

# Proforma Income Statement

## 830 East Park Avenue

This Statement is for the 830 East Park Avenue as acquired on 1 October 2017 for a Price of \$4,750,000, subject to a Loan of \$3,800,000, for a Down Payment of \$950,000.

	3 Months 2017	2018	2019	2020	2021	2022	2023	9 Months 2024
<b>Total Gross Income</b>	\$153,600	\$619,008	\$637,578	\$656,706	\$676,407	\$696,699	\$717,600	\$550,219
Less: Vacancy & Credit Loss	115,200	361,421	55,610	32,835	33,820	34,835	35,880	27,511
<b>Effective Income</b>	\$38,400	\$257,587	\$581,968	\$623,870	\$642,586	\$661,864	\$681,720	\$522,708
Less: Operating Expenses								
Property Taxes	10,500	42,105	42,526	42,951	43,381	43,815	44,253	33,438
Hazard Insurance	5,000	20,000	20,000	20,000	20,000	20,000	20,000	15,000
Maintenance	15,120	60,480	60,480	60,480	60,480	60,480	60,480	45,360
Tenant Turn Expenses	8,400	33,600	33,600	33,600	33,600	33,600	33,600	25,200
Miscellaneous	4,200	16,800	16,800	16,800	16,800	16,800	16,800	12,600
Management Fee	3,072	20,607	46,557	49,910	51,407	52,949	54,538	41,817
<b>Total Operating Expenses</b>	\$46,292	\$193,592	\$219,964	\$223,741	\$225,668	\$227,644	\$229,670	\$173,415
<b>Net Operating Income</b>	(\$7,892)	\$63,995	\$362,005	\$400,129	\$416,919	\$434,220	\$452,050	\$349,294
Less: Debt Service								
Unit Renovation Loan	0	0	0	0	0	0	84,000	112,000
Acquisition Loan	57,762	231,049	231,049	231,049	231,049	231,049	231,049	173,286
<b>Total Debt Service</b>	\$57,762	\$231,049	\$231,049	\$231,049	\$231,049	\$231,049	\$315,049	\$285,286
<b>Net Operating Cash Flow</b>	(\$65,654)	(\$167,053)	\$130,956	\$169,081	\$185,870	\$203,172	\$137,001	\$64,007
Add: Debt Draw & Repay								
Unit Renovation Loan	0	0	0	0	0	0	2,800,000	(2,800,000)
<b>Total Debt Draw &amp; Repay</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$2,800,000	(\$2,800,000)
<b>Cash Flow Before Tax</b>	(\$65,654)	(\$167,053)	\$130,956	\$169,081	\$185,870	\$203,172	\$2,937,001	(\$2,735,993)
<b>Taxable Income and Taxes</b>								
(Losses Carried Forward)								
Taxable Revenues	\$38,400	\$257,587	\$581,968	\$623,870	\$642,586	\$661,864	\$681,720	\$522,708
Less: Deducted Expenses	46,292	193,592	219,964	223,741	225,668	227,644	229,670	173,415
Less: Interest Expense	42,694	169,054	166,206	163,227	160,111	156,852	209,444	224,752
Less: Amortized Points	317	1,267	1,267	1,267	1,267	1,267	10,600	19,617
Less: Depreciation	30,587	146,818	146,818	146,818	146,818	146,818	146,818	116,231
Ordinary Income	(\$81,489)	(\$253,143)	\$47,714	\$88,818	\$108,723	\$129,283	\$85,188	(\$11,306)
Taxable Income	0	0	0	0	0	39,905	96,920	0
(Cum Suspended Losses)	81,489	334,633	286,919	198,101	89,378	0	11,732	23,038
Taxes Due (- = Savings)	0	0	0	0	0	7,981	19,384	0
<b>Cash Flow After Tax</b>	(\$65,654)	(\$167,053)	\$130,956	\$169,081	\$185,870	\$195,191	\$2,917,617	(\$2,735,993)

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	3 Months 2017	2018	2019	2020	2021	2022	2023	9 Months 2024
<b>Sale Proceeds:</b>								
Sale Value	\$0	\$18,400,000	\$18,400,000	\$18,400,000	\$18,400,000	\$18,400,000	\$18,400,000	\$18,400,000
Less: Sale Costs (8%)	0	1,472,000	1,472,000	1,472,000	1,472,000	1,472,000	1,472,000	1,472,000
Less: Loan Repayment	0	3,722,937	3,658,094	3,590,272	3,519,334	3,445,138	6,167,533	3,306,998
Sale Proceeds Before Tax	0	13,205,063	13,269,906	13,337,728	13,408,666	13,482,862	10,760,467	13,621,002
Less: Taxes due to Sale	0	2,386,436	2,432,936	2,487,658	2,546,360	2,599,970	2,631,256	2,663,098
Sale Proceeds After Tax	0	10,818,628	10,836,970	10,850,071	10,862,306	10,882,892	8,129,211	10,957,905
<b>Ratio Analysis:</b>								
Profitability Ratios								
Capitalization Rate	(0.66%)	1.35%	7.62%	8.42%	8.78%	9.14%	9.52%	9.80%
Cash on Cash Before Tax	(24.25%)	(15.43%)	12.09%	15.61%	17.16%	18.76%	12.65%	7.88%
Cash on Cash After Tax	(24.25%)	(15.43%)	12.09%	15.61%	17.16%	18.02%	269.40%	(336.84%)
Accounting RoR Before Tax			18.35%	22.16%	24.01%		276.78%	
Accounting RoR After Tax			18.35%	22.16%	24.01%		533.53%	
Current RoR Before Tax			1.50%	1.80%	1.94%		27.86%	
Current RoR After Tax			1.33%	1.67%	1.90%		70.69%	
Risk Ratios								
Debt Coverage Ratio	(0.137)	0.277	1.567	1.732	1.804	1.879	1.435	1.224
Breakeven Occupancy	67.7%	68.6%	70.7%	69.3%	67.5%	65.8%	75.9%	83.4%
Loan Balance/Property Value		20.2%	19.9%	19.5%	19.1%	18.7%	33.5%	18.0%
Assumption Ratios								
NOI/Property Value		0.35%	1.97%	2.17%	2.27%	2.36%	2.46%	2.53%
Gross Income Multiple		29.72	28.86	28.02	27.20	26.41	25.64	
Operating Expense Ratio	30.1%	31.3%	34.5%	34.1%	33.4%	32.7%	32.0%	31.5%
<b>Analysis Measures:</b>								
IRR Before Debt		172.5%	76.9%	50.3%	37.9%	30.9%	26.4%	23.9%
IRR Before Tax		583.1%	189.4%	110.0%	77.9%	60.7%	50.6%	46.0%
IRR After Tax		479.9%	164.4%	97.2%	69.5%	54.7%	45.9%	42.1%
NPV Before Debt @8.00%		\$10,580,401	\$9,757,667	\$9,026,903	\$8,362,850	\$7,759,991	\$7,213,241	\$6,836,145
NPV Before Tax @8.00%		\$10,685,574	\$9,965,869	\$9,328,781	\$8,749,800	\$8,224,098	\$7,733,754	\$7,428,989
NPV After Tax @8.00%		\$8,518,020	\$7,919,767	\$7,391,630	\$6,913,816	\$6,482,102	\$6,088,683	\$5,857,097