

One Forty Three Entities – Combined

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

June 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 \$403,000.
- Accounts receivable remained unchanged with an ending balance of \$14,000 which represents June rent due from the State of Indiana (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 \$10,000 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.
- Building Improvements increased by \$154,000 due to construction costs for the sixth floor.
- Accumulated depreciation increased by \$67,000 for estimated depreciation expense recorded for the month.
- Accounts Payable increased by \$155,000 during the month due to invoices from Superior Construction for the sixth floor. Ending balance was \$222,000.
- 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 \$85,000.
- Amounts Due to IAR increased by \$1,000 during the month with an ending balance of \$5,811,000 – increase is due to monthly amortization of insurance expense which was paid by IAR.
- Construction Loan Payable decreased by \$8,000 due to loan payments made during the month. Ending loan balance was \$3,081,000.

Combined Statement of Activities

- Net loss of (\$66,000) was recorded for the month compared to budgeted net loss of (\$4,000) – under budget by \$62,000 which is mostly due to depreciation expense.
 - 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 (\$449,000) compared to budgeted net loss of (\$77,000) – under budget by \$372,000 mostly due to depreciation expense.
 - Net loss YTD includes depreciation expense of \$403,000 and interest expense of \$107,000.
 - Depreciation expense was not included in the 2019 budget
- Rent income-tenants was \$49,000 for the month and \$292,000 YTD – both are right in line with the budget.
- Rent income-Master Lease was \$18,500 for the month and \$111,000 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 \$115,000 and were above the monthly budget of \$55,000 by \$60,000 – mostly due to depreciation expense recorded but not budgeted in the amount of \$67,000.
 - Excluding depreciation expense, operating expenses for the month were under budget by \$7,000 or 14%
- Total YTD operating expenses were \$746,000 and were above the YTD budget of \$385,000 by \$361,000 – mostly due to depreciation expense recorded but not budgeted in the amount of \$403,000.
 - Excluding depreciation expense, YTD operating expenses were under budget by \$42,000 or 11%
- Interest expense for the month was \$18,000 vs budgeted expense of \$16,000 –over budget by \$2,000.
- YTD interest expense was \$107,000 vs budgeted expense of \$96,000 – over budget by \$11,000.

143 Entities
Balance Sheet (Detail)

June 30, 2019

	06/30/2019	05/31/2019	Difference
ASSETS			
Current Assets			
Checking/Savings			
1000 - Cash Accounts			
1026 - 143 LLC Checking-Regions	35,564	21,862	13,701
1034 - 143 LLC Checking-ONB	343,217	346,909	(3,691)
1035 - 143 MT Checking-ONB	24,613	28,392	(3,780)
Total 1000 - Cash Accounts	403,394	397,163	6,230
Total Checking/Savings	403,394	397,163	6,230
Other Current Assets			
1200 - Accounts Receivable			
1200 - Accounts Receivable	13,701	13,702	0
Total 1200 - Accounts Receivable	13,701	13,702	0
1300 - Other Current Assets			
1310 - Prepaid Expense	10,369	12,252	(1,883)
1350 - Other Deposits	3,075	3,075	0
Total 1300 - Other Current Assets	13,444	15,327	(1,883)
Total Other Current Assets	27,145	29,029	(1,883)
Total Current Assets	430,539	426,192	4,347
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	6,823,511	6,823,277	235
1626 - Building Improvements (McNeely)	157,400	4,000	153,400
1630 - Furniture, Fixtures & Equipmen	21,363	21,363	0
Total 1605 - Land, Buildings & Equipment	9,931,491	9,777,857	153,635
1655 - Accumulated Depreciation			
1671 - Accum. Depreciation - Building	(254,304)	(248,433)	(5,872)
1672 - Accum. Depreciation - Improvem	(789,118)	(728,064)	(61,054)
1673 - Accum. Depreciation - Furn & Equip	(2,775)	(2,553)	(222)
Total 1655 - Accumulated Depreciation	(1,046,197)	(979,050)	(67,148)
Total 1600 - Fixed Assets, Net of Deprec.	8,885,294	8,798,807	86,487
Total Fixed Assets	8,885,294	8,798,807	86,487
Other Assets			
1700 - Capitalized Loan and Lease Costs			
1710 - Direct Lease Cost	236,576	236,576	0
1712 - Lease Cost Amortization	(40,938)	(38,693)	(2,245)
1715 - Capitalized Loan Costs			
1715 - Capitalized Loan Costs	267,900	267,900	0
Total 1715 - Capitalized Loan Costs	267,900	267,900	0
1716 - Accum Amort-Capitalized Loan Costs			
1716 - Accum Amort - Capitalized Loan Costs	(8,901)	(8,900)	0
Total 1716 - Accum Amort-Capitalized Loan Costs	(8,901)	(8,900)	0
Total 1700 - Capitalized Loan and Lease Costs	454,637	456,883	(2,245)
Total Other Assets	454,637	456,883	(2,245)
Total ASSETS	9,770,470	9,681,882	88,589

143 Entities
Balance Sheet (Detail)
June 30, 2019

	06/30/2019	05/31/2019	Difference
LIABILITIES & EQUITY			
Liabilities			
Current Liabilities			
Accounts Payable			
2010 - Accounts Payable	222,377	67,404	154,973
Total Accounts Payable	<u>222,377</u>	<u>67,404</u>	<u>154,973</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	84,854	79,171	5,683
Total 2025 - Other Current Liabilities	<u>1,850,093</u>	<u>1,844,410</u>	<u>5,683</u>
Total Other Current Liabilities	<u>1,850,093</u>	<u>1,844,410</u>	<u>5,683</u>
Total Current Liabilities	<u>2,072,470</u>	<u>1,911,814</u>	<u>160,656</u>
Other Liabilities			
2200 - Intercompany Loans Payable			
2210 - Due to IAR	5,811,485	5,810,092	1,394
Total 2200 - Intercompany Loans Payable	<u>5,811,485</u>	<u>5,810,092</u>	<u>1,394</u>
2810 - Construction Loan Payable			
2810 - Construction Loan Payable	3,080,690	3,088,591	(7,902)
Total 2810 - Construction Loan Payable	<u>3,080,690</u>	<u>3,088,591</u>	<u>(7,902)</u>
Total - Other Liabilities	<u>8,892,175</u>	<u>8,898,683</u>	<u>(6,508)</u>
Total Liabilities	<u>10,964,645</u>	<u>10,810,497</u>	<u>154,148</u>
EQUITY	(1,194,175)	(1,128,615)	(65,559)
Total LIABILITIES & EQUITY	<u>9,770,470</u>	<u>9,681,882</u>	<u>88,589</u>

143 Entities
Budget Performance (Detail)

June 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	48,790	48,790	291,981	292,737	675,537	306,266
4701 - Building Rental Income-Master Lease	18,522	18,522	111,132	111,132	222,264	0
Total 4300 - Royalties, Rent & Product Sales	67,312	67,312	403,113	403,869	897,801	306,266
4900 - Other Income						
4900 - Other Income	0	0	342	0	0	0
Total 4900 - Other Income	0	0	342	0	0	0
Total Income	67,312	67,312	403,455	403,869	897,801	306,266
Expense						
5600 - Professional Fees						
5620 - Audit & Tax Services	0	0	10,750	37,500	37,500	34,779
5630 - Accounting Services	3,545	3,333	18,214	19,998	32,664	20,836
Total 5600 - Professional Fees	3,545	3,333	28,964	57,498	70,164	55,615
5900 - Office Costs						
5910 - Telephone	0	83	0	498	1,000	495
5970 - Bank & Credit Card Fees	16	0	96	0	0	37
5980 - Miscellaneous	0	0	0	0	0	0
Total 5900 - Office Costs	16	83	96	498	1,000	532
6100 - Facility Costs						
6111 - Office Rent & Parking-Master Lease	18,522	18,522	111,132	111,132	222,264	111,132
6112 - Property Management	4,000	4,000	24,000	24,000	48,000	24,000
6120 - Utilities	8,861	14,892	78,144	89,352	178,703	59,393
6130 - Building Maintenance & Repair	8,321	6,250	41,301	37,500	75,000	26,502
6140 - Grounds Maintenance	342	0	2,051	0	0	0
6150 - Janitorial-cleaning & supplies	0	3,750	14,774	22,500	45,000	17,343
6155 - Trash Service	387	500	2,323	3,000	6,000	2,571
6160 - Pest Control	41	83	205	502	1,000	246
6165 - Marketing Expenses	0	0	0	750	750	0
6170 - Property Insurance	1,394	1,667	8,361	10,002	20,000	7,971
6180 - Property Taxes	0	0	18,514	16,000	32,000	15,875
6520 - Depreciation Expense	67,148	0	402,887	0	0	123,522
6700 - Leasing Commissions	2,245	2,083	13,470	12,502	25,000	11,848
Total 6100 - Facility Costs	111,261	51,747	717,162	327,240	653,717	400,403
Total Expense	114,822	55,163	746,222	385,236	724,881	456,550

143 Entities
Budget Performance (Detail)
June 30, 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	18,049	15,993	106,629	95,963	191,921	66,943
Total Other Expense	<u>18,049</u>	<u>15,993</u>	<u>106,629</u>	<u>95,963</u>	<u>191,921</u>	<u>66,943</u>
Net Other Income (Expense)	<u>(18,049)</u>	<u>(15,993)</u>	<u>(106,629)</u>	<u>(95,963)</u>	<u>(191,921)</u>	<u>(66,943)</u>
Net Income (Loss)	<u>(65,559)</u>	<u>(3,844)</u>	<u>(449,396)</u>	<u>(77,330)</u>	<u>(19,001)</u>	<u>(217,227)</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 six months ended June 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 May 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.