

INSTRUCTIONS FOR COMPLETING HOTEL / MOTEL INCOME AND EXPENSE REPORT

(Do not return these instructions with your report)

The following instructions are provided to aid you in filling out the Income and Expense Report form. The information provided on the report should be in accordance with the accounting methodology used to report federal income taxes. Expenses are to be reported only once; double reporting is prohibited. Please round amounts to the nearest dollar. If you have any questions, please call Mr. Anthony Daniels, Program Coordinator, at (202) 442-6794, or you may email him at anthony.daniels@dc.gov.

A. PROPERTY INFORMATION (Some of this information is pre-filled on the enclosed Income & Expense Report form)

- a. Enter the reporting period. The reporting period is typically January 1 through December 31 of the most recently completed calendar year.
- b. Enter the Square Suffix and Lot (If the property encompasses more than one SSL, list the main SSL here.)
- c. Enter the Assessment Notice Number that was assigned to this property, as provided on the Assessment Notice and also provided in the letter entitled Notice of Income & Expense Filing Requirement that accompanied this I&E Form.
- d. Enter the Use Code, Neighborhood Code, and Building Class.
- e. List the Hotel/Motel Name.
- f. List the Premise Address.
- g. You may list additional SSLs that may comprise an economic unit and receive filing credit for the additional SSLs.
- h. Provide the Owner's name and address.

CERTIFICATION

The Income & Expense Report must be signed by the owner or an officially authorized representative. Please type the name and title of the person certifying the Report, the name and phone number of the person to contact regarding any questions about the information within the Report, and the property owner's federal tax ID number.

- i. Take note of the certification information. Your signature certifies, under penalty of law, that the information provided is true, correct and complete to the best of your knowledge and belief. Making a false statement is punishable by criminal penalties. Please reference DC Code §§ 22-2405 and 47-44106.
- j. You must sign the form or else it is incomplete.
- k. Identify the property management company, if any, and provide contact information.

B. HOTEL OPERATIONS

- a. Indicate if hotel is a franchise or chain.
- b. Enter the total number of guest rooms (keys).
- c. Enter the total number of parking spaces.
- d. Enter the Average Number of Rooms Occupied Per Day, which is the total number of rooms sold divided by the number of days in the reporting period.
- e. Enter the Average Daily Room Rate (ADR). ADR is Gross Room Revenue divided by the total number of rooms sold.
- f. Enter the Occupancy Rate. Occupancy Rate is total number of rooms sold divided by total number of potential rooms.
- g. Enter the Revenue per Available Room (RevPAR). RevPAR is the ADR multiplied by the Occupancy Rate.
- h. Indicate the Accounting Methodology.

C. ANNUAL REVENUE

1. Room Revenue. This is the actual room revenue and NOT gross potential revenue at 100% occupancy.
2. Food & Beverage. This is actual revenue received from the sale of all food, beverages and sundries. This includes revenue from all food & beverage outlets, room service, etc.
3. Telephone Service. This is actual revenue received from the use of telecommunications services.
4. Other Income. This is actual revenue from other sources not included above. This includes other operating departments such as: parking, laundry, gift shop, health club, spa, etc.
5. Rental Income. This is actual income received from rental services and operations.
6. Total Revenue. This is the sum of lines 1 through 5.

D. OPERATED DEPARTMENT COSTS

These are costs necessary to maintain the production of income from operation of the property. Do not include under any expense category items such as ground rent, mortgage interest or amortization, depreciation, income taxes or capital expenditures. **These are not operating expenses.** Capital expenditures include investments in remodeling, or replacements, which materially add to the value of the property or appreciably prolong its life. Capital expenditures are to be included in Lines 27 or 28.

7. Rooms. Costs directly attributed to room upkeep.
8. Food & Beverage. Costs directly attributed to providing food, beverages, meals and drinks.
9. Telephone Service. Costs of providing telecommunications services to guests.
10. Other Costs. Additional departmental costs not listed above. Please attach list.
11. Total Operated Department Costs. This is the sum of lines 7 through 10.
12. Gross Operating Income. This is Total Revenue (line 6) minus Total Operated Department Costs (line 11).

E. UNALLOCATED OPERATING EXPENSES

These are costs necessary to maintain the production of income from operation of the property. Do not include under any expense category items such as: tenant improvements, ground rent, mortgage interest or amortization, depreciation, income taxes or capital expenditures. **These are not operating expenses.** Capital expenditures include investments in remodeling, or replacements, which materially add to the value of the property or appreciably prolong its life.

Capital expenditures are to be included in Lines 27 or 28. This section is for local, site specific expenses; do not include any corporate allocations. Payroll taxes are to be included in this section. Please include here all other expenses to the property.

Operating expenses are to be reported only once. Double reporting is prohibited.

13. Administrative & General. Payroll expenses for administrative staff. All managerial and operational expenses that cannot be attributed to a particular department (ex. Commissions on credit card charges, doubtful accounts, professional services-i.e., legal, accounting general insurance for liability (not fire/casualty insurance, this goes under Line 18), life insurance, theft, etc. Do not include Base Management Fees or Incentive Management Fees, which are to be reported in Lines 22a and 22b.
14. Property Operations & Maintenance. Payroll expenses for maintenance staff and expenses for maintenance supplies. Maintenance and repair expense for heating, ventilating and air-conditioning, and related maintenance and/or repairs. Roof repairs and routine maintenance expenses. Do not enter the cost to replace entire roof. Roof replacement is a capital expenditure, which should be shown in Lines 27 or 28. Do not include capital items. Janitorial and cleaning expenses for the property. Any other property operations and maintenance expense not listed elsewhere (trash, grounds, snow removal, carpet, paint, security, etc.).
15. Utility Expenses. Include all utility costs.
16. Marketing. Payroll expenses for marketing activities (salary, wages, benefits, bonuses, etc.). Indicate all other expenses associated with the promotion and marketing of the property (advertising, merchandising, etc.). Do not include Franchise Fees. Do not include hotel chain marketing expenses.
17. Specify any other expense not identified elsewhere. Do not include ADA upgrades; they should go under Capital Expenditures. Attach a list.
18. Insurance. Identify fire/casualty insurance expenses relevant to the reporting period only. Please include only one year's cost.
19. Public Space Rental. Include costs associated with public space, including vault rental.
20. Total Unallocated Operating Expenses. This is the sum of Lines 13 through 19.
21. Net Operating Income. This is Gross Operating Income (Line 12) minus Total Unallocated Operating Expenses (Line 20).

F. OTHER MATERIAL ITEMS

22. a. Base Management Fee. Enter, in dollars, the amount paid over the reporting period (typically one calendar year). Do not state as a percentage (Line 22a).
- b. Incentive Management Fee. Enter, in dollars, the amount paid over the reporting period (typically one calendar year). Do not state as a percentage (Line 22b).
23. Franchise Fee. Input in dollars the amount paid over the calendar year. Do not state as a percentage.
24. Replacement Reserves. The normal annual amount set aside during the current reporting period as an allowance for the periodic replacement of building components and FF&E that wear out more rapidly than the building itself. Do not include capital expense items; they should be shown in Lines 27 or 28.
25. Real Estate Taxes. The dollar amount paid over the calendar year.
26. FF&E Value. The furniture, fixtures and equipment value that is reported in the hotel's most recently submitted D.C. personal property tax return.
27. Capital Expenditures (last 12 months). Report, in detail, any capital improvements or renovations to the property during the current reporting period. Do not include FF&E. This is not a capital expense.
28. Capital Expenditures (next 5 years). Report, in detail, any planned capital improvements or renovations to be incurred over the next 5 years. Do not include FF&E. This is not a capital expense.

G. ANNUAL GROUND RENT

29. If there is a ground lease, indicate the amount of annual ground rent.
30. If there is a ground lease, indicate the inception date of the ground lease.
31. If there is a ground lease, indicate the ending date of the ground lease.

H. MORTGAGE/SALES/MANAGEMENT INFORMATION

1. Mortgage Information. If a current mortgage exists on the property, include term, mortgage amount, interest rate and who holds the mortgage. Checking the box opens an additional detail fields.
2. Sales Information. If a transfer has occurred over the last 3 years, detail the most recent transfer by including purchase date, purchase amount and percent purchased. Also include details on an existing Franchise and Management Agreement.
3. Appraisal Information. Please provide details on the most recent appraisal done on the property. Include the appraisal date, value and type of ownership rights appraised.

Mail your completed form to:

Real Property Tax Administration
Attention: Income & Expense
P.O. Box 71440
Washington, DC 20024