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KERRA Highland LP - February/2019

FINANCIAL RESULTS - JANUARY/2019

Rent Income

Rent collection was normal. We have 1 tenant that was under eviction and moved out during the month of January.

Expenses

During the month of January, we were still dealing with the outcome of the water issue we had in December which resulted in high plumbing expenses for the property.

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Income	**26,196**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**26,196**
Repairs & Maintenance	10,211	0	0	0	0	0	0	0	0	0	0	0	**10,211**
Utilities	733	0	0	0	0	0	0	0	0	0	0	0	**733**
MNG Fee & Leasing Fee	1,851	0	0	0	0	0	0	0	0	0	0	0	**1,851**
Insurance	0	0	0	0	0	0	0	0	0	0	0	0	**0**
Professional Fee (Accounting & Legal)	881	0	0	0	0	0	0	0	0	0	0	0	**881**
Miscellaneous Expenses	0	0	0	0	0	0	0	0	0	0	0	0	**0**
Total Expenses	**13,676**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**13,676**
NOI	**12,519**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**12,519**
Mortgage *	15,582	0	0	0	0	0	0	0	0	0	0	0	**15,582**
Net Cash before Income Tax	**(3,063)**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**(3,063)**
KERRA - 4% Fee from Collected Income	1,048	0	0	0	0	0	0	0	0	0	0	0	**1,048**
Net After KERRA Fee	**(4,111)**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**(4,111)**
Portion/Partner - Eliav & Revital Kling 19%	(781)	0	0	0	0	0	0	0	0	0	0	0	(781)
Portion/Partner - LZIC LTD 10%	(411)	0	0	0	0	0	0	0	0	0	0	0	(411)
Portion/Partner - Meital Steinberg 19%	(781)	0	0	0	0	0	0	0	0	0	0	0	(781)
Portion/Partner - L&E Kling Holdings 19%	(781)	0	0	0	0	0	0	0	0	0	0	0	(781)
Portion/Partner - Mitchell J Howard LLC 14%	(575)	0	0	0	0	0	0	0	0	0	0	0	(575)
Portion/Partner - LHCO INC 9%	(370)	0	0	0	0	0	0	0	0	0	0	0	(370)
Portion/Partner - Eitan Abu 10%	(411)	0	0	0	0	0	0	0	0	0	0	0	(411)

Major Rehab & Appliances **	0	0	0	0	0	0	0	0	0	0	0	0	**0**

* Mortgage payments include: principle, Interest & escrow for property tax

** Major Rehab & Appliances are not expenses they are added to the property value

OTHER UPDATES

Occupancy Status

We currently have 2 vacant units. One of the vacant units was used to accommodate a tenant that suffered from no heat due to a breakdown in the heating system in their apartment. The second vacant unit vacated with no advance notice and the rent will be deducted from the security deposit.

Plumbing Emergencies in January

The water issue we have reported last month was resolved. We are checking with our insurance broker the option to file a claim with our insurance.

January was a very cold month in Chicago and during the peak, the temperatures got to -29 C (without the wind chill). Due to a power outage in the area, the property was with no heat for several hours that resulted in some frozen pipes. The impact was on both the heating system pipes as well as water pipes for the showers and kitchens. Once the temperatures rose above freezing most of the issues were resolved. Luckily, the damage was in one unit only in the heating system pipes that run under the cement floor.
The burst pipe was replaced and we have restored the heat to the unit. the tenant is back in the unit.

Tax Season

As you all know, we are getting closer to the tax return deadlines, both in the US and Canada.
We are currently working with our US accountant to finalize the partnership tax reports.
Every partner should be getting his K1 from our accountant soon and should start working with their US accountant on filing taxes in the US. We will notify once our accountant has distributed the K1's (look for it in your mailbox once we send the notification).

UPCOMING TAX SEASON

We wanted to share some information regarding the tax return process for holding property in the USA. If this is your first time filing tax in the USA, please read the following information carefully. For any questions please call us.

Limited Partnership (LP)

This is a pass-thru entity, it only submits the tax return but does not pay tax. We are taking care of the LP tax return from A to Z. LP will provide all partners a form that reflects their prorated profit in the partnership. This form is called K1.

Personal tax in the US

Each partner will have to submit their tax return in the US using their K1 form (1 form or more). Your personal tax return will include also other income you might have in the US.

ITIN

This is a tax ID for non-American residents. This ID is created on the first time you file taxes in the US. Any accountant can request the ITIN on behalf of his clients (client need to provide few forms).

Personal tax in your country of residence

After you have submitted your personal tax in the US, you need to provide this form to your accountant in your country of residence. For this specific partnership, we have partners in Canada & Israel, both countries have a tax agreement with the US. Therefore no double taxation, the country of your residence will ask you only to top up according to local tax bracket considering your personal situation.

Accountant in the USA

If you are interested to work with our accountant for your personal USA tax return we will send you his contact information.