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**From:** Brad Wechsler <[REDACTED]>  
**Sent:** Tuesday, March 17, 2015 5:29 PM  
**To:** jeffrey E.  
**Subject:** RE: cashflow

Jeffrey,

A few broad points regarding your note:

1. What you're seeing is an iterative month-by-month 2015 cash flow projection for a few Black Family entities. They have not yet been edited or consolidated. It is very much a work-in-progress.
2. When complete it will be layered and detailed (6 or 7 Black Family Entities with a month-by-month cash flow for each one and, of course, a consolidation).
  - a. This will be a planning and tracking tool for finance.
  - b. It will roll-up into a one sheet summarizing the projected cash flows for the various entities on an annual basis (exactly the same format that you and Rich developed at the end of last year). This will be a planning tool for you and me (and for Leon if he wishes to take a deeper dive).
  - c. There will also be an annual summary for the consolidated Black entities and one for LDB and the consolidated Trusts. The primary use of this final roll-up will be for Leon and it will not be presented in the spreadsheet format.
3. Many of your more detailed comments, i.e., very small actuals combined with large projections and the lack of supporting schedules all are being fixed. Others, such as breaking out extension tax payments from Q1 estimates will be incorporated.

If you want to schedule a call with Rich and me to go over specific questions, we should do it. I know you are frustrated on "substance" and "speed/timeliness". So am I, but a lot of this is being done in a slow, iterative process... it's the only way -- at this point -- that I can have the correct level of confidence that the work-product is "mostly right".

Best, Brad

From: Jeffrey E. [mailto:[jeevacation@gmail.com](mailto:jeevacation@gmail.com)]  
Sent: Tuesday, March 17, 2015 5:25 AM  
To: Brad Wechsler; Richard Joslin  
Subject: cashflow

I'm not sure for who this report is for and what is its purpose. Leon, Brad, Tom? It mixes wild projections with minute actuals. Loans, inter co., and no overall report at all. Child support of 20k. ?? no footnotes. . This is not the format we updated last year.

This is very different from the one Joslin and I worked on. You will recall large boat and plane numbers.

- 1) Having a head with multiple dates is very confusing - payment dates should be on line below actual payment amounts, why is family office listed with capital calls. ? Has Leon seen the capital calls for the month? . Why is the family office in Jan Feb different? Why have amounts of 3k in and out when we are estimating millions both ways. ?
- 2) Cash balance (last line) of 18,444,902 makes no sense without a beginning balance - a line should be added to show each month's beginning balance and ending balance and should be properly labeled
- 3) Overall statement needs to have consistency or scope of dollars to be included - examples
  - a) Inflows - other refunds / receipts of 3,266 and 31,779 in Jan / Feb - why include with such small amounts silly - should have Misc to capture this - also why only in Jan and Feb?
  - b) Inflows - does Leon earn a salary at APO?
  - c) Outflows - rare books of 18,304 - again a Misc should be used to capture this along with items in d and e below
  - d) Outflows - support - children - 20,000 (I am sure number is larger than this on an annual basis) - why only 1 month? Don't we have history to project a full year makes no sense again. Changing the heading from Feb, .
  - e) Outflows - misc - only 3 months projected ??
- 4) Household / transfers to ms - 17,000,000 continues to be shown is it? 1,000,000 per month - why in lumps each quarter? Should be presented monthly..  
.. Household operating expenses / capital improvements / RE taxes
- 5) Art consultant receives a check 1x per year in May 2015 - why is this not paid from Narrows? Family office? Deduction for expense? How many consultants benefits office expenses. Numbers do not seem right,. List all art consultants office expenses etc.
- 6) Art loan shows interest paid quarterly yet 2 other loans show monthly payments - loan expires in May 2015 - and must be renewed that is the only relevant fact. Total? Its all on the other format.
- 7) Plane - was there no debt service or use expense in January 2015 as this was left blank?

8) Townhouse construction - are payments actually made quarterly? monthly? how was amount derived?

9) Narrows transfers - are they actually made quarterly? monthly? how was amount derived?

10) Insurance / Property tax figures seems low overall - insurance for what? if households then why is it not include in households above - does 688,000 include townhouse, art. etc.

11) Legal and Accounting - why are there two line items (Current and Prior Year) is paul weiss still unpaid?

12) Charity - lumps again - modern art museum? ? gifts? judy black trust ?

13) IRS Taxes

a) January - based on my knowledge estimated payments are due Jan 15th - if true then why are state payments shown in Jan 16-31 column (would that make them late??)

b) April payments for Fed and State should show what amounts relate to extension vs 2015 Q1 estimate

c) Taxes overall seem low for 2015 how decided.

14) Overall presentation is poor

a. no overall . see f) loans as inflows? liabilities .boat and plane loans greater than current value.

b) headings and footings should be bolded and stand out - to many lines and numbers in headers and footers

c) all running balances show amounts in 25mm + range yet why are we breaking out Jan and April into days 1-15 and 16-30/31 -

d) footnotes should be included to show basic assumptions such as APO reimbursement for plane / projected charter revenue on boat / 2014 vs 2015 estimated taxes we have gone over this already , not sure why not incorporated. list total of last year for ex , or for each of past two years.

e) if purpose is to show cash flows then quarterly lumps other than IRS payments should not be presented

f) spreadsheets are great individually however they all should be consolidated to show true picture of all entities - examples

1) inflows - sale of class b interest ap narrows llc - shows 10,000,000 yet net affect on global basis is 0

2) apo 1 interest - 27,325,266 shown yet net affect on global basis is 0

g) spreadsheets should be legible and understandable to all who may read and not just author

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