

**DOUGLAS APARTMENTS LIMITED  
PARTNERSHIP**

**FINANCIAL STATEMENTS**

**AND**

**INDEPENDENT AUDITORS' REPORT**

**DECEMBER 31, 2019 AND 2018**

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**INDEPENDENT AUDITORS' REPORT**

To The Partners  
Douglas Apartments Limited Partnership

We have audited the accompanying financial statements of Douglas Apartments Limited Partnership which comprise the balance sheets as of December 31, 2019 and 2018, and the related statements of operations, partners' capital(deficit) and cash flows for the years then ended, and the related notes to the financial statements.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Douglas Apartments Limited Partnership as of December 31, 2019 and 2018, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Finney, Neill & Company, P.S.*

Seattle, Washington  
March 6, 2020

**DOUGLAS APARTMENTS LIMITED PARTNERSHIP**

## Balance Sheets

December 31, 2019 and 2018

<b>Assets</b>	<u>2019</u>	<u>2018</u>
Investment in real estate held for lease:		
Land	\$ 1,221,435	1,221,435
Building and improvements	9,198,820	9,198,820
Furniture and fixtures	81,815	81,815
Less: accumulated depreciation	<u>(2,453,974)</u>	<u>(2,209,361)</u>
Net investment in real estate held for lease	<u>8,048,096</u>	<u>8,292,709</u>
Other assets:		
Cash and cash equivalents	108,392	75,214
Tenant receivables, net of allowance of \$14,600 and \$1,814	20,330	3,866
Prepaid expenses and other assets	736	14,358
Restricted deposits and funded reserves	420,181	399,081
Tenant security deposits	14,735	14,699
Advance to general partner	-	7,417
Capitalized costs, net	<u>10,852</u>	<u>12,970</u>
Total other assets	<u>575,226</u>	<u>527,605</u>
	<u>\$ 8,623,322</u>	<u>8,820,314</u>
<b>Liabilities and Partners' Capital (Deficit)</b>		
Liabilities applicable to investment in real estate:		
Notes payable, net	\$ 7,749,637	7,741,742
Accounts payable and accrued expenses	8,996	9,771
Prepaid rents	1,889	4,050
Advance from general partner	3,393	-
Accrued interest	802,084	729,084
Accrued investor service fee	6,526	6,335
Interest and developer fee payable to general partner	127,693	195,373
Tenant security deposits	<u>13,000</u>	<u>14,100</u>
Total liabilities applicable to investment in real estate	<u>8,713,218</u>	<u>8,700,455</u>
Partners' capital (deficit)	<u>(89,896)</u>	<u>119,859</u>
	<u>\$ 8,623,322</u>	<u>8,820,314</u>

The accompanying footnotes are an integral part of these financial statements.

**DOUGLAS APARTMENTS LIMITED PARTNERSHIP**

## Statements of Operations

For the years ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Income:		
Gross potential rent	\$ 486,878	484,884
Less: vacancy loss	<u>(12,310)</u>	<u>(6,890)</u>
Net residential rent	474,568	477,994
Other income	<u>7,348</u>	<u>6,371</u>
	<u>481,916</u>	<u>484,365</u>
Operating expenses:		
Administrative	97,882	104,217
Utilities	54,669	49,330
Operating and maintenance	108,533	95,588
Taxes and insurance	<u>15,316</u>	<u>14,997</u>
Total operating expenses	<u>276,400</u>	<u>264,132</u>
Operating income (loss) before partnership and financial expenses	205,516	220,233
Partnership and financial expenses:		
Interest expense	162,015	164,020
Investor services fee	<u>6,524</u>	<u>6,334</u>
Total partnership and financial expenses	<u>168,539</u>	<u>170,354</u>
Income (loss) before depreciation and amortization	36,977	49,879
Depreciation	244,614	244,345
Amortization	<u>2,118</u>	<u>2,118</u>
Net income (loss)	<u>\$ (209,755)</u>	<u>(196,584)</u>

*The accompanying footnotes are an integral part of these financial statements.*

**DOUGLAS APARTMENTS LIMITED PARTNERSHIP**Statements of Partners' Capital (Deficit)  
For the years ended December 31, 2019 and 2018

	<u>Limited Partner</u>	<u>General Partner</u>	<u>Total</u>
Balance, January 1, 2018	\$ 180,975	135,468	316,443
Net income (loss)	<u>(196,564)</u>	<u>(20)</u>	<u>(196,584)</u>
Balance, December 31, 2018	(15,589)	135,448	119,859
Net income (loss)	<u>(209,734)</u>	<u>(21)</u>	<u>(209,755)</u>
Balance, December 31, 2019	<u><u>\$ (225,323)</u></u>	<u><u>135,427</u></u>	<u><u>(89,896)</u></u>

*The accompanying footnotes are an integral part of these financial statements.*

**DOUGLAS APARTMENTS LIMITED PARTNERSHIP**

Statements of Cash Flows

For the years ended December 31, 2019 and 2018

	2019	2018
Cash flows from operating activities:		
Net income (loss)	\$ (209,755)	(196,584)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation	244,614	244,345
Amortization	10,013	10,013
(Increase) decrease in assets:		
Receivables	(16,464)	(2,806)
Prepaid expense	13,621	(13)
Increase (decrease) in liabilities:		
Accrued expenses	(2,936)	2,304
Advance from general partner	10,810	(356)
Accrued interest	73,000	73,000
Accrued investor service fee	191	185
Security deposits	(1,100)	700
Total adjustments	331,749	327,372
Net cash provided by (used in) operating activities	121,994	130,788
Cash flows from investing activities:		
Purchase of fixed assets	-	(4,327)
Net cash provided by (used in) investing activities	-	(4,327)
Cash flows from financing activities:		
Payments on notes payable and developer fee	(67,680)	(94,378)
Net cash provided by (used in) financing activities	(67,680)	(94,378)
Net increase (decrease) in cash, cash equivalents, and restricted cash	54,314	32,083
Cash, cash equivalents and restricted cash at beginning of year	488,994	456,911
Cash, cash equivalents and restricted cash at end of year	\$ 543,308	488,994
Reconciliation of cash, cash equivalents and restricted cash:		
Cash and cash equivalents	\$ 108,392	75,214
Restricted deposits and funded reserves	420,181	399,081
Tenant security deposits	14,735	14,699
Total cash, cash equivalents and restricted cash shown in the statements of cash flows	\$ 543,308	488,994
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for interest	\$ 81,120	83,285

*The accompanying footnotes are an integral part of these financial statements.*

# DOUGLAS APARTMENTS LIMITED PARTNERSHIP

## Notes to the Financial Statements

For the years ended December 31, 2019 and 2018

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Organization

Douglas Apartments Limited Partnership (the Partnership) is a Washington limited partnership which was formed September 14, 2007 to lease, rehabilitate, and operate the Douglas Apartments (the Project), a 44 unit apartment project located in Seattle, Washington. The rehabilitation was substantially completed by December 31, 2009.

The project qualified for the Low-Income Housing Tax Credit established by the Tax Reform Act of 1986, as amended.

The Partnership has received an allocation of federal Low-Income Housing Tax Credits administered by the Washington State Housing Finance Commission (WSHFC). Under this program, housing provided by the Partnership is subject to monitoring of tenant eligibility by WSHFC. In addition, the Partnership has agreed to maintain all apartment units as both rent restricted and occupied by low-income tenants.

#### Basis of Accounting

The financial statements of the Partnership are prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

#### Investment in Real Estate Held For Lease

Buildings and improvements are recorded at cost. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation.

Depreciation expense is provided on a straight-line basis over the estimated useful service lives of the assets when the assets are placed in service. The estimated service life may be different than the actual economic useful life. Depreciation expense for the years ended December 31, 2019 and 2018 was \$244,614 and \$244,345, respectively.

	<u>Estimated Life</u>	<u>Method</u>
Buildings	40 years	Straight-line
Site improvements	20 years	Straight line
Furniture and fixtures	10 years	Straight-line

#### Revenue Recognition

Rental revenue attributable to residential operating leases is recorded when due from residents, generally upon the first day of each month. Leases are for periods of up to one year, with rental payments due monthly. Advance receipts of rental income are deferred and classified as liabilities until earned.

#### Cash and Cash Equivalents

Cash and cash equivalents include all cash balances and highly liquid investments with a maturity of three months or less. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

#### Restricted Cash

Restricted cash balances consist of security deposits and reserve accounts.

*These footnotes are an integral part of the financial statements.*



# DOUGLAS APARTMENTS LIMITED PARTNERSHIP

Notes to the Financial Statements, continued  
For the years ended December 31, 2019 and 2018

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

### Tenant Receivables

Tenant receivables are stated at the amount of unpaid rent and other tenant charges reduced by an allowance for bad debts. The allowance is established through a charge to operations and is established at the amount management believes is adequate to absorb uncollectible amounts.

### Debt Issuance Costs

Debt issuance costs, net of accumulated amortization, are reported as a direct reduction of the obligation to which such costs relate. Amortization of debt issuance costs is reported as a component of interest expense and is computed using the effective interest rate method.

### Economic Concentrations

The Partnership operates one property located in Seattle, Washington. Future operations could be affected by changes in economic or other conditions in that geographical area or by changes in federal low-income housing subsidies or the demand for such housing.

### Distributions of Cash Flow

Cash flow, which means the excess of cash receipts over cash disbursements as determined for each fiscal year or portion thereof, shall be distributed in the order of priority as defined in the Amended and Restated Agreement of Limited Partnership.

### Federal Income Taxes

The partnership is not a taxpaying entity for federal income tax purposes, and thus no income tax expense has been recorded in the financial statements. Income from the partnership is taxed to the partners in their respective tax returns.

The Partnership accounts for tax positions in accordance with the Recognition and Initial Measurement Sections of the Income Taxes Topic of Financial Accounting Standards Board Accounting Standards Codification. With few exceptions, the Partnership is subject to U.S. federal and state income tax examinations by tax authorities for the prior three years. Management has reviewed the Partnership's tax positions and determined there were no uncertain tax positions as of December 31, 2019 and 2018.

The Partnership recognizes income-tax related interest expense and penalties in operating expenses. During the years ended December 31, 2019 and 2018, the Partnership recognized no income-tax related interest or penalties.

### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

# DOUGLAS APARTMENTS LIMITED PARTNERSHIP

Notes to the Financial Statements, continued  
For the years ended December 31, 2019 and 2018

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

### Impairment of Long-Lived Assets

The Partnership reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Recoverability is measured by a comparison of the carrying amount to the future net undiscounted cash flow expected to be generated and any estimated proceeds from the eventual disposition. If the long-lived assets are considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount exceeds the fair value as determined from an appraisal, discounted cash flow analysis, or other valuation techniques. There was no impairment loss recognized for the years ended December 31, 2019 and 2018.

### Advertising

The Partnership expenses advertising costs as incurred.

### Reclassifications

Certain balances in the prior year financial statements may have been reclassified for comparative purposes to conform to the presentation in the current year financial statements. These reclassifications had no effect on the change in partner's capital.

### New Accounting Pronouncement

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. The update clarifies the presentation of restricted cash in the statement of cash flows. A key change required by ASU 2016-18 is that restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. As a result, transfers between cash and restricted cash are not presented as a separate line item in the operating, investing, or financing sections of the cash flow statement. The Partnership has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented.

## 2. SUBSEQUENT EVENTS

Subsequent events have been evaluated through March 6, 2020, which is the date the financial statements were available to be issued.

## 3. PARTNERS' CAPITAL CONTRIBUTIONS

The partnership has one general partner, the Housing Authority of the City of Seattle, a Washington public body corporate and politic, and one limited partner, Enterprise RB Fund 1, LP.

The Partnership Agreement requires the limited partner to make four capital contribution installments totaling \$2,620,000, subject to any low-income housing tax credit adjustments. As of December 31, 2019, the limited partner had made capital contributions of \$2,620,000.

The limited partners' capital contributions are subject to adjustment depending on certain conditions being met, primarily related to the amount and timing of low-income housing tax credits the Partnership is able to obtain.

*These footnotes are an integral part of the financial statements.*

# DOUGLAS APARTMENTS LIMITED PARTNERSHIP

Notes to the Financial Statements, continued  
For the years ended December 31, 2019 and 2018

## 4. NOTES PAYABLE

Notes payable consisted of the following at December 31:

	<u>2019</u>	<u>2018</u>
Note payable to the General Partner, bearing simple interest at 4.8% per annum. The note is dated December 17, 2008 and the loan is to be repaid in amounts sufficient to pay the annual payments due towards principal and interest, beginning in 2010. The note is due in full on June 1, 2040.	\$ 1,690,000	1,690,000
Note payable to the City of Seattle, bearing simple interest at 2% per annum. The note is dated December 17, 2008 and shall be paid in full by June 30, 2060. The Note is subject to various covenants and prepayment penalties.	3,650,000	3,650,000
Note payable to the Washington State Department of Commerce (Housing Trust Fund), in the amount of \$2,500,000, bearing no interest. The note is dated December 9, 2008 and is in deferral for a period of fifty years from the date of issue. The note is due and payable on June 30, 2060. The Note is subject to various covenants and prepayment penalties.	<u>2,500,000</u>	<u>2,500,000</u>
	7,840,000	7,840,000
Debt issuance costs, net of accumulated amortization	<u>(90,363)</u>	<u>(98,258)</u>
	<u>\$ 7,749,637</u>	<u>7,741,742</u>

Maturities of notes payable for each of the next five years ending December 31 and thereafter are:

2020	\$ 90,000
2021	50,000
2022	50,000
2023	60,000
2024	60,000
Thereafter	<u>7,530,000</u>
	<u>\$ 7,840,000</u>

## 5. RESTRICTED RESERVE ACCOUNTS

According to the Partnership Agreement, the Partnership is required to establish and maintain a replacement reserve funded annually from available cash flow. The Partnership was required to fund the replacement reserve account with an initial deposit of \$44,000 upon payment of the Third Installment of the Limited Partner's Capital Contribution and subsequent annual deposits beginning March 1, 2010 in the amount of \$15,400 which increase by 3% annually from any available Project Cash Flow in an amount not to exceed \$20,000 per annum.

According to the Partnership Agreement, the Partnership is required to establish and maintain an operating reserve of \$171,261. In addition, the reserve will be funded annually from available cash flow in order to maintain the balance at \$171,261.

*These footnotes are an integral part of the financial statements.*

**DOUGLAS APARTMENTS LIMITED PARTNERSHIP**

Notes to the Financial Statements, continued  
For the years ended December 31, 2019 and 2018

5. RESTRICTED RESERVE ACCOUNTS, continued

According to the Partnership Agreement, the Partnership is required to establish and maintain an exit tax reserve funded from available cash flow up to \$20,000 annually until the balance of the reserve equals \$240,399.

	<u>Operating Reserve</u>	<u>Replacement Reserve</u>	<u>Exit Tax Reserve</u>	<u>Project Account</u>	<u>Total</u>
Balances at January 1, 2018	\$ 173,561	205,337	-	-	378,898
Additions	-	19,509	-	-	19,509
Interest	304	370	-	-	674
Disbursements	-	-	-	-	-
Balances at December 31, 2018	173,865	225,216	-	-	399,081
Additions	-	20,094	-	-	20,094
Interest	433	573	-	-	1,006
Disbursements	-	-	-	-	-
Balances at December 31, 2019	<u>\$ 174,298</u>	<u>245,883</u>	<u>-</u>	<u>-</u>	<u>420,181</u>

6. RELATED PARTIESInvestor Services Agreement

Under the terms of the Investor Services Agreement, the Limited Partner is entitled to an annual Investor Services Fee of \$5,000 beginning in 2010. The fee increases at an annual rate of three percent per year and is payable from Cash Flow, as defined, with unpaid portions accumulating. The Investor Services fee expense was \$6,524 and \$6,334 for the years ended December 31, 2019 and 2018, respectively.

Property Management Agreement

Under the terms of the Property Management Agreement, the General Partner provides property management services to the Partnership. Under the agreement, the General Partner is responsible for leasing the residential units in compliance with tax credit requirements, maintaining and repairing the building and paying building operating expenses. The management fee expense was \$22,308 and \$20,236 for the years ended December 31, 2019 and 2018, respectively.

The Partnership executed a developer services agreement with the General Partner, whereby the General Partner will provide or oversee the provision of services relative to project planning, pre-development, financing, and syndication and construction management. The Agreement also calls for an incentive development fee. The total developer services fee as noted in the Agreement is \$973,945 and is due in full by December 31, 2022. The outstanding development fee payable is \$120,933 and \$188,613 as of December 31, 2019 and 2018, respectively.

*These footnotes are an integral part of the financial statements.*

# DOUGLAS APARTMENTS LIMITED PARTNERSHIP

Notes to the Financial Statements, continued  
For the years ended December 31, 2019 and 2018

## 6. RELATED PARTIES, continued

The General Partner utilizes a master cash account system whereby rental receipts are received and operating expenses are paid on behalf of the Partnership. Balances held by the General Partner on behalf of the Partnership are reported as “advance to general partner.”

Amounts due to/from the General Partner and other related parties at December 31 consisted of the following:

	<u>2019</u>	<u>2018</u>
Deferred developer fee – general partner	\$ 120,933	188,613
Accrued interest payable – general partner	6,760	6,760
Note payable – general partner	1,690,000	1,690,000
Accrued investor service fee payable – limited partner	6,526	6,335
Advance from (to) general partner	3,393	(7,417)

## 7. PARTNERSHIP PROFITS, LOSSES AND DISTRIBUTIONS

Ordinary profits and losses are allocated .01% to the general partner and 99.99% to the limited partner.

Tax credits are allocated .01% to the general partner and 99.99% to the limited partner.

Net cash flow, capital proceeds, capital profits, capital losses and Minimum Gains recognized by the Partnership shall be allocated as provided by the Partnership Agreement.

## 8. FINANCING LEASE

The Partnership entered into a financing lease payable to the General Partner for the land and building of the project. The agreement is a financing lease under accounting principles generally accepted in the United States of America. The \$3,650,000 lease was paid in full during 2008. The lease terminates December 31, 2083.

## 9. CAPITALIZED COSTS

Capitalized costs consist of low-income housing tax credit fees. Organization costs are expensed as incurred. Tax credit fees are amortized over the tax credit period using the straight line method. The Partnership has capitalized tax credit fees of \$31,762, which are reported net of accumulated amortization of \$20,910 and \$18,792 as of December 31, 2019 and 2018, respectively.

## 10. CONCENTRATION OF RISK

The Partnership places its temporary cash investments with financial institutions. At times, the account balances may exceed the institution’s federally insured limits. The Partnership has not experienced any losses in such accounts, and management believes it is not exposed to any significant credit risk on cash and cash equivalents.

The Partnership’s revenues are principally derived from rents received from qualifying tenants.

*These footnotes are an integral part of the financial statements.*

## DOUGLAS APARTMENTS LIMITED PARTNERSHIP

Notes to the Financial Statements, continued  
For the years ended December 31, 2019 and 2018

### 11. LOW-INCOME HOUSING TAX CREDITS

The Partnership expects to generate an aggregate of approximately \$3,011,954 of federal low-income housing tax credits (the “Tax Credits”). Generally, such Tax Credits are expected to become available for use by its members pro rata over a ten-year period which began in 2009. In order to qualify for these Tax Credits, the Project must comply with various federal and state requirements. These requirements include, but are not limited to, renting to low-income tenants at rental rates which do not exceed specified percentages of area median gross income for the first 15 years of operation. The Partnership has also agreed to maintain and operate the Project as low-income housing for another 22 years after that period ends. Because the Tax Credits are subject to complying with certain requirements, there can be no assurance that the aggregate amount of Tax Credits will be realized and failure to meet all such requirements may result in generating a lesser amount of Tax Credits than the expected amount.

### 12. COMMITMENTS AND CONTINGENCIES

The Partnership is subject to the terms and conditions of various agreements with the Washington State Housing Finance Commission. The covenants contained in those agreements “run with the land” in the event of sale or other transfer of ownership interest. These agreements are necessary to satisfy the requirements of the parties involved and Internal Revenue Code Section 42 relating to the low-income housing tax credits awarded to this project.

The Partnership agreement provides for various obligations of the General Partner, including the General Partner’s obligation to provide funds for operating deficits and reduced tax benefits.

## **SUPPLEMENTARY INFORMATION**

**Independent Auditors' Report on Supplementary Information**

To The Partners  
Douglas Apartments Limited Partnership

We have audited the financial statements of Douglas Apartments Limited Partnership as of and for the years ended December 31, 2019 and 2018, and our report thereon dated March 6, 2020, which expressed an unmodified opinion on those financial statements, appears on page 1. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules of Operating Expenses are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Finney, Neill & Company, P.S.*

Seattle, Washington  
March 6, 2020



**DOUGLAS APARTMENTS LIMITED PARTNERSHIP**  
Schedules of Operating Expenses  
For the years ended December 31, 2019 and 2018

	2019	2018
Administrative expenses:		
Labor	\$ 60,015	67,698
Telecommunications	4,505	5,061
Property management fee	22,308	20,236
Professional fees	8,800	8,948
Housing finance monitoring fee	1,935	1,935
Office and miscellaneous	319	339
Total administrative expenses	\$ 97,882	104,217
Utility expenses:		
Electricity	\$ 5,538	4,692
Water and sewer	37,641	34,296
Garbage	11,490	10,342
Total utility expenses	\$ 54,669	49,330
Operating and maintenance expenses:		
Pest control	\$ 3,931	5,317
Fire protection	2,114	1,998
Repair and maintenance labor and contracts	78,990	73,650
Repair supplies	2,439	7,764
Collection loss (income)	13,478	(770)
Miscellaneous	7,581	7,629
Total operating and maintenance expenses	\$ 108,533	95,588
Taxes and insurance expenses:		
Property and liability insurance	\$ 15,316	14,997
Total taxes and insurance expenses	\$ 15,316	14,997

*See independent auditors' report on supplementary information.*