

*OCTOBER–  
DECEMBER  
2017*

**Interim Financial Statements**  
Index Enterprise LLC and Subsidiaries





## Consolidated Balance Sheet

### December 31, 2017

#### ASSETS

RENTAL PROPERTY	\$ 91,444,902
ASSETS HELD FOR DEVELOPMENT	29,244,032
CASH AND CASH EQUIVALENTS	2,275,872
NOTES RECEIVABLE	4,438,846
INVESTMENT IN UNCONSOLIDATED INVESTEE	2,510,075
PREPAIDS AND OTHER	1,972,817
RESTRICTED CASH	1,210,880
ACCOUNTS RECEIVABLE, NET OF ALLOWANCE FOR DOUBTFUL ACCOUNTS OF \$120,492	417,730
	<b>\$ 133,515,154</b>

#### LIABILITIES AND MEMBERS' DEFICIT

LONG TERM DEBT, NET	\$ 66,505,892
LONG TERM DEBT - RELATED PARTY, NET	76,289,472
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	4,708,678
DUE TO RELATED PARTIES	1,993,716
UNEARNED RENT	107,373
TENANT SECURITY DEPOSITS	349,336
COMMITMENTS AND CONTINGENCIES MEMBERS' DEFICIT OF INDEX ENTERPRISE, LLC	(18,026,937)
NONCONTROLLING INTEREST	1,587,624
	<b>\$ 133,515,154</b>

## Consolidated Statement of Operations

### Twelve Months Ended December 31, 2017

#### INCOME

Rental	\$ 12,564,272
Tenant expense recovery	1,051,296
Resort, net	668,264
<b>Total income</b>	<b>14,283,832</b>

#### OPERATING EXPENSES

Depreciation	2,006,119
Common area maintenance	2,540,768
Management fees	2,598,371
Real estate taxes	1,869,909
Professional fees	1,234,316
Other operating expenses	8,344,107
<b>Total operating expenses</b>	<b>18,593,590</b>
<b>LOSS FROM OPERATIONS</b>	<b>(4,309,758)</b>

#### OTHER INCOME/(EXPENSE)

Interest income	625,737
Gain on sale of property	25,946,038
Other income	8,830
Change in fair value of interest rate swap	521,657
Interest expense	(11,340,841)
<b>Total other income/(expense)</b>	<b>15,761,421</b>
<b>NET INCOME</b>	<b>11,451,663</b>
NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTEREST	3,149,259
<b>NET INCOME ATTRIBUTABLE TO INDEX ENTERPRISE, LLC</b>	<b>\$ 8,302,404</b>

## Consolidated Statement of Comprehensive Income

### Twelve Months Ended December 31, 2017

NET INCOME ATTRIBUTABLE TO INDEX ENTERPRISE, LLC	\$ 8,302,404
OTHER COMPREHENSIVE INCOME	
Change in fair value of interest rate swaps	0
COMPREHENSIVE INCOME ATTRIBUTABLE TO INDEX ENTERPRISE, LLC	\$ 8,302,404
NET INCOME ATTRIBUTABLE TO NONCONTROLLING INTEREST	\$ 3,149,259
OTHER COMPREHENSIVE INCOME	
Change in fair value of interest rate swaps	0
COMPREHENSIVE INCOME ATTRIBUTABLE TO NONCONTROLLING INTEREST	\$ 3,149,259
NET INCOME	\$ 11,451,663
TOTAL OTHER COMPREHENSIVE INCOME	
Change in fair value of interest rate swaps	0
COMPREHENSIVE INCOME	\$ 11,451,663

## Consolidated Statement of Changes in Members' Deficit Twelve Months Ended December 31, 2017

	Members' deficit - Index Enterprise, LCC	Non-controlling Interest	Total
Members' deficit as of December 31, 2016	\$ (22,613,523)	\$ 5,074,721	\$ (17,538,802)
Capital contributions - cash	-	-	-
Capital contributions - noncash	-	-	-
Distributions	(3,715,818)	(6,636,356)	(10,352,174)
Net income	8,302,404	3,149,259	11,451,663
Members' deficit as of December 31, 2017	\$ (18,026,937)	\$ 1,587,624	\$ (16,439,313)

## Consolidated Statement of Cash Flows Twelve Months Ended December 31, 2017

### CASH FLOWS FROM OPERATING ACTIVITIES:

Net income	\$ 11,451,663
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### Adjustments to reconcile net income to net cash used in operating activities:

Gain on sale of property	(25,946,038)
Bad debt expense	104,109
Depreciation	2,006,119
Fair market derivative adjustment	(521,657)

### Changes in operating assets and liabilities:

Accounts receivable	(147,726)
Prepays and other	(774,192)
Accounts payable and accrued liabilities	166,596
Tenant security deposits	103,919
Unearned rent	(28,833)
<b>Total adjustments</b>	<b>(25,037,703)</b>
<b>Net cash used in operating activities</b>	<b>(13,586,040)</b>

## Consolidated Statement of Cash Flows (Continued)

### Twelve Months Ended December 31, 2017

#### CASH FLOWS FROM INVESTING ACTIVITIES:

Increase in restricted cash	(559,015)
Pre-acquisition costs	829,865
Investments in rental properties	(5,201,669)
Proceeds from sale of property	88,900,000
Investments in unconsolidated investees	(845,529)
Advances related parties, net	2,142,817
Notes receivable, net	2,950,019
Assets held for development	(11,880,656)
<b>Net cash provided by investing activities</b>	<b>76,335,832</b>

#### CASH FLOWS FROM FINANCING ACTIVITIES:

Member distributions	(6,636,356)
Distributions – noncontrolling interest	(3,715,818)
Long-term debt, net	(37,856,649)
Long-term debt – related parties, net	(15,076,474)
<b>Net cash used in financing activities</b>	<b>(63,285,297)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(535,505)</b>
<b>CASH AND CASH EQUIVALENTS – BEGINNING OF PERIOD</b>	<b>2,811,377</b>
<b>CASH AND CASH EQUIVALENTS – END OF PERIOD</b>	<b>\$ 2,275,872</b>

#### Supplemental Disclosure of Cash Flow Information:

Interest paid, net of capitalized interest	\$ 3,682,364
Income taxes paid	\$ –

#### SUPPLEMENTAL DISCLOSURE OF NONCASH FINANCING AND INVESTING ACTIVITIES:

Jupiter, FL, USA, 02-28-2018



**Bjarne Borg**  
Manager



