

PROSPECTUS

OF THE

Yakima Community Hotel, Inc.

(A proposed Washington corporation)

OF

Yakima, Washington

OFFERING

17,000 Shares of Non-assessable Common Stock of said proposed
Corporation of the par value of \$100.00 per share

TOTAL OFFERING \$1,700,000.00

These securities have not been registered with the Securities and Exchange Commission because such securities are believed to be exempt from registration. But such exemption, if available, in no sense indicates the approval of said Commission of the merits of these securities.

The Date of this Prospectus is May 10, 1949

THE COMPANY

The Yakima Community Hotel, Inc., a corporation to be formed under the laws of the State of Washington, will maintain its principal office in the City of Yakima.

The Company proposes to acquire the incompleated Mercy structure located at 4th Street and Yakima Avenue, finance and complete this building as a modern air-conditioned fireproof hotel of approximately 180 guest rooms. The Company estimates the total cost of acquiring the present building, completing, furnishing and equipping the new hotel to be approximately \$1,700,000. The Company has had a survey made by a reputable firm of hotel specialists. It is convinced beyond question that a very definite need for a new modern hotel exists. Patronage for the new hotel will be derived from commercial travelers, industrial and other business visitors, tourists, and convention and conference delegates, who cannot now be accommodated in the community.

BUILDING

The New Hotel will be an attractive, modern hotel building, up to the minute in design and appointments. The hotel will offer to the community an attractive coffee shop. There will be a ballroom and private dining rooms so designed that they can be combined to provide for the occasional larger functions. The plans of the hotel will be carefully checked as to details of service and comforts for the guests and tenants; economy of operation and construction will also be carefully considered.

SITE

In the opinion of the Hockenbury System, Inc., expressed in their survey report, and the Executive Committee, organized to direct the project until a Board of Directors is elected, the Mercy structure, known as the Aluminum Building, located at 4th Street and East Yakima Avenue, is the most feasible site available for a new hotel.

FINANCING PLAN

The Company will offer to the public securities in the form of non-assessable common stock, par value \$100.00 per share, to cover the total estimated cost of the project. The minimum objective has been set at \$1,000,000, or sixty (60%) per cent of the total estimated investment. Every effort will be made to sell common stock to cover the total estimated investment of \$1,700,000. It is proposed that the Company borrow the difference between the total estimated investment and the amount realized from the sale of the common stock, but in no event is the amount borrowed to exceed forty (40%) per cent of the total estimated investment.

The above securities will not be offered to any person, firm or corporation at prices different from those set forth above.

In the event it is determined that the proceeds from the sale of the Common Stock of the proposed Corporation subscribed for, together with the sum of money which the Corporation could borrow by mortgaging its property, would not be sufficient properly to finance the proposed hotel, then the amount of all payments made by any subscriber for such stock will be repaid in full.

TERMS OF PAYMENT

As a convenience to subscribers, stock may be paid for in full or in monthly installments as follows:

- Ten per cent with the subscription and
- Ten per cent—August 1, 1949
- Ten per cent—September 1, 1949
- Ten per cent—October 1, 1949
- Ten per cent—November 1, 1949
- Ten per cent—December 1, 1949
- Ten per cent—January 1, 1950
- Ten per cent—February 1, 1950
- Ten per cent—March 1, 1950
- Ten per cent—April 1, 1950

If any installment of such purchase price is not paid within thirty (30) days from the due date thereof, then all remaining installments will become due and payable.

OPERATION AND MANAGEMENT

With the firm belief that management will play an important part in the successful operation of the new hotel, the Corporation will endeavor to place the actual management of the property in the hands of the most experienced operator or operating company available, and thus assure for the hotel the best, most efficient and economic management obtainable and at the same time give security holders the fullest possible protection.

ARCHITECT

Architecture, layout and design play a very important role in the successful operation of any hotel. With this in mind, the greatest care will be exercised in the selection of a competent and reputable architect to prepare the plans for the completion of the proposed hotel building.

LEGALITY

The legal matters in connection with the offering of these securities have been passed on by the law firm of Brown, Hawkins & Olson, 626 Miller Building, Yakima, Washington.

ESTIMATED INVESTMENT SCHEDULE
AND OPERATING STATEMENT

I. INVESTMENT

Purchase Mercy Structure as it now stands.....	\$	500,000
Complete Mercy Structure.....		800,000
Buy in addition adjoining 50 feet on E. Yakima Avenue.....		55,000
Complete 50 feet on E. Yakima Avenue.....		75,000
Furnishings and Equipment.....		195,000
Financing and Carrying Charges.....		75,000
TOTAL COST OF PROJECT.....		<u>\$1,700,000</u>

II. FINANCING PLAN

	<u>Minimum</u>	<u>Maximum</u>
Sale of Common Stock @ \$100 per share.....	\$1,000,000	\$1,700,000
Mortgage	700,000	
	<u>\$1,700,000</u>	<u>\$1,700,000</u>

III. ESTIMATED NORMAL OPERATING STATEMENT

Revenue	<u>Minimum</u>	<u>Maximum</u>
*Rooms—75% occupancy @ \$4.50 average rate per occupied room, including double occupancy.....	\$ 241,000	\$ 241,000
Food	225,000	225,000
Beverage	200,000	200,000
TOTAL REVENUE	\$ 666,000	\$ 666,000
Estimated Operating Expense (78% Total Revenue)	519,480	519,480
ESTIMATED OPERATING PROFIT (22% Total Revenue)	\$ 146,520	\$ 146,520
Other Income, including store rentals.....	30,000	30,000
PROFIT BEFORE FIXED CHARGES.....	\$ 176,520	\$ 176,520
Fixed Charges	<u>Minimum</u>	<u>Maximum</u>
Taxes, estimated.....	\$12,000	\$12,000
Insurance, estimated.....	3,500	3,500
Interest (4.5% of mortgage).....	30,600	
Amortization	21,000	
Depreciation	21,425	21,425
	88,525	36,925
PROFIT BEFORE FEDERAL INCOME TAX.....	\$ 87,995	\$ 139,595
Federal Income Tax, estimated.....	33,000	53,000
NET PROFIT.....	<u>\$ 54,995</u>	<u>\$ 86,595</u>
(Equivalent 5.5% of Minimum Stock Issue and 5.1% of Maximum Stock Issue)		

*Based on normal occupancy. If hotel were opened today, occupancy would be 90% or above, thereby resulting in substantially increased earnings.

YAKIMA COMMUNITY HOTEL CAMPAIGN

FRANK E. LOVERING, *General Chairman*

EXECUTIVE COMMITTEE

DONALD W. SINCLAIR, *Chairman*

ARTHUR S. COFFIN, *Vice-Chairman*

L. W. MARKHAM, *Secretary-Treasurer*

NAT U. BROWN, *Attorney*

FRANK BERRY
JOHN M. BLOXOM
W. S. BOLGER
M. L. BOZELLE
JAMES D. BRONSON
MURRAY BROWN
NAT U. BROWN
ARTHUR S. COFFIN
DR. GEORGE W. CORNETT
RANDOLPH F. CUNNINGHAM
L. W. DICK
W. S. DOYLE
DOUGLAS J. DUNDAS

GEORGE H. GANNON
HAROLD S. HELLIESEN
W. E. KERSHAW
J. A. LOUDON
FRANK E. LOVERING
ROSS LYNCH
FREDERICK MERCY, JR.
L. W. MARKHAM
BEN A. PERHAM, SR.
PHIL M. PHILIPS
ED. PRENTICE
CHARLES A. RANKIN
F. M. RAYMOND

FRED G. REDMON
L. R. RIGHTMIRE
W. H. TED ROBERTSON
LEE SEMON
STANLEY A. SHAW
DONALD W. SINCLAIR
HORACE H. SNYDER
FRANK F. STUBBS
ELERY A. VANDIEST
WHEELER WARREN
JOHN WEBER
W. O. WIKSTROM

W. S. DOYLE, *General Sales Manager*