

# Knights Inn - Lookout Mountain

3655 Cummings Highway

Chattanooga TN 37419



**INFORMATION REGARDING  
KNIGHTS INN - LOOKOUT MOUNTAIN TN**

- 1. Location: 3655 Cummings Hwy**  
This road leads around the bottom of Lookout Mountain to South Broad Street. Broad Street runs directly into the fresh water TN Aquarium.
- 2. Location: Cummings Hwy on the way to Broad Street, turn up the side of Lookout Mountain and you are at Ruby Falls. Go Further up the mountain and you will be at Rock City.**
- 3. Location: Cummings Hwy at Broad Street – turn right 2 blocks to the Incline Railway.**  
These are big time tourist locations in Chattanooga  
Coming into Chattanooga from the West side, this is the first Exit to go to these Attractions
- 4. Pricing, value, appraisals are based on 3 factors;**  
**Business Value** This value is lower because of revenue  
**Replacement Cost...** over \$ 5,000,000 to build 60 units, not counting Land value  
**Comparison** Most hotels of this type are going from \$ 40,000 to \$ 57,000. This pricing is \$37,500 per unit.
- 5. At this revenue / pricing, the banks will require a little larger down payment.**
- 6. Chattanooga is a wonderful hotel marketplace. At this very good pricing, you can enter into this marketplace with little cost. Building this business up will not be difficult.**

## Knights Inn West Chattanooga

3655 Cummings Hwy, Chattanooga, TN, 37419, US

**Price \$2,300,000** (\$38,333 per unit)

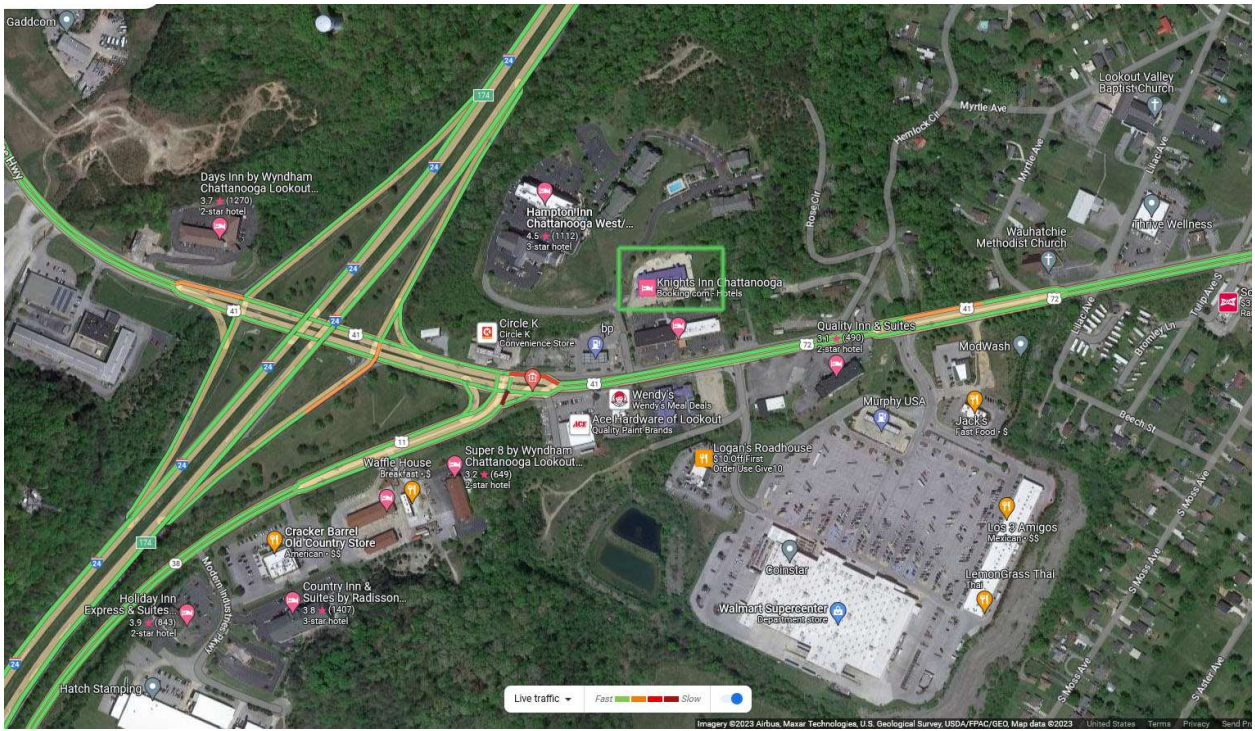
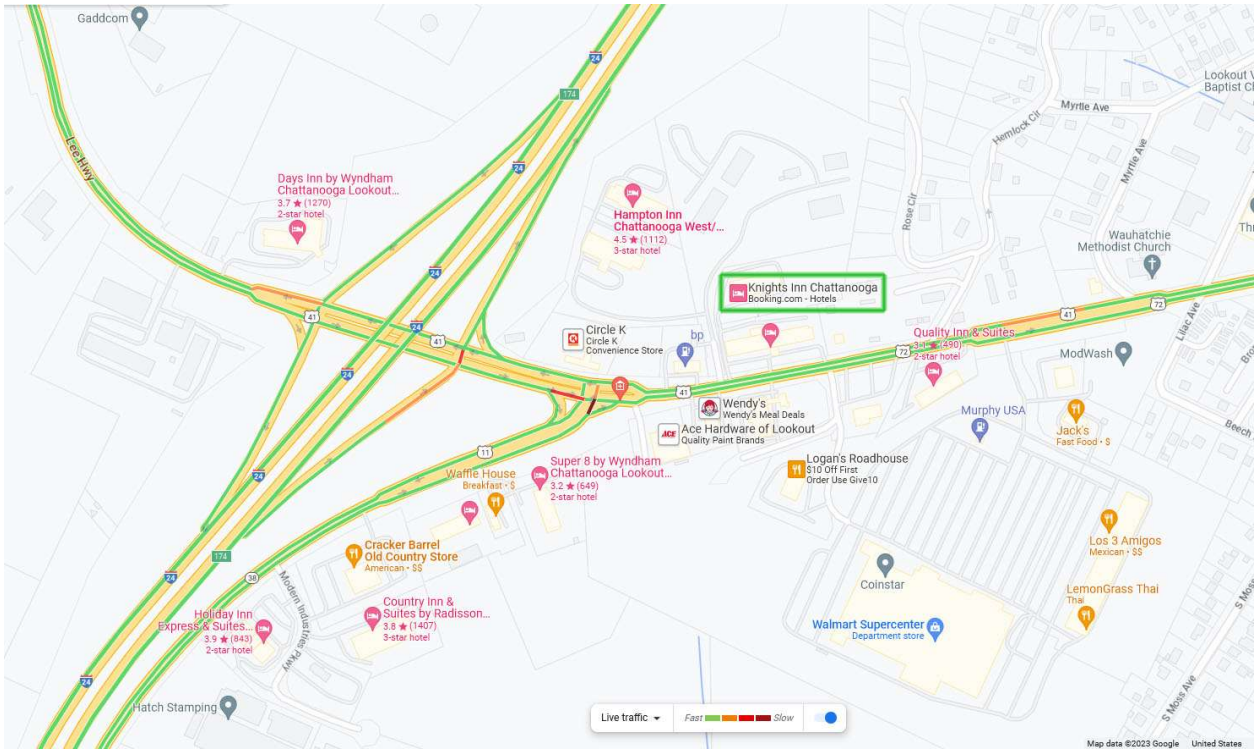
- 20,350 Square foot building
- 60 Bays (3 used for Managers Apartment)
- Rooms 12' X 24'
- 37 Doubles 23 Single Kings
- 30 Rooms Carpeted 30 Rooms Laminate Flooring

Located off I-24 at Exit 174 6.8 miles from Downtown Chattanooga. One and a half miles from Lookout Mountain home of Rock City, Ruby Falls and the Incline Railway. Same Exit as Covenant Transport with more than 4,400 employees.

### Building and Property Details:

- Built in 1989- Joisted Masonry
- Metal Roof 13 years old
- 2020 major renovation
- Extra Clean
- Swimming Pool
- 67 Parking places (1.12 parking ratio
- 2.41 Acres (4/10 acre vacant land))





# Income Statement (Profit and Loss)

## AP Lodging

For the year ended December 31, 2021

## Accrual Basis

2021

### Income

|                      |                   |
|----------------------|-------------------|
| Hotel/Motel Tax      | (33,054.00)       |
| Miscellaneous Income | 510.00            |
| Room Revenue         | 587,038.24        |
| Sales Tax            | (41,519.19)       |
| <b>Total Income</b>  | <b>512,975.05</b> |

### Gross Profit

512,975.05

### Operating Expenses

|                               |           |
|-------------------------------|-----------|
| Advertising & Marketing       | 1,500.00  |
| Bank Charges & Fees           | 17,064.99 |
| Cable & Internet              | 2,767.92  |
| Commissions                   | 9,641.57  |
| Complimentary Breakfast       | 648.69    |
| Contract Labor                | 609.00    |
| Contributions                 | 3,041.50  |
| Dues & subscriptions          | 911.00    |
| Franchise Fees                | 31,930.13 |
| Group Insurance               | 16,699.20 |
| Insurance                     | 37,324.38 |
| Interest Paid                 | 9,721.70  |
| Laundry Expense               | 10.27     |
| Legal & Professional Services | 4,545.00  |
| Meals & Entertainment         | 204.79    |
| Office Supplies & Software    | 2,298.19  |
| Officers Life Insurance       | 3,880.92  |
| Payroll Taxes                 | 5,021.35  |
| Pest Control                  | 662.00    |
| Postage                       | 429.47    |
| Realized Currency Gains       | 22,299.96 |
| Rent & Lease                  | 241.56    |
| Repairs & Maintenance         | 7,171.18  |
| Supplies                      | 7,031.99  |
| Taxes & Licenses              | 53,411.60 |
| Telephone                     | 4,068.29  |
| Travel                        | 6,163.55  |

2021

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|                                 |                   |
|---------------------------------|-------------------|
| Utilities                       | 41,653.29         |
| Vehicle Operating               | 2,662.53          |
| Wages                           | 45,957.13         |
| Waste Services                  | 818.70            |
| <b>Total Operating Expenses</b> | <b>340,391.85</b> |

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|                         |                   |
|-------------------------|-------------------|
| <b>Operating Income</b> | <b>172,583.20</b> |
| <b>Net Income</b>       | <b>172,583.20</b> |

# Income Statement (Profit and Loss)

## AP Lodging

For the year ended December 31, 2022

2022

### Income

|                         |                   |
|-------------------------|-------------------|
| Hotel/Motel Tax         | (25,997.00)       |
| Room Revenue            | 442,376.70        |
| Sales of Product Income | 5,322.18          |
| Sales Tax               | (32,553.82)       |
| <b>Total Income</b>     | <b>389,148.06</b> |

### Gross Profit

389,148.06

### Operating Expenses

|                               |           |
|-------------------------------|-----------|
| Advertising & Marketing       | 1,957.50  |
| Bank Charges & Fees           | 9,713.26  |
| Cable & Internet              | 3,656.46  |
| Commissions                   | 5,970.10  |
| Complimentary Breakfast       | 251.47    |
| Contributions                 | 2,000.00  |
| Depreciation                  | 22,284.00 |
| Dues & subscriptions          | 610.00    |
| Equipment Rental              | 252.54    |
| Franchise Fees                | 25,775.38 |
| Group Insurance               | 16,699.20 |
| Insurance                     | 19,093.09 |
| Interest Paid                 | 19,296.21 |
| Laundry Expense               | 650.15    |
| Legal & Professional Services | 5,700.00  |
| Meals & Entertainment         | 723.97    |
| Office Supplies & Software    | 364.12    |
| Officers Life Insurance       | 5,333.72  |
| Payroll Taxes                 | 6,060.93  |
| Pest Control                  | 613.00    |
| Postage                       | 642.87    |
| Repairs & Maintenance         | 7,019.29  |
| Supplies                      | 9,438.90  |
| Taxes & Licenses              | 29,301.16 |
| Telephone                     | 5,559.14  |
| Travel                        | 45.00     |
| Utilities                     | 33,374.79 |
| Vehicle Operating             | 4,999.43  |
| Wages                         | 32,257.63 |

For Management Use Only

Income Statement (Profit and Loss) | AP Lodging

*Stephen Holmes*

[steve.holmes@usa.net](mailto:steve.holmes@usa.net)

(423) 313-0901



2022

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|                                       |                   |
|---------------------------------------|-------------------|
| Waste Services                        | 1,338.48          |
| <b>Total Operating Expenses</b>       | <b>270,981.79</b> |
| <b>Operating Income</b>               | <b>118,166.27</b> |
| <b>Other Income / (Expense)</b>       |                   |
| Interest Income                       | 161.55            |
| <b>Total Other Income / (Expense)</b> | <b>161.55</b>     |
| <b>Net Income</b>                     | <b>118,327.82</b> |

|   |   |  |
|---|---|--|
| Form <b>1065</b><br>Department of the Treasury<br>Internal Revenue Service  | <b>U.S. Return of Partnership Income</b><br>For calendar year 2023, or tax year beginning _____, 2023, ending _____, 20____<br>Go to <a href="http://www.irs.gov/Form1065">www.irs.gov/Form1065</a> for instructions and the latest information.  | OMB No. 1545-0123<br><b>2023</b>   |
| <b>A</b> Principal business activity<br><br><b>MOTEL</b><br><br><b>B</b> Principal product or service<br><b>DAILY ROOMS</b><br><br><b>C</b> Business code number<br><br>721110  | Name of partnership<br><b>AP LODGING PARTNERS</b><br><b>KNIGHTS INN</b><br>Number, street, and room or suite no. If a P.O. box, see instructions.<br><b>3655 CUMMINGS HWY</b><br>City or town, state or province, country, and ZIP or foreign postal code<br><b>CHATTANOOGA, TN 37419</b>   | <b>D</b> Employer identification number<br><br><b>43-2012747</b><br><br><b>E</b> Date business started<br><b>07-15-2003</b><br><br><b>F</b> Total assets (see instructions)<br>\$ <b>802,094</b> |
| <b>G</b> Check applicable boxes: (1) <input type="checkbox"/> Initial return (2) <input type="checkbox"/> Final return (3) <input type="checkbox"/> Name change (4) <input type="checkbox"/> Address change (5) <input type="checkbox"/> Amended return<br><b>H</b> Check accounting method: (1) <input type="checkbox"/> Cash (2) <input checked="" type="checkbox"/> Accrual (3) <input type="checkbox"/> Other (specify): _____<br><b>I</b> Number of Schedules K-1. Attach one for each person who was a partner at any time during the tax year: _____ <b>2</b><br><b>J</b> Check if Schedules C and M-3 are attached _____ <input type="checkbox"/><br><b>K</b> Check if partnership: (1) <input type="checkbox"/> Aggregated activities for section 465 at-risk purposes (2) <input type="checkbox"/> Grouped activities for section 469 passive activity purposes<br><b>Caution:</b> Include <b>only</b> trade or business income and expenses on lines 1a through 23 below. See the instructions for more information. |   |  |
| <b>Income</b>   | 1 a Gross receipts or sales <b>394,592</b> b Less returns and allowances _____ c Balance . . . . .<br>2 Cost of goods sold (attach Form 1125-A) . . . . .<br>3 Gross profit. Subtract line 2 from line 1c . . . . .<br>4 Ordinary income (loss) from other partnerships, estates, and trusts (attach statement) . . . . .<br>5 Net farm profit (loss) (attach Schedule F (Form 1040)) . . . . .<br>6 Net gain (loss) from Form 4797, Part II, line 17 (attach Form 4797) . . . . .<br>7 Other income (loss) (attach statement) . . . . . <b>Statement #2</b> . . . . .<br>8 <b>Total income (loss).</b> Combine lines 3 through 7 . . . . .   | 1c <b>394,592</b><br>2<br>3 <b>394,592</b><br>4<br>5<br>6<br>7 <b>5,948</b><br>8 <b>400,540</b>  |
| <b>Deductions (see instructions for limitations)</b>  | 9 Salaries and wages (other than to partners) (less employment credits) . . . . .<br>10 Guaranteed payments to partners . . . . .<br>11 Repairs and maintenance . . . . .<br>12 Bad debts . . . . .<br>13 Rent . . . . .<br>14 Taxes and licenses . . . . . <b>Wks. Tax/Lic</b> . . . . .<br>15 Interest (see instructions) . . . . .<br>16a Depreciation (if required, attach Form 4562) . . . . . <b>16a</b> <b>19,733</b><br>b Less depreciation reported on Form 1125-A and elsewhere on return . . . . . <b>16b</b> . . . . .<br>17 Depletion (Do not deduct oil and gas depletion.) . . . . .<br>18 Retirement plans, etc. . . . .<br>19 Employee benefit programs . . . . .<br>20 Energy efficient commercial buildings deduction (attach Form 7205) . . . . .<br>21 Other deductions (attach statement) . . . . . <b>Statement #4</b> . . . . .<br>22 <b>Total deductions.</b> Add the amounts shown in the far right column for lines 9 through 21 . . . . . | 9 <b>32,839</b><br>10<br>11 <b>16,122</b><br>12<br>13<br>14 <b>8,675</b><br>15 <b>36,750</b><br>16a<br>16b <b>19,733</b><br>17<br>18<br>19<br>20<br>21 <b>163,071</b><br>22 <b>277,190</b>       |
| <b>Tax and Payment</b>  | 23 <b>Ordinary business income (loss).</b> Subtract line 22 from line 8 . . . . .<br>24 Interest due under the look-back method - completed long-term contracts (attach Form 8697) . . . . .<br>25 Interest due under the look-back method - income forecast method (attach Form 8866) . . . . .<br>26 BBA AAR imputed underpayment (see instructions) . . . . .<br>27 Other taxes (see instructions) . . . . .<br>28 <b>Total balance due.</b> Add lines 24 through 27 . . . . .<br>29 Elective payment election amount from Form 3800 . . . . .<br>30 Payment (see instructions) . . . . .<br>31 <b>Amount owed.</b> If the sum of line 29 and line 30 is smaller than line 28, enter amount owed . . . . .<br>32 <b>Overpayment.</b> If the sum of line 29 and line 30 is larger than line 28, enter overpayment . . . . .   | 23 <b>123,350</b><br>24<br>25<br>26<br>27<br>28<br>29<br>30<br>31<br>32  |
| <b>Sign Here</b>  | Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than partner or limited liability company member) is based on all information of which preparer has any knowledge.<br><br>_____<br>Signature of partner or limited liability company member Date   |  |
| <b>Paid Preparer Use Only</b>   | Print/Type preparer's name _____ Date _____<br>Preparer's signature _____ Date <b>03-12-2024</b><br>Firm's name <b>Crowe-Mallette &amp; Associates, PLLC</b> Firm's EIN <b>82-0788185</b><br>Firm's address <b>4710 Hixson Pike</b><br><b>HIXSON, TN 37343</b> Phone no. <b>(762) 200-2342</b>  |  |

For Paperwork Reduction Act Notice, see separate instructions. Form 1065 (2023)

**Schedule B Other Information**

1 What type of entity is filing this return? Check the applicable box:

|  | Yes | No |
|--|-----|----|
| a <input checked="" type="checkbox"/> Domestic general partnership |     |    |
| b <input type="checkbox"/> Domestic limited partnership            |     |    |
| c <input type="checkbox"/> Domestic limited liability company      |     |    |
| d <input type="checkbox"/> Domestic limited liability partnership  |     |    |
| e <input type="checkbox"/> Foreign partnership                     |     |    |
| f <input type="checkbox"/> Other:                                  |     |    |

2 At the end of the tax year:

a Did any foreign or domestic corporation, partnership (including any entity treated as a partnership), trust, or tax-exempt organization, or any foreign government own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital of the partnership? For rules of constructive ownership, see instructions. If "Yes," attach Schedule B-1, Information on Partners Owning 50% or More of the Partnership . . . . . X

b Did any individual or estate own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital of the partnership? For rules of constructive ownership, see instructions. If "Yes," attach Schedule B-1, Information on Partners Owning 50% or More of the Partnership . . . . . SEE 1065B1 . . . X

3 At the end of the tax year, did the partnership:

a Own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of stock entitled to vote of any foreign or domestic corporation? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (iv) below . . . . . X

| (i) Name of Corporation | (ii) Employer Identification Number (if any) | (iii) Country of Incorporation | (iv) Percentage Owned in Voting Stock |
|-------------------------|--|--------------------------------|---------------------------------------|
|                         |  |                                |                                       |
|                         |  |                                |                                       |
|                         |  |                                |                                       |
|                         |  |                                |                                       |

b Own directly an interest of 20% or more, or own, directly or indirectly, an interest of 50% or more in the profit, loss, or capital in any foreign or domestic partnership (including an entity treated as a partnership) or in the beneficial interest of a trust? For rules of constructive ownership, see instructions. If "Yes," complete (i) through (v) below . . . . . X

| (i) Name of Entity | (ii) Employer Identification Number (if any) | (iii) Type of Entity | (iv) Country of Organization | (v) Maximum Percentage Owned in Profit, Loss, or Capital |
|--------------------|--|----------------------|------------------------------|--|
|                    |  |                      |                              |  |
|                    |  |                      |                              |  |
|                    |  |                      |                              |  |
|                    |  |                      |                              |  |

4 Does the partnership satisfy all four of the following conditions?

|  | Yes | No |
|--|-----|----|
| a The partnership's total receipts for the tax year were less than \$250,000.  |     |    |
| b The partnership's total assets at the end of the tax year were less than \$1 million.  |     |    |
| c Schedules K-1 are filed with the return and furnished to the partners on or before the due date (including extensions) for the partnership return.   |     |    |
| d The partnership is not filing and is not required to file Schedule M-3 . . . . . X<br>If "Yes," the partnership is not required to complete Schedules L, M-1, and M-2; item F on page 1 of Form 1065; or item L on Schedule K-1. |     |    |

5 Is this partnership a publicly traded partnership, as defined in section 469(k)(2)? . . . . . X

6 During the tax year, did the partnership have any debt that was canceled, was forgiven, or had the terms modified so as to reduce the principal amount of the debt? . . . . .

7 Has this partnership filed, or is it required to file, Form 8918, Material Advisor Disclosure Statement, to provide information on any reportable transaction? . . . . .

8 At any time during calendar year 2023, did the partnership have an interest in or a signature or other authority over a financial account in a foreign country (such as a bank account, securities account, or other financial account)? See instructions for exceptions and filing requirements for FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR). If "Yes," enter the name of the foreign country . . . . . X

9 At any time during the tax year, did the partnership receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If "Yes," the partnership may have to file Form 3520, Annual Return To Report Transactions With Foreign Trusts and Receipt of Certain Foreign Gifts. See instructions . . . . . X

10a Is the partnership making, or had it previously made (and not revoked), a section 754 election? If "Yes," enter the effective date of the election . . . . . X  
See instructions for details regarding a section 754 election.

b For this tax year, did the partnership make an optional basis adjustment under section 743(b)? If "Yes," enter the total aggregate net positive amount \$ \_\_\_\_\_ and the total aggregate net negative amount \$( \_\_\_\_\_ ) of such section 743(b) adjustments for all partners made in the tax year. The partnership must also attach a statement showing the computation and allocation of each basis adjustment. See instructions . . . . .

| <b>Schedule B Other Information (continued)</b> |  | Yes | No |
|---|--|-----|----|
| c   | For this tax year, did the partnership make an optional basis adjustment under section 734(b)? If "Yes," enter the total aggregate net positive amount \$ _____ and the total aggregate net negative amount \$ ( _____ ) of such section 734(b) adjustments for all partnership property made in the tax year. The partnership must also attach a statement showing the computation and allocation of each basis adjustment. See instructions . . . . .  |     |    |
| d   | For this tax year, is the partnership required to adjust the basis of partnership property under section 743(b) or 734(b) because of a substantial built-in loss (as defined under section 743(d)) or substantial basis reduction (as defined under section 734(d))? If "Yes," enter the total aggregate amount of such section 743(b) adjustments and/or section 734(b) adjustments for all partners and/or partnership property made in the tax year \$ _____. The partnership must also attach a statement showing the computation and allocation of the basis adjustment. See instructions . . . . .     |     |    |
| 11  | Check this box if, during the current or prior tax year, the partnership distributed any property received in a like-kind exchange or contributed such property to another entity (other than disregarded entities wholly owned by the partnership throughout the tax year) . . . . . <input type="checkbox"/>   |     |    |
| 12  | At any time during the tax year, did the partnership distribute to any partner a tenancy-in-common or other undivided interest in partnership property? . . . . .  |     |    |
| 13  | If the partnership is required to file Form 8858, Information Return of U.S. Persons With Respect To Foreign Disregarded Entities (FDEs) and Foreign Branches (FBs), enter the number of Forms 8858 attached. See instructions . . . . .   |     |    |
| 14  | Does the partnership have any foreign partners? If "Yes," enter the number of Forms 8805, Foreign Partner's Information Statement of Section 1446 Withholding Tax, filed for this partnership . . . . .  |     |    |
| 15  | Enter the number of Forms 8865, Return of U.S. Persons With Respect to Certain Foreign Partnerships, attached to this return . . . . . 0   |     |    |
| 16a   | Did you make any payments in 2023 that would require you to file Form(s) 1099? See instructions . . . . .  |     |    |
| b   | If "Yes," did you or will you file required Form(s) 1099? . . . . .  |     |    |
| 17  | Enter the number of Forms 5471, Information Return of U.S. Persons With Respect To Certain Foreign Corporations, attached to this return . . . . .   |     |    |
| 18  | Enter the number of partners that are foreign governments under section 892 . . . . .  |     |    |
| 19  | During the partnership's tax year, did the partnership make any payments that would require it to file Forms 1042 and 1042-S under chapter 3 (sections 1441 through 1464) or chapter 4 (sections 1471 through 1474)? . . . . .   |     |    |
| 20  | Was the partnership a specified domestic entity required to file Form 8938 for the tax year? See the Instructions for Form 8938 . . . . .  |     |    |
| 21  | Is the partnership a section 721(c) partnership, as defined in Regulations section 1.721(c)-1(b)(14)? . . . . .  |     |    |
| 22  | During the tax year, did the partnership pay or accrue any interest or royalty for which one or more partners are not allowed a deduction under section 267A? See instructions . . . . . <input checked="" type="checkbox"/> X<br>If "Yes," enter the total amount of the disallowed deductions . . . . . \$   |     |    |
| 23  | Did the partnership have an election under section 163(j) for any real property trade or business or any farming business in effect during the tax year? See instructions . . . . .  |     |    |
| 24  | Does the partnership satisfy one or more of the following? See instructions . . . . .<br>a The partnership owns a pass-through entity with current, or prior year carryover, excess business interest expense.<br>b The partnership's aggregate average annual gross receipts (determined under section 448(c)) for the 3 tax years preceding the current tax year are more than \$29 million and the partnership has business interest expense.<br>c The partnership is a tax shelter (see instructions) and the partnership has business interest expense. If "Yes" to any, complete and attach Form 8990. |     |    |
| 25  | Is the partnership attaching Form 8996 to certify as a Qualified Opportunity Fund? . . . . . <input checked="" type="checkbox"/> X<br>If "Yes," enter the amount from Form 8996, line 15 . . . . . \$  |     |    |
| 26  | Enter the number of foreign partners subject to section 864(c)(8) as a result of transferring all or a portion of an interest in the partnership or of receiving a distribution from the partnership . . . . .<br>Complete Schedule K-3 (Form 1065), Part XIII, for each foreign partner subject to section 864(c)(8) on a transfer or distribution.   |     |    |
| 27  | At any time during the tax year, were there any transfers between the partnership and its partners subject to the disclosure requirements of Regulations section 1.707-8? . . . . .  |     |    |
| 28  | Since December 22, 2017, did a foreign corporation directly or indirectly acquire substantially all of the properties constituting a trade or business of your partnership, and was the ownership percentage (by vote or value) for purposes of section 7874 greater than 50% (for example, the partners held more than 50% of the stock of the foreign corporation)? If "Yes," list the ownership percentage by vote and by value. See instructions.<br>Percentage: _____ By vote: _____ By value: _____ <input checked="" type="checkbox"/> X  |     |    |
| 29  | Is the partnership required to file Form 7208 relating to the excise tax on repurchase of corporate stock (see instructions):  |     |    |

| <b>Schedule B</b> Other Information (continued) |  | Yes | No |
|---|--|-----|----|
| <b>b</b>  | Under the covered surrogate foreign corporation rules?<br>If "Yes" to either (a) or (b), complete Form 7208, Excise Tax on Repurchase of Corporate Stock. See the Instructions for Form 7208.  |     |    |
| <b>30</b>                                       | At any time during this tax year, did the partnership (a) receive (as a reward, award, or payment for property or services); or (b) sell, exchange, or otherwise dispose of a digital asset (or financial interest in a digital asset)? See instructions   |     |    |
| <b>31</b>                                       | Is the partnership electing out of the centralized partnership audit regime under section 6221(b)? See instructions<br>If "Yes," the partnership must complete Schedule B-2 (Form 1065). Enter the total from Schedule B-2, Part III, line 3<br>If "No," complete Designation of Partnership Representative below. |     | X  |

**Designation of Partnership Representative** (see instructions)

Enter below the information for the partnership representative (PR) for the tax year covered by this return.

|                    |   |  |
|--------------------|---|--|
| Name of PR         | <b>MUKESH PATEL</b>                               |  |
| U.S. address of PR | <b>3655 CUMMINGS HWY<br/>CHATTANOOGA TN 37419</b> | U.S. phone number of PR<br><b>(423) 821-2233</b> |

If the PR is an entity, name of the designated individual for the PR

|                                       |  |
|---------------------------------------|--|
| U.S. address of designated individual | U.S. phone number of designated individual |
|---------------------------------------|--|

EEA

Form 1065 (2023)

Client Copy