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 $4,500,000, subject to a Loan of $3,600,000, for a Down Payment of $900,000.

	3 Months 2017	2018	2019	2020	2021	2022	2023	9 Months 2024
Total Gross Income	$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
Effective Income	$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
Total Operating Expenses	$46,292	$193,592	$219,964	$223,741	$225,668	$227,644	$229,670	$173,415
Net Operating Income	($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	54,722	218,888	218,888	218,888	218,888	218,888	218,888	164,166
Total Debt Service	$54,722	$218,888	$218,888	$218,888	$218,888	$218,888	$302,888	$276,166
Net Operating Cash Flow	($62,614)	($154,893)	$143,116	$181,241	$198,031	$215,332	$149,161	$73,128
Add: Debt Draw & Repay								
Unit Renovation Loan	0	0	0	0	0	0	2,800,000	(2,800,000)
Total Debt Draw & Repay	$0	$0	$0	$0	$0	$0	$2,800,000	($2,800,000)
Cash Flow Before Tax	($62,614)	($154,893)	$143,116	$181,241	$198,031	$215,332	$2,949,161	($2,726,872)
Taxable Income and Taxes								
(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	40,447	160,156	157,458	154,636	151,684	148,597	201,368	218,818
Less: Amortized Points	300	1,200	1,200	1,200	1,200	1,200	10,533	19,567
Less: Depreciation	28,977	139,091	139,091	139,091	139,091	139,091	139,091	110,114
Ordinary Income	($77,616)	($236,452)	$64,256	$105,203	$124,944	$145,333	$101,058	$796
Taxable Income	0	0	0	0	0	125,667	107,521	0
(Cum Suspended Losses)	77,616	314,068	249,812	144,609	19,666	0	6,463	5,667
Taxes Due (- = Savings)	0	0	0	0	0	25,133	21,504	0
Cash Flow After Tax	($62,614)	($154,893)	$143,116	$181,241	$198,031	$190,199	$2,927,657	($2,726,872)

Proforma Income Statement

830 East Park Avenue

	3 Months 2017	2018	2019	2020	2021	2022	2023	9 Months 2024
Sale Proceeds:								
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	3,526,992	3,465,562	3,401,310	3,334,106	3,263,814	5,990,294	3,132,945
Sale Proceeds Before Tax	0	13,401,008	13,462,438	13,526,690	13,593,894	13,664,186	10,937,706	13,795,055
Less: Taxes due to Sale	0	2,439,614	2,487,478	2,543,531	2,603,532	2,641,319	2,671,692	2,704,356
Sale Proceeds After Tax	0	10,961,394	10,974,960	10,983,159	10,990,362	11,022,866	8,266,014	11,090,699
Ratio Analysis:								
Profitability Ratios								
Capitalization Rate	(0.70%)	1.42%	8.04%	8.89%	9.26%	9.65%	10.05%	10.35%
Cash on Cash Before Tax	(24.41%)	(15.10%)	13.95%	17.66%	19.30%	20.99%	14.54%	9.50%
Cash on Cash After Tax	(24.41%)	(15.10%)	13.95%	17.66%	19.30%	18.54%	285.35%	(354.37%)
Accounting RoR Before Tax			20.21%	24.21%	26.15%		293.03%	
Accounting RoR After Tax			20.21%	24.21%	26.15%		563.84%	
Current RoR Before Tax			1.54%	1.84%	1.97%		27.49%	
Current RoR After Tax			1.38%	1.72%	2.10%		69.59%	
Risk Ratios								
Debt Coverage Ratio	(0.144)	0.292	1.654	1.828	1.905	1.984	1.492	1.265
Breakeven Occupancy	65.8%	66.6%	68.8%	67.4%	65.7%	64.1%	74.2%	81.7%
Loan Balance/Property Value		19.2%	18.8%	18.5%	18.1%	17.7%	32.6%	17.0%
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%
Analysis Measures:								
IRR Before Debt		184.5%	81.3%	52.9%	39.8%	32.4%	27.6%	25.0%
IRR Before Tax		622.6%	198.8%	114.9%	81.2%	63.3%	52.7%	48.0%
IRR After Tax		512.7%	172.7%	101.8%	72.7%	57.1%	47.9%	44.0%
NPV Before Debt @8.00%		$10,835,401	$10,012,667	$9,281,903	$8,617,850	$8,014,991	$7,468,241	$7,091,145
NPV Before Tax @8.00%		$10,935,039	$10,209,911	$9,567,893	$8,984,434	$8,454,671	$7,960,649	$7,653,359
NPV After Tax @8.00%		$8,719,184	$8,117,939	$7,587,233	$7,107,228	$6,673,154	$6,277,285	$6,044,068