation	<u>(1,247,641)</u>	<u>(1,180,494)</u>	<u>(67,148)</u>
Total 1600 - Fixed Assets, Net of Deprec.	<u>8,692,066</u>	<u>8,759,214</u>	<u>(67,148)</u>
Total Fixed Assets	<u>8,692,066</u>	<u>8,759,214</u>	<u>(67,148)</u>
Other Assets			
1700 - Capitalized Loan and Lease Costs			
1710 - Direct Lease Cost	236,576	236,577	0
1712 - Lease Cost Amortization	(47,673)	(45,429)	(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	(8,901)	(8,900)	0
Total 1716 - Accum Amort-Capitalized Loan Costs	<u>(8,901)</u>	<u>(8,900)</u>	<u>0</u>
Total 1700 - Capitalized Loan and Lease Costs	<u>447,902</u>	<u>450,148</u>	<u>(2,245)</u>
Total Other Assets	<u>447,902</u>	<u>450,148</u>	<u>(2,245)</u>
Total ASSETS	<u>9,973,822</u>	<u>9,403,987</u>	<u>569,835</u>

143 Entities
Balance Sheet (Detail)
September 30, 2019

	09/30/2019	08/31/2019	Difference
LIABILITIES & EQUITY			
Liabilities			
Current Liabilities			
Accounts Payable			
2010 - Accounts Payable	19,192	12,098	7,094
Total Accounts Payable	<u>19,192</u>	<u>12,098</u>	<u>7,094</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	101,901	96,219	5,682
Total 2025 - Other Current Liabilities	<u>1,867,140</u>	<u>1,861,458</u>	<u>5,682</u>
Total Other Current Liabilities	<u>1,867,140</u>	<u>1,861,458</u>	<u>5,682</u>
Total Current Liabilities	<u>1,886,332</u>	<u>1,873,556</u>	<u>12,776</u>
Other Liabilities			
2200 - Intercompany Loans Payable			
2210 - Due to IAR	5,752,241	5,788,847	(36,606)
Total 2200 - Intercompany Loans Payable	<u>5,752,241</u>	<u>5,788,847</u>	<u>(36,606)</u>
2810 - Construction Loan Payable			
2810 - Construction Loan Payable	3,056,393	3,064,392	(7,999)
Total 2810 - Construction Loan Payable	<u>3,056,393</u>	<u>3,064,392</u>	<u>(7,999)</u>
Total - Other Liabilities	<u>8,808,634</u>	<u>8,853,239</u>	<u>(44,605)</u>
Total Liabilities	<u>10,694,966</u>	<u>10,726,795</u>	<u>(31,829)</u>
EQUITY			
	<u>(721,144)</u>	<u>(1,322,808)</u>	<u>601,664</u>
Total LIABILITIES & EQUITY	<u>9,973,822</u>	<u>9,403,987</u>	<u>569,835</u>

143 Entities
Budget Performance (Detail)

September 30, 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	50,249	63,800	446,722	484,137	675,537	278,250
4701 - Building Rental Income-Master Lease	18,522	18,522	166,698	166,698	222,264	166,698
Total 4300 - Royalties, Rent & Product Sales	68,771	82,322	613,420	650,835	897,801	444,948
4900 - Other Income						
4900 - Other Income	0	0	411	0	0	0
Total 4900 - Other Income	0	0	411	0	0	0
Total Income	68,771	82,322	613,831	650,835	897,801	444,948
Expense						
5600 - Professional Fees						
5620 - Audit & Tax Services	0	0	10,750	37,500	37,500	34,779
5630 - Accounting Services	1,868	1,500	25,572	28,164	32,664	24,660
Total 5600 - Professional Fees	1,868	1,500	36,322	65,664	70,164	59,439
5900 - Office Costs						
5910 - Telephone	0	83	0	747	1,000	595
5960 - Licenses and Fees	5,953	0	5,953	0	0	0
5970 - Bank & Credit Card Fees	64	0	193	0	0	37
5980 - Miscellaneous	0	0	0	0	0	0
Total 5900 - Office Costs	6,017	83	6,146	747	1,000	632
6100 - Facility Costs						
6110 - Office Rent & Parking	18,522	0	18,522	0	0	0
6111 - Office Rent & Parking-Master Lease	0	18,522	148,176	166,698	222,264	166,698
6112 - Property Management	4,000	4,000	32,000	36,000	48,000	36,000
6120 - Utilities	10,229	14,892	104,088	134,028	178,703	90,294
6130 - Building Maintenance & Repair	2,027	6,250	65,504	56,250	75,000	60,495
6140 - Grounds Maintenance	342	0	3,077	0	0	0
6150 - Janitorial-cleaning & supplies	2,895	3,750	24,771	33,750	45,000	26,355
6155 - Trash Service	387	500	3,485	4,500	6,000	3,680
6160 - Pest Control	0	83	246	751	1,000	328
6165 - Marketing Expenses	0	0	0	750	750	0
6170 - Property Insurance	1,394	1,667	12,542	15,003	20,000	11,956
6180 - Property Taxes	0	0	18,514	16,000	32,000	15,875

143 Entities
Budget Performance (Detail)

September 30, 2019

	1 Month Actual	1 Month Budget	YTD Actual	YTD Budget	Annual Budget	Prior YTD Actual
6520 - Depreciation Expense	67,148	0	604,331	0	0	185,283
6700 - Leasing Commissions	2,245	2,083	20,205	18,751	25,000	17,772
6260 - Building Advertising/Marketing	0	0	0	0	0	625
Total 6100 - Facility Costs	<u>109,189</u>	<u>51,747</u>	<u>1,055,461</u>	<u>482,481</u>	<u>653,717</u>	<u>615,361</u>
Total Expense	<u>117,074</u>	<u>53,330</u>	<u>1,097,929</u>	<u>548,892</u>	<u>724,881</u>	<u>675,432</u>
Net Income (Loss) from Operations	<u>(48,303)</u>	<u>28,992</u>	<u>(484,098)</u>	<u>101,943</u>	<u>172,920</u>	<u>(230,484)</u>
Other Income/Expense						
Other Income						
4800 - Investment Income						
4810 - Interest & Dividend Income	3	0	2	0	0	0
4850 - Other Income - Tax Credits	667,917	0	667,918	0	0	0
Total 4800 - Investment Income	<u>667,920</u>	<u>0</u>	<u>667,920</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Income	<u>667,920</u>	<u>0</u>	<u>667,920</u>	<u>0</u>	<u>0</u>	<u>0</u>
Other Expense						
8000 - Interest Expense	17,953	15,993	160,187	143,942	191,921	115,658
Total Other Expense	<u>17,953</u>	<u>15,993</u>	<u>160,187</u>	<u>143,942</u>	<u>191,921</u>	<u>115,658</u>
Net Other Income (Expense)	<u>649,967</u>	<u>(15,993)</u>	<u>507,733</u>	<u>(143,942)</u>	<u>(191,921)</u>	<u>(115,658)</u>
Net Income (Loss)	<u>601,664</u>	<u>12,999</u>	<u>23,635</u>	<u>(41,999)</u>	<u>(19,001)</u>	<u>(346,142)</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 eight months ended September 30, 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 August 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.