

One Forty Three Entities – Combined

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

November 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 \$469,000 during the month with an ending balance of \$348,000 – decrease is due to transfer of tax credit dollars to IAR to pay down the ONB line of credit.
- Accounts receivable remained unchanged with an ending balance of \$14,000 which represents November 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 slightly with an ending balance of \$4,000 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.
- Building Improvements increased by \$21,000 due to Ratio invoices.
- Accumulated depreciation increased by \$67,000 for estimated depreciation expense recorded for the month.
- Accounts Payable increased by \$72,000 with an ending balance of \$92,000 – increase is due to invoices for Ratio, Comfort Systems and Rubin Brown (tax return and cost certification fees).
- 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 \$113,000.
- Amounts Due to IAR increased by \$460,000 with an ending balance of \$5,293,000 – increase is the transfer of tax credit dollars from 143 MT to IAR to pay down ONB line of credit..
- Construction Loan Payable decreased by \$8,000 due to loan payments made during the month. Ending loan balance was \$3,040,000.

Combined Statement of Activities

- Net loss for November was (\$85,000) compared to budgeted net loss of (\$3,000).
 - Net loss for November consisted of Net Loss from Operations of (\$67,000) and Net Other Income (Expense) of (\$18,000)
 - i. Net Loss from Operations included depreciation expense of \$67,000, which was not included in the 2019 budget

EXECUTIVE SUMMARY (continued)

- Net loss YTD was (\$124,000) compared to budgeted net loss of (\$32,000).
 - Net loss YTD consisted of Net Loss from Operations of (\$596,000) and Net Other Income of \$472,000
 - i. Net Loss from Operations YTD includes depreciation expense of \$739,000, which was not included in the 2019 budget
 - ii. Net Other Income YTD included \$668,000 of tax credits received in September
- Rent income-tenants for the month was \$53,000 vs budget of \$64,000 – under budget by \$11,000 (17%) 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 \$553,000 vs budget of \$612,000 – under budget by \$59,000 (10%) for same reason as stated above.
- Rent income-Master Lease was \$18,500 for the month and \$204,000 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 \$139,000 and were above the monthly budget of \$69,000 by \$52,000 – mostly due to depreciation expense recorded but not budgeted in the amount of \$67,000.
 - Excluding depreciation expense, operating expenses for the month were \$72,000 – over budget by \$2,000 or 4%
- Total YTD operating expenses were \$1,353,000 and were above the YTD budget of \$672,000 by \$682,000 – mostly due to depreciation expense recorded but not budgeted in the amount of \$739,000.
 - Excluding depreciation expense, YTD operating expenses were \$615,000 - under budget by \$57,000 or 8%
- Interest expense for the month was \$18,000 vs budgeted expense of \$16,000 –over budget by \$2,000 (12%).
 - YTD interest expense was \$196,000 vs budgeted expense of \$176,000 – over budget by \$20,000 (11%).

143 Entities
Balance Sheet (Detail)

November 30, 2019

	11/30/2019	10/31/2019	Difference
ASSETS			
Current Assets			
Checking/Savings			
1000 - Cash Accounts			
1026 - 143 LLC Checking-Regions	14,890	35,427	(20,537)
1034 - 143 LLC Checking-ONB	78,412	80,847	(2,435)
1035 - 143 MT Checking-ONB	48,258	494,259	(446,001)
1036 - 143 MT - Building Reserve Acct	206,214	206,204	10
Total 1000 - Cash Accounts	<u>347,774</u>	<u>816,737</u>	<u>(468,963)</u>
Total Checking/Savings	<u>347,774</u>	<u>816,737</u>	<u>(468,963)</u>
Other Current Assets			
1200 - Accounts Receivable			
1200 - Accounts Receivable	13,702	13,702	0
Total 1200 - Accounts Receivable	<u>13,702</u>	<u>13,702</u>	<u>0</u>
1300 - Other Current Assets			
1310 - Prepaid Expense	4,211	4,464	(253)
1350 - Other Deposits	3,075	3,075	0
Total 1300 - Other Current Assets	<u>7,286</u>	<u>7,539</u>	<u>(253)</u>
Total Other Current Assets	<u>20,988</u>	<u>21,241</u>	<u>(253)</u>
Total Current Assets	<u>368,762</u>	<u>837,978</u>	<u>(469,216)</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	6,851,182	6,829,699	21,483
1626 - Building Improvements (McNeely)	157,400	157,400	0
1630 - Furniture, Fixtures & Equipmen	30,453	25,963	4,490
Total 1605 - Land, Buildings & Equipment	<u>9,968,252</u>	<u>9,942,279</u>	<u>25,973</u>
1655 - Accumulated Depreciation			
1671 - Accum. Depreciation - Building	(283,665)	(277,793)	(5,872)
1672 - Accum. Depreciation - Improvem	(1,094,388)	(1,033,334)	(61,054)
1673 - Accum. Depreciation - Furn & Equip	(3,885)	(3,663)	(222)
Total 1655 - Accumulated Depreciation	<u>(1,381,938)</u>	<u>(1,314,790)</u>	<u>(67,148)</u>
Total 1600 - Fixed Assets, Net of Deprec.	<u>8,586,314</u>	<u>8,627,489</u>	<u>(41,175)</u>
Total Fixed Assets	<u>8,586,314</u>	<u>8,627,489</u>	<u>(41,175)</u>
Other Assets			
1700 - Capitalized Loan and Lease Costs			
1710 - Direct Lease Cost	236,576	236,577	0
1712 - Lease Cost Amortization	(52,163)	(49,919)	(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)	(8,900)	0
Total 1716 - Accum Amort-Capitalized Loan Costs	<u>(8,900)</u>	<u>(8,900)</u>	<u>0</u>
Total 1700 - Capitalized Loan and Lease Costs	<u>443,413</u>	<u>445,658</u>	<u>(2,245)</u>
Total Other Assets	<u>443,413</u>	<u>445,658</u>	<u>(2,245)</u>
Total ASSETS	<u>9,398,489</u>	<u>9,911,125</u>	<u>(512,636)</u>

143 Entities
Balance Sheet (Detail)

November 30, 2019

	11/30/2019	10/31/2019	Difference
LIABILITIES & EQUITY			
Liabilities			
Current Liabilities			
Accounts Payable			
2010 - Accounts Payable	71,428	20,117	51,311
Total Accounts Payable	<u>71,428</u>	<u>20,117</u>	<u>51,311</u>
Other Current Liabilities			
2025 - Other Current Liabilities			
2030 - Accrued Property Taxes	0	16,000	(16,000)
2039 - Note Payable	1,749,239	1,749,239	0
2045 - Accrued Interest Payable	113,267	107,584	5,683
Total 2025 - Other Current Liabilities	<u>1,862,506</u>	<u>1,872,823</u>	<u>(10,317)</u>
Total Other Current Liabilities	<u>1,862,506</u>	<u>1,872,823</u>	<u>(10,317)</u>
Total Current Liabilities	<u>1,933,934</u>	<u>1,892,940</u>	<u>40,994</u>
Other Liabilities			
2200 - Intercompany Loans Payable			
2210 - Due to IAR	5,293,414	5,753,635	(460,221)
Total 2200 - Intercompany Loans Payable	<u>5,293,414</u>	<u>5,753,635</u>	<u>(460,221)</u>
2810 - Construction Loan Payable			
2810 - Construction Loan Payable	3,039,904	3,047,968	(8,064)
Total 2810 - Construction Loan Payable	<u>3,039,904</u>	<u>3,047,968</u>	<u>(8,064)</u>
Total - Other Liabilities	<u>8,333,318</u>	<u>8,801,603</u>	<u>(468,285)</u>
Total Liabilities	<u>10,267,252</u>	<u>10,694,543</u>	<u>(427,291)</u>
EQUITY			
	<u>(868,763)</u>	<u>(783,418)</u>	<u>(85,345)</u>
Total LIABILITIES & EQUITY	<u>9,398,489</u>	<u>9,911,125</u>	<u>(512,636)</u>

143 Entities
Budget Performance (Detail)

November 30, 2019

	1 Month Actual	1 Month Budget	YTD Actual	YTD Budget	Annual Budget	Prior YTD Actual
Ordinary Income/Expense						
Income						
4300 - Royalties, Rent & Product Sales						
4700 - Building Rental Income-tenants	53,076	63,800	552,873	611,737	675,537	375,829
4701 - Building Rental Income-Master Lease	18,522	18,522	203,742	203,742	222,264	203,742
Total 4300 - Royalties, Rent & Product Sales	71,598	82,322	756,615	815,479	897,801	579,571
4900 - Other Income						
4900 - Other Income	0	0	411	0	0	137
Total 4900 - Other Income	0	0	411	0	0	137
Total Income	71,598	82,322	757,026	815,479	897,801	579,708
Expense						
5600 - Professional Fees						
5620 - Audit & Tax Services	18,050	0	28,800	37,500	37,500	43,853
5630 - Accounting Services	1,377	1,500	29,696	31,164	32,664	28,859
Total 5600 - Professional Fees	19,427	1,500	58,496	68,664	70,164	72,712
5900 - Office Costs						
5910 - Telephone	0	83	0	913	1,000	646
5960 - Licenses and Fees	0	0	5,952	0	0	0
5970 - Bank & Credit Card Fees	33	0	258	0	0	70
5980 - Miscellaneous	0	0	0	0	0	0
Total 5900 - Office Costs	33	83	6,210	913	1,000	716
6100 - Facility Costs						
6111 - Office Rent & Parking-Master Lease	18,522	18,522	203,742	203,742	222,264	203,742
6112 - Property Management	0	4,000	40,000	44,000	48,000	40,000
6120 - Utilities	5,799	14,892	116,567	163,812	178,703	112,269
6130 - Building Maintenance & Repair	18,397	6,250	89,173	68,750	75,000	68,220
6140 - Grounds Maintenance	0	0	3,419	0	0	0
6150 - Janitorial-cleaning & supplies	3,197	3,750	31,470	41,250	45,000	32,027
6155 - Trash Service	391	500	4,267	5,500	6,000	4,432
6160 - Pest Control	0	83	328	917	1,000	385
6165 - Marketing Expenses	0	0	0	750	750	0
6170 - Property Insurance	1,393	1,667	15,328	18,337	20,000	14,565
6180 - Property Taxes	2,514	16,000	21,029	32,000	32,000	31,750
6520 - Depreciation Expense	67,148	0	738,627	0	0	185,283

143 Entities
Budget Performance (Detail)

November 30, 2019

	1 Month Actual	1 Month Budget	YTD Actual	YTD Budget	Annual Budget	Prior YTD Actual
6700 - Leasing Commissions	2,245	2,083	24,695	22,917	25,000	17,772
6260 - Building Advertising/Marketing	0	0	0	0	0	625
Total 6100 - Facility Costs	119,606	67,747	1,288,645	601,975	653,717	711,070
Total Expense	139,066	69,330	1,353,351	671,552	724,881	784,498
Net Income (Loss) from Operations	(67,468)	12,992	(596,325)	143,927	172,920	(204,790)
Other Income/Expense						
Other Income						
4800 - Investment Income						
4810 - Interest & Dividend Income	10	0	23	0	0	0
4850 - Other Income - Tax Credits	0	0	667,918	0	0	0
Total 4800 - Investment Income	10	0	667,941	0	0	0
Total Other Income	10	0	667,941	0	0	0
Other Expense						
8000 - Interest Expense	17,887	15,993	195,601	175,928	191,921	137,113
Total Other Expense	17,887	15,993	195,601	175,928	191,921	137,113
Net Other Income (Expense)	(17,877)	(15,993)	472,340	(175,928)	(191,921)	(137,113)
Net Income (Loss)	(85,345)	(3,001)	(123,985)	(32,001)	(19,001)	(341,903)

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 ten months ended November 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 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 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.