

One Forty Three Entities – Combined

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

January 2020

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 \$12,000 during the month with an ending balance of \$283,000 – decrease is due to payment of construction loan.
- Accounts receivable remained unchanged with an ending balance of \$39,000 which represents the following:
 - January rent due from the IEERB and ISBOE (per the current agreement with the State of Indiana, rent is paid one month in arrears)
 - \$25,000 due from McNeely Stephenson for construction costs
- Prepaid expenses increased by \$26,000 with an ending balance of \$32,500 which represents various building service contracts and insurance 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.
- Capitalized loan costs increased by \$4,000 due to expenses paid to CIBM for loan closing costs – this payment was voided in February and refunded as management decided to review alternative funding options.
- Accounts Payable decreased by \$9,000 with an ending balance of \$22,000.
- 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 \$125,000.
- Amounts Due to IAR increased by \$19,000 with an ending balance of \$842,000 – increase is due to insurance paid by IAR in January and allocation of IAR personnel expenses to One Forty Three MT.
- Construction Loan Payable decreased by \$8,000 due to loan payments made during the month. Ending loan balance was \$3,023,000.

Combined Statement of Activities

- Net loss for January was (\$64,000) compared to budgeted net loss of (\$75,000).
 - Net loss for January consisted of Net Loss from Operations of (\$46,000) and Net Other Income (Expense) of (\$18,000)
 - i. Net Loss from Operations included depreciation expense of \$67,000 and amortization expense of \$4,000

One Forty Three Entities – Combined
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January 2020

EXECUTIVE SUMMARY (continued)

- Rent income-tenants for the month was \$53,000 and right in line with budget.
- Total operating expenses for the month were \$99,000 and were below the monthly budget of \$110,000 by \$11,000 or 10% – mostly due to utilities and building maintenance/repairs.
- Interest expense for the month was \$18,000 which was right in line with budget.

**143 Entities - Combined
Balance Sheet (Detail)**

January 31, 2020

	01/31/2020	12/31/2019	Difference
ASSETS			
Current Assets			
Checking/Savings			
1026 - 143 LLC Checking-Regions	14,890	28,591	(13,701)
1034 - 143 LLC Checking-ONB	25,570	50,693	(25,123)
1035 - 143 MT Checking-ONB	16,961	9,530	7,431
1036 - 143 MT - Building Reserve Acct	206,235	206,225	10
1037 - 143 LLC Checking-CIBM	19,000	-	19,000
Total Checking/Savings	<u>282,656</u>	<u>295,039</u>	<u>(12,383)</u>
Other Current Assets			
1200 - Accounts Receivable	39,227	39,227	-
1310 - Prepaid Expense	32,529	6,115	26,414
1350 - Other Deposits	3,075	3,075	-
Total Other Current Assets	<u>74,831</u>	<u>48,417</u>	<u>26,414</u>
Total Current Assets	<u>357,487</u>	<u>343,456</u>	<u>14,031</u>
Fixed Assets			
1605 - Land, Buildings & Equipment			
1610 - Land	200,000	200,000	-
1620 - Building-143	2,729,217	2,729,217	-
1622 - Building Improvements-143 general	7,008,908	7,008,908	-
1630 - Furniture, Fixtures & Equipmen	30,453	30,452	1
Total 1605 - Land, Buildings & Equipment	<u>9,968,578</u>	<u>9,968,577</u>	<u>1</u>
1655 - Accumulated Depreciation			
1671 - Accum. Depreciation - Building	(295,406)	(289,533)	(5,873)
1672 - Accum. Depreciation - Improvem	(1,212,392)	(1,151,640)	(60,752)
1673 - Accum. Depreciation - Furn & Equip	(5,883)	(5,474)	(409)
Total 1655 - Accumulated Depreciation	<u>(1,513,681)</u>	<u>(1,446,647)</u>	<u>(67,034)</u>
Total Fixed Assets	<u>8,454,897</u>	<u>8,521,930</u>	<u>(67,033)</u>
Other Assets			
1700 - Capitalized Loan and Lease Costs			
1710 - Direct Lease Cost	245,805	245,805	-
1712 - Lease Cost Amortization	(56,807)	(54,408)	(2,399)
1715 - Capitalized Loan Costs	272,275	267,900	4,375
1716 - Accum Amort-Capitalized Loan Costs	(66,915)	(62,451)	(4,464)
Total Other Assets	<u>394,358</u>	<u>396,846</u>	<u>(2,488)</u>
Total ASSETS	<u>9,206,742</u>	<u>9,262,232</u>	<u>(55,490)</u>

**143 Entities - Combined
Balance Sheet (Detail)**

January 31, 2020

	01/31/2020	12/31/2019	Difference
LIABILITIES & EQUITY			
Liabilities			
Current Liabilities			
2010 - Accounts Payable	22,100	30,789	(8,689)
2030 - Accrued Property Taxes	37,000	37,000	-
2039 - Note Payable	1,749,239	1,749,240	(1)
2045 - Accrued Interest Payable	124,632	118,949	5,683
Total Current Liabilities	1,932,971	1,935,978	(3,007)
Other Liabilities			
2210 - Due to IAR	841,974	822,586	19,388
2810 - Construction Loan Payable	3,023,284	3,031,415	(8,131)
Total - Other Liabilities	3,865,258	3,854,001	11,257
Total Liabilities	5,798,229	5,789,979	8,250
 EQUITY	 3,408,513	 3,472,253	 (63,740)
Total LIABILITIES & EQUITY	9,206,742	9,262,232	(55,490)

143 Entities - Combined
Statements of Activities - Budget vs Actual (Detail)

For the one month ended January 31, 2020 and the year ending December 31, 2019
(with comparative totals for the one month ended January 31, 2019)

	1 Month Actual	1 Month Budget	YTD Actual	YTD Budget	Annual Budget	Prior YTD Actual
Income						
4700 - Building Rental Income-tenants	53,076	53,076	53,076	53,076	715,120	48,790
Total Income	53,076	53,076	53,076	53,076	715,120	48,790
Expense						
5000 - Personnel Costs						
5010 - Compensation	685	667	685	667	8,000	-
5160 - Payroll Taxes	64	62	64	62	750	-
Total 5000 - Personnel Costs	749	729	749	729	8,750	-
5600 - Professional Fees						
5620 - Audit & Tax Services	-	-	-	-	34,250	-
5630 - Accounting Services	3,492	2,666	3,492	2,666	32,000	830
Total 5600 - Professional Fees	3,492	2,666	3,492	2,666	66,250	830
5900 - Office Costs						
5970 - Bank & Credit Card Fees	32	17	32	17	200	16
5980 - Miscellaneous	-	-	-	-	-	-
Total 5900 - Office Costs	32	17	32	17	200	16
6100 - Facility Costs						
6112 - Property Management	2,976	3,750	2,976	3,750	45,000	4,000
6120 - Utilities	9,942	15,000	9,942	15,000	180,000	9,794
6130 - Building Maintenance & Repair	2,782	6,667	2,782	6,667	80,000	1,191
6140 - Grounds Maintenance	-	417	-	417	5,000	342
6150 - Janitorial-cleaning & supplies	3,192	3,583	3,192	3,583	43,000	3,204
6155 - Trash Service	391	500	391	500	6,000	388
6160 - Pest Control	-	83	-	83	1,000	-
6165 - Marketing Expenses	-	62	-	62	750	-
6170 - Property Insurance	1,553	1,667	1,553	1,667	20,000	1,393
6180 - Property Taxes	-	-	-	-	39,000	-
6510 - Amortization	4,465	4,450	4,465	4,450	53,401	-
6520 - Depreciation Expense	67,033	67,917	67,033	67,917	815,000	-
6700 - Leasing Commissions	2,399	2,320	2,399	2,320	27,842	-

143 Entities - Combined
Statements of Activities - Budget vs Actual (Detail)

For the one month ended January 31, 2020 and the year ending December 31, 2019
(with comparative totals for the one month ended January 31, 2019)

	1 Month Actual	1 Month Budget	YTD Actual	YTD Budget	Annual Budget	Prior YTD Actual
Total 6100 - Facility Costs	94,733	106,416	94,733	106,416	1,315,993	20,312
Total Expense	99,006	109,828	99,006	109,828	1,391,193	21,158
Net Income (Loss) from Operations	(45,930)	(56,752)	(45,930)	(56,752)	(676,073)	27,632
Other Income/Expense						
Other Income						
4810 - Interest & Dividend Income	10	-	10	-	-	-
Total Other Income	10	-	10	-	-	-
Other Expense						
8000 - Interest Expense	17,820	17,966	17,820	17,966	215,592	17,997
Total Other Expense	17,820	17,966	17,820	17,966	215,592	17,997
Net Other Income (Expense)	(17,810)	(17,966)	(17,810)	(17,966)	(215,592)	(17,997)
Net Income (Loss)	(63,740)	(74,718)	(63,740)	(74,718)	(891,665)	9,635

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Historical and Budgeted Financial Statements
Selected Information
For the one month ended January 31, 2020 and year ending December 31, 2020

The accompanying historical combined financial statements and combined budgeted financial statements were not subjected to an audit, review, or compilation by CLA and we do not express an opinion, a conclusion, nor provide any assurance on them.

These 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 the statement of functional expense, the statement of cash flows and substantially all of the disclosures 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.
- The Statements of Activities reports do not report changes in net assets in accordance with GAAP.
- The term Net Income (Loss) in the financial statements represents Change in Net Assets. Terminology is a limitation of software reporting.

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 December 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 October 2019, 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-tenants is estimated to increase by 6% based on current and expected occupancy in 2020.
- According to the Master Lease Agreement, One Forty Three MT, LLC will pay rent to One Forty Three LLC during 2020 at an estimated rate of \$27,966 per month, which is a 4% increase over the prior year.
- Building operating expenses are expected to increase by 4% based on current and expected occupancy in 2020.