LILAC PLACE LLLP
(A LIMITED LIABILITY LIMITED PARTNERSHIP)

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2020 and 2019

Loveridge Hunt & Co., PLLC
CERTIFIED PUBLIC ACCOUNTANTS

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Loveridge Hunt & Co., PLLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Partners
Lilac Place LLLP
Longview, Washington

Report on Financial Statements

We have audited the accompanying financial statements of Lilac Place LLLP, a limited liability limited partnership, (the Partnership), which comprise the balance sheets as of December 31, 2020 and 2019, and the related statements of operations, changes in partners' equity, 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.

Auditor's 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, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Partnership'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 Partnership'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.

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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS - (CONTINUED)

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 Lilac Place LLLP as of December 31, 2020 and 2019, 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.

Other Matters

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The additional information shown on pages 17 to 18 is presented for the purpose of additional analysis and is 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 3, 2021, on our consideration of the Partnership's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Partnership's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Partnership's internal control over financial reporting and compliance applicable to 2020.

Loveridge Hunt & Co., PLLC

Bellevue, Washington
April 3, 2021

LILAC PLACE LLLP

BALANCE SHEETS

	December 31, 2020	December 31, 2019
ASSETS		
Rental property and equipment, at cost:		
Buildings and improvements	$ 7,100,407	$ 7,100,407
Land improvements	615,439	615,439
Furnishings and equipment	227,935	227,935
	7,943,781	7,943,781
Less: Accumulated depreciation	(2,160,051)	(1,860,849)
	5,783,730	6,082,932
Land	308,313	308,313
	6,092,043	6,391,245
Restricted deposits:		
Operating reserve	135,709	135,695
Replacement reserve	86,622	60,568
Supportive service reserve	48,626	31,044
Tenant trust - security deposits	10,150	10,600
	281,107	237,907
Other assets:		
Cash	82,918	92,659
Prepaid expenses	9,482	7,345
Accounts receivable, net	3,318	337
Tax credit fees, net of accumulated amortization of $32,571 and $27,918, respectively.	37,223	41,876
	132,941	142,217
	$ 6,506,091	$ 6,771,369

Continued on page 4.

LILAC PLACE LLLP

BALANCE SHEETS - (CONTINUED)

		December 31,		
		2020		2019
LIABILITIES AND PARTNERS' CAPITAL				
Liabilities:				
Accounts payable	$	4,616	$	14,214
Accounts payable - affiliate		16,687		8,485
Accrued interest payable		97,670		85,602
Asset management fee payable		5,500		5,500
Prepaid rent		7,011		6,137
Tenant security deposits payable		10,150		10,600
Developer fee payable		9,958		30,727
Loans and notes payable		1,199,096		1,213,582
Note payable to General Partner		404,467		404,467
		1,755,155		1,779,314
Partners' capital:				
Partners' equity		4,811,924		5,053,043
Syndication cost		(60,988)		(60,988)
		4,750,936		4,992,055
	$	6,506,091	$	6,771,369

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

LILAC PLACE LLLP

STATEMENTS OF OPERATIONS

	Years Ended December 31, 2020	Years Ended December 31, 2019
Rental operating revenue:		
Gross rent potential	$ 378,672	$ 365,424
Vacancy	(13,751)	(3,861)
Net rental income	364,921	361,563
Laundry and vending	3,228	3,570
Tenant charges	5,858	3,240
Other income	285	2,309
	374,292	370,682
Rental operating expenses:		
Administrative	84,982	87,027
Utilities	51,752	59,409
Maintenance and operating	39,349	32,597
Tax and insurance	33,322	31,932
Tenant services	26,419	29,542
	235,824	240,507
Operating income before partnership and financial expenses	138,468	130,175
Partnership and financial expenses:		
Partnership fees	5,516	5,505
Interest on long-term debt	70,216	70,406
	75,732	75,911
Income before depreciation and amortization	62,736	54,264
Depreciation	299,202	321,996
Amortization	4,653	4,025
	303,855	326,021
Net loss	$ (241,119)	$ (271,757)

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

LILAC PLACE LLLP

STATEMENTS OF CHANGES IN PARTNERS' EQUITY

Years Ended December 31, 2020 and 2019

	General Partner	Limited Partner	Total
Balance - January 1, 2019	$ 266,447	$ 5,058,353	$ 5,324,800
Net loss	(27)	(271,730)	(271,757)
Balance - December 31, 2019	266,420	4,786,623	5,053,043
Net loss	(24)	(241,095)	(241,119)
Balance - December 31, 2020	$ 266,396	$ 4,545,528	$ 4,811,924

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

LILAC PLACE LLLP

STATEMENTS OF CASH FLOWS

	Years Ended December 31, 2020	Years Ended December 31, 2019
Cash flows from operating activities:		
Net loss	$ (241,119)	$ (271,757)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	303,855	326,021
Amortization of debt issuance costs	3,418	2,789
Changes in certain assets and liabilities:		
Prepaid expenses	(2,137)	549
Accounts receivable, net	(2,981)	666
Accounts payable	(9,598)	9,460
Accounts payable - affiliate	8,202	(2,297)
Accrued interest payable	12,068	10,788
Asset management fee payable	-	500
Prepaid rent	874	1,454
Tenant security deposits payable	(450)	125
Net cash provided by operating activities	72,132	78,298
Cash flows from financing activities:		
Payments on loans and notes payable	(17,904)	(17,425)
Payments on developer fee payable	(20,769)	(6,557)
Net cash used by financing activities	(38,673)	(23,982)
Net increase in cash and restricted cash	33,459	54,316
Cash and restricted cash - beginning of year	330,566	276,250
Cash and restricted cash - end of year	$ 364,025	$ 330,566
Supplemental disclosure of cash flow information:		
Cash paid for interest	$ 54,730	$ 56,829

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

NOTE 1 - NATURE OF BUSINESS

Lilac Place LLLP, (the Partnership), a Washington limited liability limited partnership, was formed in 2011 to construct, lease and operate a newly constructed 38-unit apartment project (the Project) located in Woodland, Washington. The partnership agreement specifies a perpetual term, unless terminated in accordance with the agreement. The Project was placed in service in July 2014.

Lilac Place GP LLC, whose sole member is the Housing Authority of the City of Longview dba Housing Opportunities of SW Washington ("HOSWWA"), is the General Partner with an ownership interest of 0.01%. U.S. Bancorp Community Development Corporation (USBCDC) was the Limited Partner with an ownership interest of 99.99%. As of June 24, 2015, USBCDC permitted assignment of its interest in the Partnership to USB LIHTC Fund 2015-3, LLC. The Partnership is considered a component unit of HOSWWA, and its financial results are discretely presented in HOSWWA's annual report.

Effective July 1, 2014, the Partnership entered into a Housing Assistance Payment (HAP) contract with HOSWWA. Lower rental charges to tenants are recovered by the Partnership through rent subsidies provided by HOSWWA. The initial term of the contract is 15 years. For the years ended December 31, 2020 and 2019, rental assistance received total $249,843 and $277,756, representing 68% and 77% of net rent revenue, respectively.

The Partnership has entered into an agreement with Washington State Housing Finance Commission (WSHFC) in exchange for an allocation of federal low-income housing tax credits under Section 42 of the Internal Revenue Code. The Partnership has agreed to maintain 100 percent of the apartment units as both rent restricted and occupied by low-income tenants for a minimum period of 40 years beginning in 2015.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting

The accrual method of accounting is used for financial statement purposes.

Cash, Cash Equivalents, and Restricted Cash

For purposes of the statement of cash flows, all investment instruments purchased with a maturity of three months or less are considered to be cash equivalents. At December 31, 2020 and 2019, there were no cash equivalents.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Cash, Cash Equivalents, and Restricted Cash - (Continued)

The following table provides a reconciliation of cash and restricted cash reported within the balance sheets that sum to the total of the same such amounts shown in the statements of cash flows:

	December 31, 2020	December 31, 2019
Cash	$ 82,918	$ 92,659
Operating reserve	135,709	135,695
Replacement reserve	86,622	60,568
Supportive service reserve	48,626	31,044
Tenant trust - security deposits	10,150	10,600
Total cash and restricted cash shown in the statements of cash flows	$ 364,025	$ 330,566

Capitalization and Depreciation

Land, building and improvements are recorded at cost. Improvements are capitalized, while expenditures for maintenance and repairs are charged to expense as incurred. Depreciation is computed for financial statement purposes using straight-line methods over the estimated useful lives of the related assets as follows:

Building shell and components............................27.5 years
Site improvements...15 years
Furniture and furnishings...5 years

The following schedule reflects the activity in the fixed asset accounts:

	Balance January 1, 2020	Additions	Disposals	Balance December 31, 2020
Building & improvements	$ 7,100,407	$ -	$ -	$ 7,100,407
Land improvements	615,439	-	-	615,439
Furniture & equipment	227,935	-	-	227,935
Accumulated depreciation	(1,860,849)	(299,202)	-	(2,160,051)
	6,082,932	(299,202)	-	5,783,730
Land	308,313	-	-	308,313
	$ 6,391,245	$ (299,202)	$ -	$ 6,092,043

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Capitalization and Depreciation - (Continued)

	Balance January 1, 2019	Additions	Disposals	Balance December 31, 2019
Building & improvements	$ 7,100,407	$ -	$ -	$ 7,100,407
Land improvements	615,439	-	-	615,439
Furniture & equipment	227,935	-	-	227,935
Accumulated depreciation	(1,538,853)	(321,996)	-	(1,860,849)
	6,404,928	(321,996)	-	6,082,932
Land	308,313	-	-	308,313
	$ 6,713,241	$ (321,996)	$ -	$ 6,391,245

Impairment

The Partnership reviews its investment in real estate for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the future net undiscounted cash flow expected to be generated by the rental property including the low-income housing tax credits and any estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the real estate exceeds the fair value of such property. There were no impairment losses recognized in 2020 or 2019.

Amortization

Amortization is computed on a straight-line basis. Tax credit fees are amortized over 15 years.

Income Taxes

The Partnership is not subject to income taxes. Income or loss from the Partnership is reported on the returns of the individual partners. Management believes that the Partnership has adequately addressed all relevant tax positions, and there are no unrecorded tax liabilities. Generally, the Partnership's tax returns remain open for three years for federal income tax examination.

Amortization of Debt Issuance Costs

Debt issuance (loan) costs related to a recognized debt liability are presented in the balance sheets as a direct deduction from the carrying amount of that debt liability and amortization of debt issuance costs are reported as interest expense in accordance with ASU 2015-03. See Note 5 for additional information. Debt issuance costs are amortized over the period the obligation is outstanding using the straight-line method. This does not result in a significant difference from the effective interest rate method.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Concentration of Credit

The Partnership maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Partnership has not experienced any losses in such accounts. Management believes the Partnership is not exposed to any significant credit risk on cash in its bank deposit accounts.

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 certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Revenue Recognition

Rental income is recognized as rentals become due. Rental payments received in advance are deferred until earned. All leases between the Partnership and the tenants of the property are operating leases. Other income includes fees for late payments, cleaning, damages, laundry facilities and other charges, which are recognized as performance obligations are satisfied.

Advertising

Management's policy is to expense the costs of advertising as they are incurred.

Subsequent Event

Management of the Partnership has evaluated events and transactions occurring after December 31, 2020 through April 3, 2021, the date the financial statements were available for issuance, for recognition or disclosure in the financial statements. There were no events and transactions that required recognition and disclosure in the financial statements.

NOTE 3 - RELATED PARTY TRANSACTIONS

Developer Fee Payable

The Partnership has entered into a development services agreement (the Agreement) with an affiliate of the General Partner. The Agreement provides for a development fee of $640,000, which was fully earned during 2014. The development fee is to be paid from capital contributions or net cash flow or before the 13th anniversary of the Completion Date (which occurred in July 2014). As of December 31, 2020 and 2019, the development fee payable totaled $9,958 and $30,727, respectively.

Asset Management Fee

According to the partnership agreement, the Partnership is obligated to pay the Limited Partner an asset management fee, prorated for the first calendar year, of $5,000 for annual review of the operations and credit compliance of the Partnership. The fee shall increase by 10% after every five year anniversary. The fee is payable from net cash flow. The fee is cumulative. During 2020 and 2019, an asset management fee charged and paid totaled $5,500 for each year. As of December 31, 2020 and 2019, the asset management fee payable totaled $5,500 each year.

NOTE 3 - RELATED PARTY TRANSACTIONS - (CONTINUED)

Accounts Payable to Affiliate

As of December 31, 2020 and 2019, the Partnership owed the General Partner $16,687 and $8,485, respectively, for operating expenses made on its behalf and includes management fees.

Partnership Management Fee

According to the partnership management agreement, the Partnership is obligated to pay the General Partner a fee, in an amount not to exceed $20,000 annually or 12% of gross collected rents in a year, payable from 10% of remaining cash flow at the payment priority level specified in the partnership agreement. The fee is not cumulative. During 2020 and 2019, the partnership management fee charged and paid totaled $16 and $5, respectively.

Note Payable to Affiliate of General Partner

The Partnership executed a note payable with HOSWWA, an affiliate of the General Partner, for $404,467. Interest accrues per annum at 3.28%. The note matures on January 31, 2058. Payments are subject to availability of cash flow (see note 8). As of December 31, 2020 and 2019, the outstanding balance on the loan totaled $404,467 each year. As of December 31, 2020 and 2019, accrued interest on the loan totaled $92,987 and $82,668, respectively, which is included in accrued interest payable on the balance sheets. Interest charged during 2020 and 2019 totaled $13,267 both years. The note is secured by a deed of trust.

Management Fee

An affiliate of the General Partner provides management services for the Partnership. During 2020 and 2019, management fees charged totaled $29,354 and $29,271, respectively. As of December 31, 2020 and 2019, the management fee payable totaled $2,493 and $2,526, respectively, which is included in accounts payable - affiliate on the balance sheets.

NOTE 4 - RESERVES

Operating Reserve

In accordance with the partnership agreement, the Partnership is required to fund a reserve in the amount of $135,467 upon payment of the third installment from the Limited Partner's capital contribution. Withdrawals are subject to the approval of the Limited Partner. The General Partner is obligated to fund the reserve, from cash flow, in an amount equal to keep the balance of the reserve at $135,457. In addition, the mortgage note agreement with WCRA (see Note 5) requires the Partnership to fund the operating reserve in the amount of $135,457. Withdrawals are subject to approval of WCRA. In 2016, the third installment of the limited partner's capital contribution was received and used to fund the reserve. As of December 31, 2020 and 2019, the balance in the reserve totaled $135,709 and $135,695, respectively, and was funded as required per the partnership and mortgage note agreements.

NOTE 4 - RESERVES (CONTINUED)

Supportive Service Reserve

In accordance with the partnership agreement, the Partnership is required to fund a reserve up to an amount equal to $114,300 from available cash flow. Withdrawals are subject to consent of the Limited Partner. The reserve was funded in 2016. As of December 31, 2020 and 2019, the balance in the reserve totaled $48,626 and $31,044, respectively, and funded as required.

Replacement Reserve

In accordance with the partnership agreement, the Partnership is required to maintain a replacement reserve account to be funded in the amount of $300 per unit per year, payable monthly in equal monthly installments. A 3% increase takes effect every year. Withdrawals are subject to approval by the Limited Partner. In addition, the mortgage note requires an annual deposit of not less than $11,400 annually beginning in 2015, increasing 3% annually, in a replacement reserve account, which is pledged to lender. During 2020, an additional deposit in the amount of $12,831 was made from Cash Flows from the previous year. Withdrawals are subject to approval by the lender.

	2020	2019
Balance, beginning of year	$ 60,568	$ 47,719
Deposits from operations	26,047	12,831
Interest earned	7	18
Balance, end of year	$ 86,622	$ 60,568
Required balance, end of year	$ 86,622	$ 60,568
Over(under) funded, end of year	$ -	$ -

NOTE 5 - LOANS AND NOTES PAYABLE

Loans and notes payable as of December 31, 2020 and 2019, totaled $1,223,028 and $1,240,932, respectively, which, less unamortized issuance costs of $23,932 and $27,350, respectively, are presented on the balance sheets as $1,199,096 and $1,213,582, respectively. No partner is individually liable on the notes.

1st Mortgage - Columbia Bank

On January 13, 2015, the Partnership closed on its permanent loan with WCRA, which was purchased by Columbia Bank in 2019. The original loan amount is $900,334 and bears interest at 6% per annum. The promissory note requires that principal and interest shall be payable in consecutive monthly installments of $5,398 beginning March 1, 2015. The loan matures on February 1, 2030. Substantially all of the rental property and equipment is pledged as collateral on the loan. As of December 31, 2020, and 2019, the note payable totaled $825,856 and $839,809, respectively. As of December 31, 2020 and 2019, accrued interest totaled $3,245 and $1,627, respectively. During 2020 and 2019, interest expense totaled $52,525 and $53,329, respectively.

NOTE 5 - LOANS AND NOTES PAYABLE - (CONTINUED)

2nd Mortgage - Clark County

The Partnership received $225,000 in pass-through funding from Clark County. The loan accrues interest at 0.5% per annum for a term of 44 years. Beginning January 31, 2015, annual payments of $5,709 is required. The loan matures on January 31, 2058. Substantially all of the rental property and equipment is pledged as collateral on the loan. As of December 31, 2020 and 2019, the outstanding principal on the loan totaled $197,172 and $201,123, respectively. As of December 31, 2020 and 2019, accrued interest payable totaled $1,438 and $1,307, respectively. During 2020 and 2019, interest expense totaled $1,006 and $1,021, respectively. The amount was funded by the HOME investment Partnership Program, which restricts 3 residential units to low-income eligible tenants through January 31, 2058.

Deferred Loan - Clark County

The Partnership received $200,000 in pass-through funding from Clark County. The loan does not accrue interest and payment is deferred until January 31, 2058, at which time payment is due in full. Substantially all of the rental property and equipment is pledged as collateral on the loan. The amount was funded by the HOME investment Partnership Program, which restricts 3 residential units to low-income eligible tenants through January 31, 2058.

Note Payable to Affiliate of General Partner

See Note 3.

As of December 31, 2020 and 2019, it is not practicable to make a reasonable estimate of fair value for the loans and notes payable.

Principal Payments

Principal payments on the loans and notes payable for the next 5 years are as follows:

Year	Amount
2021	$ 20,373
2022	21,363
2023	22,410
2024	23,523
2025	24,702
2026 and later years	1,515,124
	$ 1,627,495

NOTE 6 - GUARANTIES

Operating Deficit Guaranty

The General Partner is obligated to provide all funds up to $135,437, after operating reserve account funds have been used, to fund operating deficits during the operating deficit guarantee period. The operating deficit guarantee period, as defined in the partnership agreement, is in place until the end of the fiscal year in which the later of the following occurs: 1. the fifth anniversary of the end of the lease-up period as defined in the partnership agreement; or 2. the fifth anniversary of the end of the stabilization period as defined in the partnership agreement. The operating deficit period will be extended for one year during the period when the required debt service coverage is less than 125% and thereafter until the balance in the operating reserve equals the targeted amount.

Development Fee Guaranty

To the extent the developer fee is unpaid by the required date, the General Partner is obligated to pay to the Partnership a development fee advance on the 13th anniversary of the completion date of the Project's development.

NOTE 7 - CAPITAL CONTRIBUTIONS

Pursuant to the partnership agreement, the General Partner and Limited Partner are required to provide capital contributions totaling $266,600 and $6,584,086, respectively, which can be adjusted depending on the amount and timing of the delivery of tax credits. All capital contributions were received in 2016.

NOTE 8 - CASH FLOW PAYMENT PRIORITIES

Payments contingent on cash flow, as defined in the partnership agreement, shall be made in the following priority:

1. To pay the asset management fee;
2. To fund any credit deficiencies or tax equivalency payments;
3. As directed by the Limited Partner, to pay any default cash priority as defined in the partnership agreement;
4. To make required payments to the replacement reserve and to replenish the operating reserve to the required amount;
5. To the Limited Partner to repay and loans or other advances;
6. To pay the unpaid developer fee up to 50% of available cash flow;
7. To the General Partner to repay any development advance, operating deficit advance, credit adjuster advance or development fee advance then payable;
8. To fund a supportive service reserve up to $114,300 from 85% of remaining cash flow;
9. To pay applicable principal and interest on the fourth mortgage loan, from 95% of remaining cash flow;
10. To the General Partner to pay the partnership management fee;
11. At the option of the General Partner to provide additional funding to the operating reserve and/or replacement reserve;
12. At the option of the General Partner, to pay accrued interest and principal on the third mortgage loan; and
13. The balance to the General Partner and Limited Partner in accordance with their ownership interests.

NOTE 9 - PROPERTY TAX EXEMPTION

The property had an exemption from real estate taxes during the years ended December 31, 2020 and 2019.

ADDITIONAL INFORMATION

LILAC PLACE LLLP

SCHEDULES OF OPERATING EXPENSES

	December 31, 2020	December 31, 2019
Administrative expenses:		
Onsite manager	$ 30,394	$ 31,821
Travel and mileage	651	1,164
Bad debt	-	252
Auditing fee	8,200	8,300
Fees and membership	2,892	2,164
Telephone and answering	5,020	5,469
Internet	4,100	4,010
Office supplies	171	746
Postage	399	800
Copiers and supplies	1,271	1,239
Credit checks	742	1,096
Management fee	29,354	29,271
Other	1,788	695
Total administrative expenses	$ 84,982	$ 87,027
Utility expenses:		
Electricity	$ 6,408	$ 6,342
Water and sewer	34,731	39,591
Garbage	10,613	13,476
Total utility expenses	$ 51,752	$ 59,409
Maintenance and operating expenses:		
Maintenance salaries	$ 17,357	$ 12,850
Maintenance materials	6,169	8,933
Small tools	-	56
Maintenance contract	15,823	10,758
Total maintenance and operating expenses	$ 39,349	$ 32,597
Tax and insurance expenses:		
Employee benefits	$ 20,924	$ 18,989
Insurance premiums	9,210	9,494
Property taxes	3,188	3,449
Total tax and insurance expenses	$ 33,322	$ 31,932

Loveridge Hunt & Co., PLLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS

Partners
Lilac Place LLLP
Longview, Washington

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Lilac Place LLLP, a limited liability limited partnership, (the Partnership), which comprise the balance sheet as of December 31, 2020, and the related statements of operations, changes in partners' equity, and cash flows for the year then ended and the related notes to the financial statements, and have issued our report thereon dated April 3, 2021.

Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered the Partnership's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Partnership's internal control. Accordingly, we do not express an opinion on the effectiveness of the Partnership's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Partnership's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS - (CONTINUED)

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters
As part of obtaining reasonable assurance about whether the Partnership's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Partnership's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Partnership's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Loveridge Hunt & Co., PLLC

Bellevue, Washington
April 3, 2021