

One Forty Three LLC

Quarter ended September 30, 2018

EXECUTIVE SUMMARY

Balance Sheet

- Cash balances increased by \$33,000 during the quarter with an ending balance of \$105,000 – increase is due mostly to transfer from IAR to cover loan interest payments through year end.
- Accounts receivable increased by \$56,000 for 3rd quarter rent due from One Forty Three MT per the Master Lease agreement. Ending balance is \$168,000 and represents rent for January thru September of 2018.
- Construction in Progress increased by \$282,000 for renovation invoices from Brandt Construction, Ratio and other contractors.
- Amounts due from One Forty Three MT increased by \$13,000 with an ending balance of \$207,000.
- Accounts Payable increased by \$131,000 during the quarter mostly due to construction invoices for September that will be paid in October. Ending balance was \$170,000.
- Note Payable (to IAR) increased by \$202,000 due to IAR's draw down on their line of credit which is being used to pay for construction costs in excess of the construction loan. Ending balance was \$1,282,000.
- Accrued Payables decreased by \$142,000 with an ending balance of \$4,000 – this balance represents retainage due to Brandt Construction on invoices submitted thru the end of the third quarter.
- Accrued Interest Payable increased by \$12,000 due to interest on notes payable to IAR for the third quarter.
- Amounts Due to IAR increased by \$52,000 during the quarter due to transfer made from IAR to cover loan interest through year end. Balance at month end was \$5,407,000.
- Construction Loan Payable increased by \$126,000 due to the final loan draw made in August. Ending loan balance was \$3,145,000.

Income Statement

- Net loss of (\$57,000) was recorded for the quarter compared to budgeted net loss of (\$62,000).
- Net loss YTD was (\$159,000) which was right in line with the YTD budget.
- Rent income for the quarter was \$56,000 which was right in line with budget.
- Rent income YTD was \$167,000 which was right in with the YTD budget.
- Total operating expenses for the quarter were \$64,000 and were below the quarterly budget of \$66,000 by \$2,000 or 4%, mostly due to accounting services being less than budgeted.
- Total operating expenses YTD were \$210,000 and were above the YTD budget of \$204,000 by \$6,000 or 3%, mostly due to audit/tax services which included the cost certification study required for the historic tax credit transaction which was not included in the budget.
- Interest expense for the quarter was \$49,000 vs budgeted expense of \$51,000 – under budget by \$2,000 or 4%.
- Interest expense YTD was \$116,000 vs budgeted expense of \$122,000 – under budget by \$6,000 or 5%.

143 and 143 LLC (P-ship)
Balance Sheet (Detail)
September 30, 2018

	09/30/2018	06/30/2018	Difference
ASSETS			
Current Assets			
Checking/Savings			
1000 - Cash Accounts			
1026 - 143 LLC Checking-Regions	14,947	57,261	(42,314)
1034 - 143 LLC Checking-ONB	90,023	14,604	75,419
Total 1000 - Cash Accounts	<u>104,970</u>	<u>71,865</u>	<u>33,105</u>
Total Checking/Savings	104,970	71,865	33,105
Other Current Assets			
1200 - Accounts Receivable			
1200 - Accounts Receivable	167,798	112,232	55,566
Total 1200 - Accounts Receivable	<u>167,798</u>	<u>112,232</u>	<u>55,566</u>
1300 - Other Current Assets			
1350 - Other Deposits	3,075	3,075	0
Total 1300 - Other Current Assets	<u>3,075</u>	<u>3,075</u>	<u>0</u>
Total Other Current Assets	<u>170,873</u>	<u>115,307</u>	<u>55,566</u>
Total Current Assets	<u>275,843</u>	<u>187,172</u>	<u>88,671</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	1,705,536	1,705,536	0
1630 - Furniture, Fixtures & Equipmen	13,322	13,322	0
1635 - Construction in Progress	4,702,601	4,421,059	281,542
Total 1605 - Land, Buildings & Equipment	<u>9,350,676</u>	<u>9,069,134</u>	<u>281,542</u>
1655 - Accumulated Depreciation			
1671 - Accum. Depreciation - Building	(201,462)	(183,846)	(17,616)
1672 - Accum. Depreciation - Improvem	(158,283)	(114,138)	(44,145)
Total 1655 - Accumulated Depreciation	<u>(359,745)</u>	<u>(297,984)</u>	<u>(61,761)</u>
Total 1600 - Fixed Assets, Net of Deprec.	<u>8,990,931</u>	<u>8,771,150</u>	<u>219,781</u>
Total Fixed Assets	<u>8,990,931</u>	<u>8,771,150</u>	<u>219,781</u>
Other Assets			
1203 - Intercompany Loans Receivable			
1206 - Due From 143 MT	206,945	194,364	12,581
Total - 1203 - Intercompany Loans Receivable	<u>206,945</u>	<u>194,364</u>	<u>12,581</u>
1700 - Capitalized Loan and Lease Costs			
1715 - Capitalized Loan Costs			
1715 - Capitalized Loan Costs	268,375	266,064	2,311
Total 1715 - Capitalized Loan Costs	<u>268,375</u>	<u>266,064</u>	<u>2,311</u>
Total 1700 - Capitalized Loan and Lease Costs	<u>268,375</u>	<u>266,064</u>	<u>2,311</u>
Total Other Assets	<u>475,320</u>	<u>460,428</u>	<u>14,892</u>
Total ASSETS	<u>9,742,094</u>	<u>9,418,750</u>	<u>323,344</u>
LIABILITIES & NET ASSETS			
Liabilities			
Current Liabilities			
Accounts Payable			
2010 - Accounts Payable	170,054	39,134	130,920

143 and 143 LLC (P-ship)
Balance Sheet (Detail)
September 30, 2018

	09/30/2018	06/30/2018	Difference
Total Accounts Payable	170,054	39,134	130,920
Other Current Liabilities			
2025 - Other Current Liabilities			
2039 - Note Payable	1,282,099	1,080,000	202,099
2040 - Accrued Payables	3,974	146,273	(142,299)
2045 - Accrued Interest Payable	36,953	25,371	11,582
Total 2025 - Other Current Liabilities	1,323,026	1,251,644	71,382
Total Other Current Liabilities	1,323,026	1,251,644	71,382
Total Current Liabilities	1,493,080	1,290,778	202,302
Other Liabilities			
2200 - Intercompany Loans Payable			
2210 - Due to IAR	5,406,502	5,354,501	52,000
Total 2200 - Intercompany Loans Payable	5,406,502	5,354,501	52,000
2810 - Construction Loan Payable			
2810 - Construction Loan Payable	3,145,000	3,018,993	126,008
Total 2810 - Construction Loan Payable	3,145,000	3,018,993	126,008
Total - Other Liabilities	8,551,502	8,373,494	178,008
Total Liabilities	10,044,582	9,664,272	380,310
NET ASSETS			
3010 - Unrestricted Net Assets	(501,000)	(438,215)	(62,785)
3300 - Member Capital - 143 MT	255,479	255,479	0
Net Income	(56,967)	(62,786)	5,819
Total Net Assets	(302,488)	(245,522)	(56,966)
Total LIABILITIES & NET ASSETS	9,742,094	9,418,750	323,344

143 and 143 LLC (P-ship)
Budget Performance (Detail)

September 30, 2018

	<u>1 Quarter Actual</u>	<u>1 Quarter Budget</u>	<u>YTD Actual</u>	<u>YTD Budget</u>	<u>Annual Budget</u>
Income					
4300 - Royalties, Rent & Product Sales					
4700 - Building Rental Income	55,566	55,566	166,698	166,698	222,264
Total 4300 - Royalties, Rent & Product Sales	<u>55,566</u>	<u>55,566</u>	<u>166,698</u>	<u>166,698</u>	<u>222,264</u>
Total Income	<u>55,566</u>	<u>55,566</u>	<u>166,698</u>	<u>166,698</u>	<u>222,264</u>
Expense					
5600 - Professional Fees					
5620 - Audit & Tax Services	0	0	16,978	5,500	5,500
5630 - Accounting Services	2,057	4,500	8,046	13,500	18,000
Total 5600 - Professional Fees	<u>2,057</u>	<u>4,500</u>	<u>25,024</u>	<u>19,000</u>	<u>23,500</u>
5900 - Office Costs					
5970 - Bank & Credit Card Fees	0	0	36	0	0
Total 5900 - Office Costs	<u>0</u>	<u>0</u>	<u>36</u>	<u>0</u>	<u>0</u>
6100 - Facility Costs					
6120 - Utilities	0	0	0	0	0
6130 - Building Maintenance & Repair	0	0	0	0	0
6155 - Trash Service	0	0	0	0	0
6180 - Property Taxes	0	0	0	0	0
6520 - Depreciation Expense	61,761	61,800	185,283	185,400	247,200
Total 6100 - Facility Costs	<u>61,761</u>	<u>61,800</u>	<u>185,283</u>	<u>185,400</u>	<u>247,200</u>
Total Expense	<u>63,818</u>	<u>66,300</u>	<u>210,343</u>	<u>204,400</u>	<u>270,700</u>
Other Income/Expense					
Other Expense					
8000 - Interest Expense	48,714	50,861	115,658	121,787	177,500
Total Other Expense	<u>48,714</u>	<u>50,861</u>	<u>115,658</u>	<u>121,787</u>	<u>177,500</u>
Net Other Income (Expense)	<u>(48,714)</u>	<u>(50,861)</u>	<u>(115,658)</u>	<u>(121,787)</u>	<u>(177,500)</u>
Net Income (Loss)	<u>(56,966)</u>	<u>(61,595)</u>	<u>(159,303)</u>	<u>(159,489)</u>	<u>(225,936)</u>

143 and 143 LLC (P-ship)
Statement of Cash Flows
Year To Date 09/30/2018

OPERATING ACTIVITIES

Net Income	(159,303)
Adjustments to reconcile Net Income to net cash provided by operations	
1200 - Accounts Receivable	(113,052)
1206 - Due From 143 MT	(132,868)
1240 - Rent Receivable	1,100
1310 - Prepaid Expense	5,117
2010 - Accounts Payable	(250,968)
2030 - Accrued Property Taxes	(17,500)
2040 - Accrued Payables	(96,384)
2210 - Due to IAR	150,963
Net cash provided by Operating Activities	(612,895)

INVESTING ACTIVITIES

1622 - Building Improvements-143 general	(6,693)
1630 - Furniture, Fixtures & Equipmen	(13,322)
1635 - Construction in Progress	(1,445,603)
1671 - Accum. Depreciation - Building	52,848
1672 - Accum. Depreciation - Improvem	132,435
Net Cash provided by Investing Activities	(1,280,335)

FINANCING ACTIVITIES

2045 - Accrued Interest Payable	31,483
1710 - Direct Lease Cost	69,055
1712 - Lease Cost Amortization	(10,687)
1715 - Capitalized Loan Costs	(4,996)
2039 - Note Payable	282,099
2810 - Construction Loan Payable	1,620,081
Net cash provided by Financing Activities	1,987,035

Net cash change for period	93,805
Cash at beginning of period	11,165
Cash at end of period	104,970

One Forty Three LLC
Historical and Budgeted Financial Statements
Selected Information
For the quarter ended September 30, 2018 and year ending December 31, 2018

The accompanying historical financial statements and 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 Budget Performance reports do not report changes in net assets among unrestricted, temporarily restricted and permanently restricted in accordance with GAAP.

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 quarter ended June 30, 2018 for additional meaningful data for management.

Summary of Significant Assumptions

These financial forecasts present, to the best of management's knowledge and belief, the Company's expected results of operations for the forecast periods. Accordingly, the forecasts reflect its judgment as of November 9, 2017, 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

- Revenue is expected to grow by 24% over the prior year as the historic tax credit closing took place on November 29, 2017 and all operating activity of the building is shifted to One Forty Three MT (Master Tenant) LLC for a 20-year period. Building rental income in 2018 is estimated at \$18,522 per month in accordance with the Master Lease agreement.
- Depreciation expense is expected to increase by almost 200% due to remodeled floors placed in service in late 2017 and throughout 2018.
- Interest expenses is expected increase significantly due to the closing of the construction loan and notes payable to Indiana Association of Realtors in late 2017.