

One Forty Three Entities – Combined

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

October 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 \$6,000 during the month with an ending balance of \$817,000.
- Accounts receivable remained unchanged with an ending balance of \$14,000 which represents October 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 \$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.
- Accumulated depreciation increased by \$67,000 for estimated depreciation expense recorded for the month.
- Accounts Payable increased slightly with an ending balance of \$20,000.
- 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 \$108,000.
- Amounts Due to IAR increased by \$1,300 with an ending balance of \$5,754,000 – increase is due to insurance paid by IAR.
- Construction Loan Payable decreased by \$8,000 due to loan payments made during the month. Ending loan balance was \$3,048,000.

Combined Statement of Activities

- Net loss for October was (\$62,000) compared to budgeted net income of \$13,000.
 - Net income consisted of Net Loss from Operations of (\$45,000) and Net Other Income (Expense) of (\$18,000)
 - 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

EXECUTIVE SUMMARY (continued)

- Net loss YTD was (\$39,000) compared to budgeted net loss of (\$29,000).
 - Net income YTD consisted of Net Ordinary Loss of (\$529,000) and Net Other Income of \$490,000
 - i. Net Ordinary Loss YTD includes depreciation expense of \$671,000 and interest expense of \$178,000. 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 \$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 \$500,000 vs budget of \$548,000 – under budget by \$48,000 (9%) 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 \$116,000 and were above the monthly budget of \$53,000 by \$63,000 – mostly due to depreciation expense recorded but not budgeted in the amount of \$67,000.
 - Excluding depreciation expense, operating expenses for the month were \$46,000 – under budget by \$6,000 or 10%
- Total YTD operating expenses were \$1,214,000 and were above the YTD budget of \$602,000 by \$612,000 – mostly due to depreciation expense recorded but not budgeted in the amount of \$671,000.
 - Excluding depreciation expense, YTD operating expenses were \$498,000 - under budget by \$37,000 or 7%
- Interest expense for the month was \$18,000 vs budgeted expense of \$16,000 –over budget by \$2,000 (10%).
 - YTD interest expense was \$178,000 vs budgeted expense of \$160,000 – over budget by \$18,000 (11%).

143 Entities
Balance Sheet (Detail)

October 31, 2019

	10/31/2019	09/30/2019	Difference
ASSETS			
Current Assets			
Checking/Savings			
1000 - Cash Accounts			
1026 - 143 LLC Checking-Regions	35,427	21,726	13,701
1034 - 143 LLC Checking-ONB	80,847	84,477	(3,630)
1035 - 143 MT Checking-ONB	494,259	498,333	(4,074)
1036 - 143 MT - Building Reserve Acct	206,204	206,193	11
Total 1000 - Cash Accounts	<u>816,737</u>	<u>810,729</u>	<u>6,008</u>
Total Checking/Savings	<u>816,737</u>	<u>810,729</u>	<u>6,008</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	4,464	6,348	(1,884)
1350 - Other Deposits	3,075	3,075	0
Total 1300 - Other Current Assets	<u>7,539</u>	<u>9,423</u>	<u>(1,884)</u>
Total Other Current Assets	<u>21,241</u>	<u>23,125</u>	<u>(1,884)</u>
Total Current Assets	<u>837,978</u>	<u>833,854</u>	<u>4,124</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	6,829,699	6,827,128	2,572
1626 - Building Improvements (McNeely)	157,400	157,400	0
1630 - Furniture, Fixtures & Equipmen	25,963	25,962	0
Total 1605 - Land, Buildings & Equipment	<u>9,942,279</u>	<u>9,939,707</u>	<u>2,572</u>
1655 - Accumulated Depreciation			
1671 - Accum. Depreciation - Building	(277,793)	(271,920)	(5,872)
1672 - Accum. Depreciation - Improvem	(1,033,334)	(972,280)	(61,054)
1673 - Accum. Depreciation - Furn & Equip	(3,663)	(3,441)	(222)
Total 1655 - Accumulated Depreciation	<u>(1,314,790)</u>	<u>(1,247,641)</u>	<u>(67,148)</u>
Total 1600 - Fixed Assets, Net of Deprec.	<u>8,627,489</u>	<u>8,692,066</u>	<u>(64,576)</u>
Total Fixed Assets	<u>8,627,489</u>	<u>8,692,066</u>	<u>(64,576)</u>
Other Assets			
1700 - Capitalized Loan and Lease Costs			
1710 - Direct Lease Cost	236,577	236,576	0
1712 - Lease Cost Amortization	(49,919)	(47,673)	(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>445,658</u>	<u>447,902</u>	<u>(2,245)</u>
Total Other Assets	<u>445,658</u>	<u>447,902</u>	<u>(2,245)</u>
Total ASSETS	<u>9,911,125</u>	<u>9,973,822</u>	<u>(62,697)</u>

143 Entities
Balance Sheet (Detail)
October 31, 2019

	<u>10/31/2019</u>	<u>09/30/2019</u>	<u>Difference</u>
LIABILITIES & EQUITY			
Liabilities			
Current Liabilities			
Accounts Payable			
2010 - Accounts Payable	20,117	19,192	926
Total Accounts Payable	<u>20,117</u>	<u>19,192</u>	<u>926</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	107,584	101,901	5,682
Total 2025 - Other Current Liabilities	<u>1,872,823</u>	<u>1,867,140</u>	<u>5,682</u>
Total Other Current Liabilities	<u>1,872,823</u>	<u>1,867,140</u>	<u>5,682</u>
Total Current Liabilities	<u>1,892,940</u>	<u>1,886,332</u>	<u>6,608</u>
Other Liabilities			
2200 - Intercompany Loans Payable			
2210 - Due to IAR	5,753,635	5,752,241	1,394
Total 2200 - Intercompany Loans Payable	<u>5,753,635</u>	<u>5,752,241</u>	<u>1,394</u>
2810 - Construction Loan Payable			
2810 - Construction Loan Payable	3,047,968	3,056,393	(8,425)
Total 2810 - Construction Loan Payable	<u>3,047,968</u>	<u>3,056,393</u>	<u>(8,425)</u>
Total - Other Liabilities	<u>8,801,603</u>	<u>8,808,634</u>	<u>(7,031)</u>
Total Liabilities	<u>10,694,543</u>	<u>10,694,966</u>	<u>(423)</u>
EQUITY			
	<u>(783,418)</u>	<u>(721,144)</u>	<u>(62,274)</u>
Total LIABILITIES & EQUITY	<u>9,911,125</u>	<u>9,973,822</u>	<u>(62,697)</u>

143 Entities
Budget Performance (Detail)

October 31, 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	499,797	547,937	675,537	327,039
4701 - Building Rental Income-Master Lease	18,522	18,522	185,220	185,220	222,264	185,220
Total 4300 - Royalties, Rent & Product Sales	71,598	82,322	685,017	733,157	897,801	512,259
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	685,428	733,157	897,801	512,396
Expense						
5600 - Professional Fees						
5620 - Audit & Tax Services	0	0	10,750	37,500	37,500	43,028
5630 - Accounting Services	2,747	1,500	28,318	29,664	32,664	27,262
Total 5600 - Professional Fees	2,747	1,500	39,068	67,164	70,164	70,290
5900 - Office Costs						
5910 - Telephone	0	83	0	830	1,000	595
5960 - Licenses and Fees	0	0	5,953	0	0	0
5970 - Bank & Credit Card Fees	32	0	225	0	0	53
5980 - Miscellaneous	0	0	0	0	0	0
Total 5900 - Office Costs	32	83	6,178	830	1,000	648
6100 - Facility Costs						
6111 - Office Rent & Parking-Master Lease	18,522	18,522	185,220	185,220	222,264	185,220
6112 - Property Management	8,000	4,000	40,000	40,000	48,000	40,000
6120 - Utilities	6,680	14,892	110,768	148,920	178,703	100,273
6130 - Building Maintenance & Repair	5,272	6,250	70,776	62,500	75,000	61,427
6140 - Grounds Maintenance	342	0	3,419	0	0	0
6150 - Janitorial-cleaning & supplies	3,502	3,750	28,273	37,500	45,000	29,015
6155 - Trash Service	391	500	3,876	5,000	6,000	4,056
6160 - Pest Control	82	83	328	834	1,000	328
6165 - Marketing Expenses	0	0	0	750	750	0
6170 - Property Insurance	1,393	1,667	13,935	16,670	20,000	12,950
6180 - Property Taxes	0	0	18,514	16,000	32,000	15,876
6520 - Depreciation Expense	67,148	0	671,479	0	0	185,283

143 Entities
Budget Performance (Detail)

October 31, 2019

	1 Month Actual	1 Month Budget	YTD Actual	YTD Budget	Annual Budget	Prior YTD Actual
6700 - Leasing Commissions	2,245	2,083	22,450	20,834	25,000	17,772
6260 - Building Advertising/Marketing	0	0	0	0	0	625
Total 6100 - Facility Costs	<u>113,577</u>	<u>51,747</u>	<u>1,169,038</u>	<u>534,228</u>	<u>653,717</u>	<u>652,825</u>
Total Expense	<u>116,356</u>	<u>53,330</u>	<u>1,214,284</u>	<u>602,222</u>	<u>724,881</u>	<u>723,763</u>
Net Income (Loss) from Operations	<u>(44,758)</u>	<u>28,992</u>	<u>(528,856)</u>	<u>130,935</u>	<u>172,920</u>	<u>(211,367)</u>
Other Income/Expense						
Other Income						
4800 - Investment Income						
4810 - Interest & Dividend Income	10	0	13	0	0	0
4850 - Other Income - Tax Credits	0	0	667,917	0	0	0
Total 4800 - Investment Income	<u>10</u>	<u>0</u>	<u>667,930</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Income	10	0	667,930	0	0	0
Other Expense						
8000 - Interest Expense	17,526	15,993	177,713	159,935	191,921	119,980
Total Other Expense	<u>17,526</u>	<u>15,993</u>	<u>177,713</u>	<u>159,935</u>	<u>191,921</u>	<u>119,980</u>
Net Other Income (Expense)	<u>(17,516)</u>	<u>(15,993)</u>	<u>490,217</u>	<u>(159,935)</u>	<u>(191,921)</u>	<u>(119,980)</u>
Net Income (Loss)	<u>(62,274)</u>	<u>12,999</u>	<u>(38,639)</u>	<u>(29,000)</u>	<u>(19,001)</u>	<u>(331,347)</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 ten months ended October 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 September 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.