

Exhibit A

General Information

Parcel ID:	08112010700
	View in AssessPro
	View Tax Record
Parcel Address:	1604 ARTHUR AVE NASHVILLE, TN 37208
Owner:	METRO GOV'T BT BACK TAX SALE
Acquired Date:	1/20/1977
Sale Price:	\$ 441.00
Sale Instrument:	DB-00005413 0000510
Mailing Address:	P O BOX 196300 NASHVILLE, TN 37219

Ownership History

Property History

Zoning History

Assessment History

Permit History

Stormwater - Elevation Certificate

Exhibit B

Parcel Viewer

General Information

Parcel ID:	09108024100
	View in AssessPro
	View Tax Record
Parcel Address:	919 43RD AVE N NASHVILLE, TN 37209
Owner:	METRO GOV'T BT BACK TAX SALE
Acquired Date:	10/16/2012
Sale Price:	\$ 885.00
Sale Instrument:	CR-20140214 0012988
Mailing Address:	P O BOX 196300 NASHVILLE, TN 37219

Ownership History

Property History

Zoning History

Assessment History

Permit History

Stormwater - Elevation Certificate

General Information

Parcel ID:	06409001500
	View in AssessPro
	View Tax Record
Parcel Address:	229 CENTER ST OLD HICKORY, TN 37138
Owner:	METRO GOV'T BT BACK TAX SALE
Acquired Date:	1/3/1974
Sale Price:	\$ 219.00
Sale Instrument:	DB-00005414 0000277
Mailing Address:	P O BOX 196300 NASHVILLE, TN 37219

Ownership History

Property History

Zoning History

Assessment History

Permit History

Stormwater - Elevation Certificate

General Information

Parcel ID:	09206032700
	View in AssessPro
	View Tax Record
Parcel Address:	2909 BOOKER ST NASHVILLE, TN 37209
Owner:	METRO GOV'T BT BACK TAX SALE
Acquired Date:	6/18/2008
Sale Price:	\$ 0.00
Sale Instrument:	CR-20090928 0090024
Mailing Address:	P O BOX 196300 NASHVILLE, TN 37219

Ownership History

Property History

Zoning History

Assessment History

Permit History

Stormwater - Elevation Certificate

General Information

Parcel ID:	04213007100
	View in AssessPro
	View Tax Record
Parcel Address:	204 PORT DR MADISON, TN 37115
Owner:	METRO GOV'T BT BACK TAX SALE
Acquired Date:	6/19/2013
Sale Price:	\$ 32,136.00
Sale Instrument:	CR-20131219 0128445
Mailing Address:	P O BOX 196300 NASHVILLE, TN 37219

Ownership History

Property History

Zoning History

Assessment History

Permit History

Stormwater - Elevation Certificate

General Information

Parcel ID:	01816012200
	View in AssessPro
	View Tax Record
Parcel Address:	212 CAFE RD GOODLETTSVILLE, TN 37072
Owner:	METRO GOV'T BT BACK TAX SALE
Acquired Date:	7/16/2004
Sale Price:	\$ 0.00
Sale Instrument:	CR-20041217 0150459
Mailing Address:	P O BOX 196300 NASHVILLE, TN 37219

Ownership History

Property History

Zoning History

Assessment History

Permit History

Stormwater - Elevation Certificate

Parcel Viewer

Exhibit G

General Information

Parcel ID:	09209006700
	View in AssessPro
	View Tax Record
Parcel Address:	3218 TORBETT ST NASHVILLE, TN 37209
Owner:	METRO GOV'T BT BACK TAX SALE
Acquired Date:	1/25/1990
Sale Price:	\$ 318.00
Sale Instrument:	DB-00008153 0000491
Mailing Address:	P O BOX 196300 NASHVILLE, TN 37219

Ownership History

Property History

Zoning History

Assessment History

Permit History

Stormwater - Elevation Certificate

General Information

Parcel ID:	07003000503
	View in AssessPro
	View Tax Record
Parcel Address:	2631 OLD BUENA VISTA RD NASHVILLE, TN 37218
Owner:	METRO GOV'T BT BACK TAX SALE
Acquired Date:	7/16/2004
Sale Price:	\$ 7,000.00
Sale Instrument:	CR-20041217 0150460
Mailing Address:	P O BOX 196300 NASHVILLE, TN 37219

Ownership History

Property History

Zoning History

Assessment History

Permit History

Stormwater - Elevation Certificate

General Information

Parcel ID:	09316018100
	View in AssessPro
	View Tax Record
Parcel Address:	94 FAIN ST NASHVILLE, TN 37210
Owner:	METRO GOV'T BT BACK TAX SALE
Acquired Date:	6/8/2011
Sale Price:	\$ 5,066.00
Sale Instrument:	CR-20110929 0075573
Mailing Address:	P O BOX 196300 NASHVILLE, TN 37219

Ownership History

Property History

Zoning History

Assessment History

Permit History

Stormwater - Elevation Certificate

General Information

Parcel ID:	08107020100
	View in AssessPro
	View Tax Record
Parcel Address:	1822 DR D B TODD JR BLVD NASHVILLE, TN 37208
Owner:	METRO GOV'T BT BACK TAX SALE
Acquired Date:	2/13/2001
Sale Price:	\$ 949.00
Sale Instrument:	CR-20060418 0044159
Mailing Address:	P O BOX 196300 NASHVILLE, TN 37219

Ownership History

Property History

Zoning History

Assessment History

Permit History

Stormwater - Elevation Certificate

Exhibit K

General Information

Parcel ID:	09316043000
	View in AssessPro
	View Tax Record
Parcel Address:	0 ROBERTSON ST NASHVILLE, TN 37210
Owner:	METRO GOV'T BT BACK TAX SALE
Acquired Date:	1/20/2010
Sale Price:	\$ 486.00
Sale Instrument:	CR-20100429 0032784
Mailing Address:	P O BOX 196300 NASHVILLE, TN 37219

Ownership History

Property History

Zoning History

Assessment History

Permit History

Stormwater - Elevation Certificate

Exhibit L

General Information

Parcel ID:	09316042900
	View in AssessPro
	View Tax Record
Parcel Address:	0 ROBERTSON ST NASHVILLE, TN 37210
Owner:	METRO GOV'T BT BACK TAX SALE
Acquired Date:	1/20/2010
Sale Price:	\$ 486.00
Sale Instrument:	CR-20100429 0032787
Mailing Address:	P O BOX 196300 NASHVILLE, TN 37219

Ownership History

Property History

Zoning History

Assessment History

Permit History

Stormwater - Elevation Certificate

Exhibit M

General Information

Parcel ID:	09316022400
	View in AssessPro
	View Tax Record
Parcel Address:	65 ROBERTSON ST NASHVILLE, TN 37210
Owner:	METRO GOV'T BT BACK TAX SALE
Acquired Date:	9/1/2004
Sale Price:	\$ 19,184.00
Sale Instrument:	CR-20041119 0139107
Mailing Address:	P O BOX 196300 NASHVILLE, TN 37219

Ownership History

Property History

Zoning History

Assessment History

Permit History

Stormwater - Elevation Certificate

Parcel Viewer

Exhibit N

General Information

Parcel ID:	09316041400
	View in AssessPro
	View Tax Record
Parcel Address:	101 ROBERTSON ST NASHVILLE, TN 37210
Owner:	METRO GOV'T BT BACK TAX SALE
Acquired Date:	8/21/2001
Sale Price:	\$ 1,448.00
Sale Instrument:	DB-20010824 0091892
Mailing Address:	P O BOX 196300 NASHVILLE, TN 37219

Ownership History

Property History

Zoning History

Assessment History

Permit History

Stormwater - Elevation Certificate

**GRANT CONTRACT
 BETWEEN THE METROPOLITAN GOVERNMENT
 OF NASHVILLE AND DAVIDSON COUNTY, TENNESSEE
 BY AND THROUGH
 THE METROPOLITAN HOUSING TRUST FUND COMMISSION
 AND
 LIVING DEVELOPMENT CONCEPTS, INC.**

This Grant Contract issued and entered into by and between the Metropolitan Government of Nashville and Davidson County, a municipal corporation of the State of Tennessee hereinafter referred to as "Metro", and Living Development Concepts, Inc., hereinafter referred to as the "Recipient," is for the provision of the construction of affordable housing units as further defined in the "SCOPE OF PROGRAM." Living Development Concepts, Inc. will be adding 6 affordable housing units located at 1604 Arthur Ave., Nashville, TN 37208; 919 43rd Ave. N, Nashville, TN 37209; 229 Center St., Old Hickory, TN 37138; 2909 Booker St., Nashville, TN 37209. The recipient's budget request, financial statements or audit, 501(c)3 letter, and/or charter documents are incorporated herein. The Recipient is a nonprofit charitable or civic organization.

A. SCOPE OF PROGRAM:

- A.1. Each Property to which these grant funds are provided for shall be subject to a Declaration of Restrictive Covenants ("Declaration") imposing certain affordability requirements to encumber the Property and run with the land over a 30-year term. Terms defined in the Declaration shall have the same meanings when used in this Agreement.
- A.2. The Recipient shall use the funds under this grant in accordance with the affordable housing project submitted in the application and any of its amendments, which application is incorporated herein, and subject to the terms and conditions set forth herein.
- A.3. The Recipient, under this Grant Contract, will spend funds solely for the purposes set forth in their application or proposal for grant funding which is incorporated herein. These funds shall be expended consistent with the Grant Budget, included in Attachment A. Although some variation in line-item amounts for the Grant is consistent with the Grant Budget, any change greater than 20% of a line-item shall require the prior written approval of Metro. However, in no event will the total amount of the Grant funds provided to Recipient go above the awarded Grant amount of \$750,000.

Additional Conditions for Rental Properties:

1. Tenants must be income-eligible at the time of initial occupancy, and Recipient must certify all incomes annually and maintain a certified rent roll. In the event a tenant's income increases above the income-requirement for the unit, the tenant is not disqualified from remaining in the unit. However, the tenant's rent shall be adjusted to the corresponding AMI level for the next lease term.
2. The Recipient will provide Metro with a management plan program oversight which includes certification of the rents, utility allowances and tenant incomes. The Grantee shall also provide Metro an annual certification that Barnes rental requirements are being met throughout the compliance period.
3. The Grantee will allow Metro or a Metro-approved contractor to conduct on-site inspections of the grantee for compliance Barnes program requirements including, but not limited to, reviewing tenant income calculations, rent determinations and utility allowances.
4. Compliance restrictions on both tenant income and maximum rents shall apply for thirty (30) years from the date of issuance of the certificate of occupancy for the final building within the

project. If a certificate of occupancy is not issued, the compliance period will begin on the date of recordation of the notice of completion for the project.

5. Recipient shall not increase rents during a lease term.

B. GRANT CONTRACT TERM:

- B.1. Grant Contract Term. The term of this Grant shall be from execution of the grant agreement until Project completion, but in no way greater than 24 months from the execution of the grant agreement. Metro shall have no obligation for services rendered by the Recipient which are not performed within this term. Pursuant to Metropolitan Code of Laws § 2.149.040 (G), in the event the recipient fails to complete its obligations under this grant contract within twenty-four months from execution, Metro is authorized to rescind the contract and to reclaim previously appropriated funds from the organization.

C. PAYMENT TERMS AND CONDITIONS:

- C.1. Maximum Liability. In no event shall the maximum liability of Metro under this Grant Contract exceed Seven Hundred Fifty Thousand Dollars (\$750,000). The Grant Budget, attached and incorporated herein as part of Attachment A, shall constitute the maximum amount to be provided to the Recipient by Metro for all of the Recipient's obligations hereunder. The Grant Budget line-items include, but are not limited to, all applicable taxes, fees, overhead, and all other direct and indirect costs incurred or to be incurred by the Recipient.

This amount shall constitute the Grant Amount and the entire compensation to be provided to the Recipient by Metro.

- C.2. Compensation Firm. The maximum liability of Metro is not subject to escalation for any reason. The Grant Budget amount is firm for the duration of the Grant Contract and is not subject to escalation for any reason unless the grant contract is amended.
- C.3. Payment Methodology. The Recipient shall be compensated for actual costs based upon the Grant Budget, not to exceed the maximum liability established in Section C.1. Upon execution of the Grant Contract and receipt of a request for payment, the Recipient may be eligible to receive reimbursement for milestones as completed based upon the Grant Budget.

a. **Grant Draws**

Before a draw can be made, there must be a physical inspection of the property by Metro or an approved designee. The inspection must confirm appropriate completion of the project.

1) **Construction Grant Draw Schedule (% based on grant amount)**

- 12.5% - upon receipt of the Building Permit (check property address and contractors name) and Builder's Risk Insurance sufficient to cover cost of construction and confirmation of acquisition (make sure Metro is listed as lien holder)
- 25% - footing framing and foundation completed (25% complete)
- 25% - roofing completed and the plumbing, electric and mechanical are roughed in and approved by local Codes (50% complete)
- 25% - cabinets, counters, drywall, trim and doors are installed (75% complete)

Balance of grant upon receipt of a Final Use & Occupancy from local Codes (100% complete).

All draw requests except for the first 12.5% draw must be inspected before funding. The above is the preferred draw method. Metro may occasionally fund based on a true percentage of completion as noted in a Construction Inspection report or if the application requested funds for land acquisition, understanding that the initial 12.5% or acquisition draw may overfund the grant, requiring later draws to be reduced.

2) **Construction Grant Draw Process**

- Draw request is received from the Recipient. It should be requested by the contractor and approved by the Recipient.
- Complete property inspection
- Metro or approved designee approves the request.
- Payments should be made to the Recipient.

All invoices shall be sent to:

Barnes Housing Trust Fund
Planning Department – Housing Division
800 2nd Avenue South
Nashville, TN 37210
(615) 862-7190

Said payment shall not exceed the maximum liability of this Grant Contract.

Final invoices for the contract period should be received by Metro Payment Services by 24 months from the execution of the grant agreement. Any invoice not received by the deadline date will not be processed and all remaining grant funds will expire.

- C.4. Close-out Expenditure and Narrative Report. The Recipient must submit a final grant Close-out Expenditure and Narrative Report, to be received by the Metropolitan Housing Trust Fund Commission / Barnes Housing Trust Fund within 45 days of the end of the Grant Contract. Said report shall be in form and substance acceptable to Metro and shall be prepared by a Certified Public Accounting Firm or the Chief Financial Officer of the Recipient Organization.
- C.5. Payment of Invoice. The payment of any invoice by Metro shall not prejudice Metro's right to object to the invoice or any matter in relation thereto. Such payment by Metro shall neither be construed as acceptance of any part of the work or service provided nor as an approval of any of the costs included therein.
- C.6. Unallowable Costs. The Recipient's invoice shall be subject to reduction for amounts included in any invoice or payment theretofore made which are determined by Metro, on the basis of audits or monitoring conducted in accordance with the terms of this Grant Contract, to constitute unallowable costs.
- C.7. Deductions. Metro reserves the right to adjust any amounts which are or shall become due and payable to the Recipient by Metro under this or any Contract by deducting any amounts which are or shall become due and payable to Metro by the Recipient under this or any Contract.
- C.8. Electronic Payment. Metro requires as a condition of this contract that the Recipient shall complete and sign Metro's form authorizing electronic payments to the Recipient. Recipients who have not already submitted the form to Metro will have thirty (30) days to complete, sign, and return the form. Thereafter, all payments to the Recipient, under this or any other contract the Recipient has with Metro, must be made electronically.
- C. 9. Recipient agrees and understands that procurement of goods and services for the grant project must comply with state and local law and regulations, including the Metropolitan Procurement Code. Recipient will provide Metro with all plans and specifications needed for these

procurement purposes. Recipient will promptly review, and either approve or disapprove, in good faith and with reasonable grounds all estimates, amendments to scope of work, and all work performed by a contractor prior to payment.

- C. 10. Public Meetings. At the reasonable request of Metro, Recipient agrees to attend public meetings, neighborhood meetings, and other events regarding this Project.
- C. 11. Recognition. Any signage, printed materials, or online publications erected at the applicable Project site or elsewhere regarding the Project shall include the following language or language acceptable by Metro acknowledging that the Project is partially funded with a grant from the Barnes Fund for Affordable Housing of the Metropolitan Government of Nashville and Davidson County:

This project funded in part by the Barnes Affordable Housing Trust Fund of the
Metropolitan Government of Nashville & Davidson County.

Metropolitan Housing Trust Fund Commission

John Cooper, Mayor

Metropolitan Council of Nashville and Davidson County

D. STANDARD TERMS AND CONDITIONS:

- D.1. Required Approvals. Metro is not bound by this Grant Contract until it is approved by the appropriate Metro representatives as indicated on the signature page of this Grant.
- D.2. Modification and Amendment. This Grant Contract may be modified only by a written amendment that has been approved in accordance with all Metro procedures and by appropriate legislation of the Metropolitan Council.
- D.3. Default and Termination for Cause. Any failure by Owner to perform any term or provision of this Grant Contract shall constitute a "Default" (1) if such failure is curable within 30 days and Recipient does not cure such failure within 30 days following written notice of default from Metro, or (2) if such failure is not of a nature which cannot reasonably be cured within such 30-day period and Recipient does not within such 30-day period commence substantial efforts to cure such failure or thereafter does not within a reasonable time prosecute to completion with diligence and continuity the curing of such failure. Should the Recipient Default under this Grant Contract or if the Recipient violates any terms of this Grant Contract, Metro shall have the right to immediately terminate the Grant Contract and the Recipient shall return to Metro any and all grant monies for services or projects under the grant not performed as of the termination date. The Recipient shall also return to Metro any and all funds expended for purposes contrary to the terms of the Grant. Such termination shall not relieve the Recipient of any liability to Metro for damages sustained by virtue of any breach by the Recipient.
- D.4. Subcontracting. The Recipient shall not assign this Grant Contract or enter into a subcontract for any of the services performed under this Grant Contract without obtaining the prior written approval of Metro. Notwithstanding any use of approved subcontractors, the Recipient shall be considered the prime Recipient and shall be responsible for all work performed.
- D.5. Conflicts of Interest. The Recipient warrants that no part of the total Grant Amount shall be paid directly or indirectly to an employee or official of Metro as wages, compensation, or gifts in exchange for acting as an officer, agent, employee, subcontractor, or consultant to the Recipient in connection with any work contemplated or performed relative to this Grant Contract.

The Grantee also recognizes that no person identified as a Covered Person below may obtain a financial interest or benefit from a Metro Housing Trust Fund Competitive Grant assisted activity, or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds thereunder, either for themselves or those whom they have family or business ties, during their tenure or for one year thereafter.

Covered Persons include immediate family members of any employee or board member of the Grantee. Covered Persons are ineligible to receive benefits through the Metro Housing Trust Fund Competitive Grant program. Immediate family ties include (whether by blood, marriage or adoption) a spouse, parent (including stepparent), child (including a stepbrother or stepsister), sister, brother, grandparent, grandchild, and in-laws of a Covered Person.

- D.6. Nondiscrimination. The Recipient hereby agrees, warrants, and assures that no person shall be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination in the performance of this Grant Contract or in the employment practices of the Recipient on the grounds of disability, age, race, color, religion, sex, national origin, or any other classification which is in violation of applicable laws. The Recipient shall, upon request, show proof of such nondiscrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination.
- D.7. Records. All documents relating in any manner whatsoever to the grant project, or any designated portion thereof, which are in the possession of Recipient, or any subcontractor of Recipient shall be made available to the Metropolitan Government for inspection and copying upon written request by the Metropolitan Government. Furthermore, said documents shall be made available, upon request by the Metropolitan Government, to any state, federal or other regulatory authority and any such authority may review, inspect and copy such records. Said records include, but are not limited to, all drawings, plans, specifications, submittals, correspondence, minutes, memoranda, tape recordings, videos or other writings or things which document the grant project, its design and its construction. Said records expressly include those documents reflecting the cost of construction, including all subcontracts and payroll records of Recipient.

Recipient shall maintain documentation for all funds provided under this grant contract. The books, records, and documents of Recipient, insofar as they relate to funds provided under this grant contract, shall be maintained for a period of three (3) full years from the date of the final payment. The books, records, and documents of Recipient, insofar as they relate to funds provided under this grant contract, shall be subject to audit at any reasonable time and upon reasonable notice by Metro or its duly appointed representatives. Records shall be maintained in accordance with the standards outlined in the Metro Grants Manual. The financial statements shall be prepared in accordance with generally accepted accounting principles.

- D.8. Monitoring. The Recipient's activities conducted and records maintained pursuant to this Grant Contract shall be subject to monitoring and evaluation by Metro or Metro's duly appointed representatives. The Recipient shall make all audit, accounting, or financial records, notes, and other documents pertinent to this grant available for review by the Metropolitan Office of Financial Accountability, Internal Audit or Metro's representatives, upon request, during normal working hours.
- D.9. Reporting. The Recipient must submit an Interim Program Report, to be received by the Metropolitan Housing Trust Commission / Barnes Housing Trust Fund, by no later than September 1, 2023 and a Final Program Report, to be received by the Metropolitan Housing Trust Fund Commission within 45 [forty-five] days of the end of the Grant Contract. Said reports shall detail the outcome of the activities funded under this Grant Contract in the form required by Metro.
- D.10. Strict Performance. Failure by Metro to insist in any one or more cases upon the strict performance of any of the terms, covenants, conditions, or provisions of this agreement shall not

be construed as a waiver or relinquishment of any such term, covenant, condition, or provision. No term or condition of this Grant Contract shall be held to be waived, modified, or deleted except by a written amendment by the appropriate parties as indicated on the signature page of this Grant.

- D.11. Insurance. The Recipient shall maintain adequate public liability and other appropriate forms of insurance, including other appropriate forms of insurance on the Recipient's employees, and to pay all applicable taxes incident to this Grant Contract.
- D.12. Metro Liability. Metro shall have no liability except as specifically provided in this Grant Contract.
- D. 13. Independent Contractor. Nothing herein shall in any way be construed or intended to create a partnership or joint venture between the Recipient and Metro or to create the relationship of principal and agent between or among the Recipient and Metro. The Recipient shall not hold itself out in a manner contrary to the terms of this paragraph. Metro shall not become liable for any representation, act, or omission of any other party contrary to the terms of this paragraph.
- D. 14. Indemnification and Hold Harmless.
- (a) Recipient shall indemnify, defend, and hold harmless Metro, its officers, agents and employees from any claims, damages, penalties, costs and attorney fees for injuries or damages arising, in part or in whole, from the negligent or intentional acts or omissions of Recipient, its officers, employees and/or agents, including its sub or independent contractors, in connection with the performance of the contract, and any claims, damages, penalties, costs and attorney fees arising from any failure of Recipient, its officers, employees and/or agents, including its sub or independent contractors, to observe applicable laws, including, but not limited to, labor laws and minimum wage laws.
- (b) Metro will not indemnify, defend or hold harmless in any fashion the Recipient from any claims, regardless of any language in any attachment or other document that the Recipient may provide.
- (c) Recipient shall pay Metro any expenses incurred as a result of Recipient's failure to fulfill any obligation in a professional and timely manner under this Contract.
- (d) Grantee's duties under this section shall survive the termination or expiration of the grant.
- D.15. Force Majeure. The obligations of the parties to this Grant Contract are subject to prevention by causes beyond the parties' control that could not be avoided by the exercise of due care including, but not limited to, acts of God, riots, wars, strikes, epidemics or any other similar cause.
- D.16. State, Local and Federal Compliance. The Recipient agrees to comply with all applicable federal, state and local laws and regulations in the performance of this Grant Contract.
- D.17. Governing Law and Venue. The validity, construction and effect of this Grant Contract and any and all extensions and/or modifications thereof shall be governed by and construed in accordance with the laws of the State of Tennessee. The venue for legal action concerning this Grant Contract shall be in the courts of Davidson County, Tennessee.
- D. 18 Attorney Fees. Recipient agrees that, in the event either party deems it necessary to take legal action to enforce any provision of the Grant Contract, and in the event Metro prevails, Recipient shall pay all expenses of such action including Metro's attorney fees and costs at all stages of the litigation.
- D.19. Completeness. This Grant Contract is complete and contains the entire understanding between the parties relating to the subject matter contained herein, including all the terms and conditions of the parties' agreement. This Grant Contract supersedes any and all prior understandings,

representations, negotiations, and agreements between the parties relating hereto, whether written or oral.

- D. 20. Headings. Section headings are for reference purposes only and shall not be construed as part of this Grant Contract.
- D. 21. Licensure. The Recipient and its employees and all sub-grantees shall be licensed pursuant to all applicable federal, state, and local laws, ordinances, rules, and regulations and shall upon request provide proof of all licenses. Recipient will obtain all permits, licenses, and permissions necessary for the grant project.
- D. 22. Waiver. No waiver of any provision of this contract shall affect the right of any party thereafter to enforce such provision or to exercise any right or remedy available to it in the event of any other default.
- D. 23. Inspection. The Grantee agrees to permit inspection of the project and/or services provided for herein, without any charge, by members of the Grantor and its representatives.
- D. 24. Assignment—Consent Required. The provisions of this contract shall inure to the benefit of and shall be binding upon the respective successors and assignees of the parties hereto. Except for the rights of money due to Recipient under this contract, neither this contract nor any of the rights and obligations of Recipient hereunder shall be assigned or transferred in whole or in part without the prior written consent of Metro. Any such assignment or transfer shall not release Recipient from its obligations hereunder. Notice of assignment of any rights to money due to Recipient under this Contract must be sent to the attention of the Metro Department of Finance.
- D.25. Gratuities and Kickbacks. It shall be a breach of ethical standards for any person to offer, give or agree to give any employee or former employee, or for any employee or former employee to solicit, demand, accept or agree to accept from another person, a gratuity or an offer of employment in connection with any decision, approval, disapproval, recommendation, preparations of any part of a program requirement or a purchase request, influencing the content of any specification or procurement standard, rendering of advice, investigation, auditing or in any other advisory capacity in any proceeding or application, request for ruling, determination, claim or controversy in any proceeding or application, request for ruling, determination, claim or controversy or other particular matter, pertaining to any program requirement of a contract or subcontract or to any solicitation or proposal therefore. It shall be a breach of ethical standards for any payment, gratuity or offer of employment to be made by or on behalf of a subcontractor under a contract to the prime contractor or higher tier subcontractor or a person associated therewith, as an inducement for the award of a subcontract or order. Breach of the provisions of this paragraph is, in addition to a breach of this contract, a breach of ethical standards which may result in civil or criminal sanction and/or debarment or suspension from participation in Metropolitan Government contracts.
- D.26. Communications and Contacts. All instructions, notices, consents, demands, or other communications from the Recipient required or contemplated by this Grant Contract shall be in writing and shall be made by facsimile transmission, email, or by first class mail, addressed to the respective party at the appropriate facsimile number or address as set forth below or to such other party, facsimile number, or address as may be hereafter specified by written notice.

Metro:

For contract-related matters and enquiries regarding invoices:

Metropolitan Housing Trust Fund Commission / Barnes Housing Trust Fund
Planning Department – Housing Division
800 2nd Avenue South
Nashville, TN 37210
(615) 862-7190
Ashley.Brown2@Nashville.Gov

Recipient:

Living Development Concepts, Inc.
Henry Miller
Executive Director
3250 Dickerson Pike, Ste. 212
Nashville, TN 37207
hmiller@ldc-nashville.com

D.27. Lobbying. The Recipient certifies, to the best of its knowledge and belief, that:

- a. No federally appropriated funds have been paid or will be paid, by or on behalf of the Recipient, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, and entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement.
- b. If any funds other than federally appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this grant, loan, or cooperative agreement, the Recipient shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.
- c. The Recipient shall require that the language of this certification be included in the award documents for all sub-awards at all tiers (including sub-grants, subcontracts, and contracts under grants, loans, and cooperative agreements) and that all subcontractors of federally appropriated funds shall certify and disclose accordingly.

D. 28 Effective Date. This contract shall not be binding upon the parties until it has been signed first by the Recipient and then by the authorized representatives of the Metropolitan Government and has been filed in the office of the Metropolitan Clerk. When it has been so signed and filed, this contract shall be effective as of the date first written above.

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THE METROPOLITAN GOVERNMENT
OF NASHVILLE AND DAVIDSON
COUNTY:

APPROVED AS TO PROGRAM SCOPE:

Gina Emmanuel

Gina Emmanuel, Chair,
Metropolitan Housing Trust Fund
Commission

APPROVED AS TO AVAILABILITY OF
FUNDS:

Kelly Flannery

Kelly Flannery, Director
Department of Finance

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APPROVED AS TO FORM AND
LEGALITY:

Macy Amos

Assistant Metropolitan Attorney

APPROVED AS TO RISK AND
INSURANCE:

Balogun Cobb

Director of Risk Management Services

APPROVED BY METROPOLITAN
GOVERNMENT OF NASHVILLE AND
DAVIDSON COUNTY:

Metropolitan Clerk

RECIPIENT:

Living Development Concepts, Inc.

By: *Henry Miller*

Title: Executive Director

Sworn to and subscribed to before me a
Notary Public, this 30th day
of August, 2022.

Notary Public

Orlandrea Beasley

My Commission
expires 5/9/2023



Proforma for Project #1 & #2

(To be built on the same lot to maximize it)

Address: 1604 "A" & "B" Arthur Ave.
Nashville, TN 37208

BARNES HOUSING TRUST FUND HOMEBUYER PROFORMA

Unit Address	1604 A Arthur Ave.	BARNES	THE HOUSING FUND		
Development Type	Single Family Detached				
Accessible Bus Line Routes	Yes				
Number of Bedrooms	3				
Number of Bathrooms	2				
Square Feet	1307 +				
Number of Stories	2				
Acquisition Costs					
Vacant Land	0	0	0		
Land with Structure					
Title & Recording					
Legal					
Total	0	0	0		
Predevelopment Costs					
Appraisal	550		550		
Survey	500	250	250		
Relocation (if applicable)					
Insurance	1570	785	785		
Architect	1900	950	950		
Engineering	11,000	5,500	5,500		
Planning/Zoning	470	235	235		
Other (Clean Title/Legal Fee)	9,550	6,276	3274		
Total	25,540	13,996	11,544		
Construction Costs					
Structure					
Footer/Foundation	15,000	7,500	7,500		
Framing	30,000	2,501	27,499		
Electrical	7,000	3,500	3,500		
Plumbing	15,000	7,500	7,500		
Roofing	12,000	6,000	6,000		
HVAC	7,000	3,500	3,500		

BARNES HOUSING TRUST FUND HOMEBUYER PROFORMA

Drywall/Insulation	6,300	3,150	3,150		
Paint/Stain	5,200	2,600	2,600		
Windows/Doors	10,303	5,151	5,152		
Floor Coverings	18,298	9,149	9,149		
Cabinets	13,000	6,500	6,500		
Brick/Siding	11,000	5,500	5,500		
Sub-Total	150,101	62,551	87,550		
Other					
Site Work	15,000	7,500	7,500		
Appliances	10,875	5,437	5,438		
Decks/Porches	6,800	3,400	3,400		
Side Walks/Driveways	6,844	3,422	3,422		
Landscaping	3,500	525	2,975		
Utility Hookups	5,500	2,750	2,750		
Building Permits/Fees	2,500	1,250	1,250		
Demolition					
Fees	2,050	1,025	1,025		
Sub-Total	53,069	25,309	27,760		
Construction Contingency	22,871	11,435	11,436		
Profit (if organization has own construction crew)					
Sub-Total	22,871	11,435	11,436		
Total Construction Cost	251,581	113,291	138,290		
Cost per Unit	251,581	113,291	138,290		
Developer's Fee (capped at 20%)	23,419	11,709	11,710		
Total Cost/Unit	275,000	125,000	150,000		
Total Debt Service					
Debt Coverage Ratio					1.37

BARNES HOUSING TRUST FUND HOMEBUYER PROFORMA

Operating Reserve				75,000.00	
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Unit Address	1604 A Arthur Ave. Nashville, TN 37208	
Plan Type	Single Family Detached	
Number of Bedrooms	3	
Number of Bathrooms	2	
Square Feet	1307+	
Number of Stories	2	
Total Cost/Unit	\$275,000	
As Built Appraisal Value	\$350,000	
Selling Price	\$250,000	
Anticipated Subsidy	\$100,000	

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To

Separate Project #1 & #2
to be built on the same lot

BARNES HOUSING TRUST FUND HOMEBUYER PROFORMA

Unit Address	1604 B Arthur Ave.	BARNES	THE HOUSING FUND		
Development Type	Single Family Detached				
Accessible Bus Line Routes	Yes				
Number of Bedrooms	3				
Number of Bathrooms	2				
Square Feet	1307 +				
Number of Stories	2				
Acquisition Costs					
Vacant Land	0	0	0		
Land with Structure					
Title & Recording					
Legal					
Total	0	0	0		
Predevelopment Costs					
Appraisal	550		550		
Survey	500	250	250		
Relocation (if applicable)					
Insurance	1570	785	785		
Architect	1900	950	950		
Engineering	11,000	5,500	5,500		
Planning/Zoning	470	235	235		
Other (Clean Title/Legal Fee)	9,550	6,276	3274		
Total	25,540	13,996	11,544		
Construction Costs					
Structure					
Footer/Foundation	15,000	7,500	7,500		
Framing	30,000	2,501	27,499		
Electrical	7,000	3,500	3,500		
Plumbing	15,000	7,500	7,500		
Roofing	12,000	6,000	6,000		
HVAC	7,000	3,500	3,500		

BARNES HOUSING TRUST FUND HOMEBUYER PROFORMA

Drywall/Insulation	6,300	3,150	3,150	
Paint/Stain	5,200	2,600	2,600	
Windows/Doors	10,303	5,151	5,152	
Floor Coverings	18,298	9,149	9,149	
Cabinets	13,000	6,500	6,500	
Brick/Siding	11,000	5,500	5,500	
Sub-Total	150,101	62,551	87,550	
Other				
Site Work	15,000	7,500	7,500	
Appliances	10,875	5,437	5,438	
Decks/Porches	6,800	3,400	3,400	
Side Walks/Driveways	6,844	3,422	3,422	
Landscaping	3,500	525	2,975	
Utility Hookups	5,500	2,750	2,750	
Building Permits/Fees	2,500	1,250	1,250	
Demolition				
Fees	2,050	1,025	1,025	
Sub-Total	53,069	25,309	27,760	
Construction Contingency	22,871	11,435	11,436	
Profit (if organization has own construction crew)				
Sub-Total	22,871	11,435	11,436	
Total Construction Cost	251,581	113,291	138,290	
Cost per Unit	251,581	113,291	138,290	
Developer's Fee (capped at 20%)	23,419	11,709	11,710	
Total Cost/Unit	275,000	125,000	150,000	
Total Debt Service				
Debt Coverage Ratio				1.37

BARNES HOUSING TRUST FUND HOMEBUYER PROFORMA

Operating Reserve				75,000.00	
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Unit Address	1604 B Arthur Ave. Nashville, TN 37208	
Plan Type	Single Family Detached	
Number of Bedrooms	3	
Number of Bathrooms	2	
Square Feet	1307+	
Number of Stories	2	
Total Cost/Unit	\$275,000	
As Built Appraisal Value	\$350,000	
Selling Price	\$250,000	
Anticipated Subsidy	\$100,000	

Next Property

Project #3 & #4

(To be built on the same lot)

Address: 919 43rd Ave. N

Nashville, TN 37209

Proforma for Project #3 & #4

(To be built on the same lot to maximize it)

Address: 919 "A" & "B" 43rd Ave. N
Nashville, TN 37209

BARNES HOUSING TRUST FUND HOMEBUYER PROFORMA

Unit Address	919 A 43rd Ave. N	BARNES	THE HOUSING FUND		
Development Type	Single Family Detached				
Accessible Bus Line Routes	Yes				
Number of Bedrooms	3				
Number of Bathrooms	2				
Square Feet	1307 +				
Number of Stories	2				
Acquisition Costs					
Vacant Land	0	0	0		
Land with Structure					
Title & Recording					
Legal					
Total	0	0	0		
Predevelopment Costs					
Appraisal	550		550		
Survey	500	250	250		
Relocation (if applicable)					
Insurance	1570	785	785		
Architect	1900	950	950		
Engineering	11,000	5,500	5,500		
Planning/Zoning	470	235	235		
Other (Clean Title/Legal Fee)	9,550	6,276	3274		
Total	25,540	13,996	11,544		
Construction Costs					
Structure					
Footer/Foundation	15,000	7,500	7,500		
Framing	30,000	2,501	27,499		
Electrical	7,000	3,500	3,500		
Plumbing	15,000	7,500	7,500		
Roofing	12,000	6,000	6,000		
HVAC	7,000	3,500	3,500		

BARNES HOUSING TRUST FUND HOMEBUYER PROFORMA

Drywall/Insulation	6,300	3,150	3,150		
Paint/Stain	5,200	2,600	2,600		
Windows/Doors	10,303	5,151	5,152		
Floor Coverings	18,298	9,149	9,149		
Cabinets	13,000	6,500	6,500		
Brick/Siding	11,000	5,500	5,500		
Sub-Total	150,101	62,551	87,550		
Other					
Site Work	15,000	7,500	7,500		
Appliances	10,875	5,437	5,438		
Decks/Porches	6,800	3,400	3,400		
Side Walks/Driveways	6,844	3,422	3,422		
Landscaping	3,500	525	2,975		
Utility Hookups	5,500	2,750	2,750		
Building Permits/Fees	2,500	1,250	1,250		
Demolition					
Fees	2,050	1,025	1,025		
Sub-Total	53,069	25,309	27,760		
Construction Contingency	22,871	11,435	11,436		
Profit (if organization has own construction crew)					
Sub-Total	22,871	11,435	11,436		
Total Construction Cost	251,581	113,291	138,290		
Cost per Unit	251,581	113,291	138,290		
Developer's Fee (capped at 20%)	23,419	11,709	11,710		
Total Cost/Unit	275,000	125,000	150,000		
Total Debt Service					
Debt Coverage Ratio					1.37

BARNES HOUSING TRUST FUND HOMEBUYER PROFORMA

Operating Reserve				75,000.00	
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Unit Address	919 A 43rd Ave. N Nashville, TN 37209	
Plan Type	Single Family Detached	
Number of Bedrooms	3	
Number of Bathrooms	2	
Square Feet	1307+	
Number of Stories	2	
Total Cost/Unit	\$275,000	
As Built Appraisal Value	\$350,000	
Selling Price	\$250,000	
Anticipated Subsidy	\$100,000	

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To

Separate Project #3 & #4
to be built on the same lot

BARNES HOUSING TRUST FUND HOMEBUYER PROFORMA

Unit Address	919 B 43rd Ave. N	BARNES	THE HOUSING FUND		
Development Type	Single Family Detached				
Accessible Bus Line Routes	Yes				
Number of Bedrooms	3				
Number of Bathrooms	2				
Square Feet	1307 +				
Number of Stories	2				
Acquisition Costs					
Vacant Land	0	0	0		
Land with Structure					
Title & Recording					
Legal					
Total	0	0	0		
Predevelopment Costs					
Appraisal	550		550		
Survey	500	250	250		
Relocation (if applicable)					
Insurance	1570	785	785		
Architect	1900	950	950		
Engineering	11,000	5,500	5,500		
Planning/Zoning	470	235	235		
Other (Clean Title/Legal Fee)	9,550	6,276	3274		
Total	25,540	13,996	11,544		
Construction Costs					
Structure					
Footer/Foundation	15,000	7,500	7,500		
Framing	30,000	2,501	27,499		
Electrical	7,000	3,500	3,500		
Plumbing	15,000	7,500	7,500		
Roofing	12,000	6,000	6,000		
HVAC	7,000	3,500	3,500		

BARNES HOUSING TRUST FUND HOMEBUYER PROFORMA

Drywall/Insulation	6,300	3,150	3,150	
Paint/Stain	5,200	2,600	2,600	
Windows/Doors	10,303	5,151	5,152	
Floor Coverings	18,298	9,149	9,149	
Cabinets	13,000	6,500	6,500	
Brick/Siding	11,000	5,500	5,500	
Sub-Total	150,101	62,551	87,550	
Other				
Site Work	15,000	7,500	7,500	
Appliances	10,875	5,437	5,438	
Decks/Porches	6,800	3,400	3,400	
Side Walks/Driveways	6,844	3,422	3,422	
Landscaping	3,500	525	2,975	
Utility Hookups	5,500	2,750	2,750	
Building Permits/Fees	2,500	1,250	1,250	
Demolition				
Fees	2,050	1,025	1,025	
Sub-Total	53,069	25,309	27,760	
Construction Contingency	22,871	11,435	11,436	
Profit (if organization has own construction crew)				
Sub-Total	22,871	11,435	11,436	
Total Construction Cost	251,581	113,291	138,290	
Cost per Unit	251,581	113,291	138,290	
Developer's Fee (capped at 20%)	23,419	11,709	11,710	
Total Cost/Unit	275,000	125,000	150,000	
Total Debt Service				
Debt Coverage Ratio				1.37

BARNES HOUSING TRUST FUND HOMEBUYER PROFORMA

Operating Reserve				75,000.00	
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Unit Address	919 B 43rd Ave. N Nashville, TN 37209	
Plan Type	Single Family Detached	
Number of Bedrooms	3	
Number of Bathrooms	2	
Square Feet	1307+	
Number of Stories	2	
Total Cost/Unit	\$275,000	
As Built Appraisal Value	\$350,000	
Selling Price	\$250,000	
Anticipated Subsidy	\$100,000	

Next Property

Project #5 & #6

Address: 229 Center St.

Old Hickory, TN 37138

&

Address: 2909 Booker St.

Nashville, TN 37290

Proforma for Project #5

Address: 229 Center St.
Old Hickory, TN 37138

BARNES HOUSING TRUST FUND HOMEBUYER PROFORMA

Unit Address	229 Center St.	BARNES	THE HOUSING FUND		
Development Type	Single Family Detached				
Accessible Bus Line Routes	Yes				
Number of Bedrooms	3				
Number of Bathrooms	2				
Square Feet	1307 +				
Number of Stories	1				
Acquisition Costs					
Vacant Land	0	0	0		
Land with Structure					
Title & Recording					
Legal					
Total	0	0	0		
Predevelopment Costs					
Appraisal	550		550		
Survey	500	250	250		
Relocation (if applicable)					
Insurance	1570	785	785		
Architect	1900	950	950		
Engineering	11,000	5,500	5,500		
Planning/Zoning	470	235	235		
Other (Clean Title/Legal Fee)	9,550	6,276	3274		
Total	25,540	13,996	11,544		
Construction Costs					
Structure					
Footer/Foundation	15,000	7,500	7,500		
Framing	30,000	2,501	27,499		
Electrical	7,000	3,500	3,500		
Plumbing	15,000	7,500	7,500		
Roofing	12,000	6,000	6,000		
HVAC	7,000	3,500	3,500		

BARNES HOUSING TRUST FUND HOMEBUYER PROFORMA

Drywall/Insulation	6,300	3,150	3,150		
Paint/Stain	5,200	2,600	2,600		
Windows/Doors	10,303	5,151	5,152		
Floor Coverings	18,298	9,149	9,149		
Cabinets	13,000	6,500	6,500		
Brick/Siding	11,000	5,500	5,500		
Sub-Total	150,101	62,551	87,550		
Other					
Site Work	15,000	7,500	7,500		
Appliances	10,875	5,437	5,438		
Decks/Porches	6,800	3,400	3,400		
Side Walks/Driveways	6,844	3,422	3,422		
Landscaping	3,500	525	2,975		
Utility Hookups	5,500	2,750	2,750		
Building Permits/Fees	2,500	1,250	1,250		
Demolition					
Fees	2,050	1,025	1,025		
Sub-Total	53,069	25,309	27,760		
Construction Contingency	22,871	11,435	11,436		
Profit (if organization has own construction crew)					
Sub-Total	22,871	11,435	11,436		
Total Construction Cost	251,581	113,291	138,290		
Cost per Unit	251,581	113,291	138,290		
Developer's Fee (capped at 20%)	23,419	11,709	11,710		
Total Cost/Unit	275,000	125,000	150,000		
Total Debt Service					
Debt Coverage Ratio					1.37

BARNES HOUSING TRUST FUND HOMEBUYER PROFORMA

Operating Reserve				75,000.00	
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Unit Address	229 Center St. Old Hickory, TN 37138	
Plan Type	Single Family Detached	
Number of Bedrooms	3	
Number of Bathrooms	2	
Square Feet	1307+	
Number of Stories	1	
Total Cost/Unit	\$275,000	
As Built Appraisal Value	\$350,000	
Selling Price	\$250,000	
Anticipated Subsidy	\$100,000	

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To

Separate Project #5 & #6

to be built on the different lots

Proforma for Project #6

Address: 2909 Booker St.
Nashville, TN 37209

BARNES HOUSING TRUST FUND HOMEBUYER PROFORMA

Unit Address	2909 Booker St.	BARNES	THE HOUSING FUND		
Development Type	Single Family Detached				
Accessible Bus Line Routes	Yes				
Number of Bedrooms	3				
Number of Bathrooms	2				
Square Feet	1307 +				
Number of Stories	1				
Acquisition Costs					
Vacant Land	0	0	0		
Land with Structure					
Title & Recording					
Legal					
Total	0	0	0		
Predevelopment Costs					
Appraisal	550		550		
Survey	500	250	250		
Relocation (if applicable)					
Insurance	1570	785	785		
Architect	1900	950	950		
Engineering	11,000	5,500	5,500		
Planning/Zoning	470	235	235		
Other (Clean Title/Legal Fee)	9,550	6,276	3274		
Total	25,540	13,996	11,544		
Construction Costs					
Structure					
Footer/Foundation	15,000	7,500	7,500		
Framing	30,000	2,501	27,499		
Electrical	7,000	3,500	3,500		
Plumbing	15,000	7,500	7,500		
Roofing	12,000	6,000	6,000		
HVAC	7,000	3,500	3,500		

BARNES HOUSING TRUST FUND HOMEBUYER PROFORMA

Drywall/Insulation	6,300	3,150	3,150		
Paint/Stain	5,200	2,600	2,600		
Windows/Doors	10,303	5,151	5,152		
Floor Coverings	18,298	9,149	9,149		
Cabinets	13,000	6,500	6,500		
Brick/Siding	11,000	5,500	5,500		
Sub-Total	150,101	62,551	87,550		
Other					
Site Work	15,000	7,500	7,500		
Appliances	10,875	5,437	5,438		
Decks/Porches	6,800	3,400	3,400		
Side Walks/Driveways	6,844	3,422	3,422		
Landscaping	3,500	525	2,975		
Utility Hookups	5,500	2,750	2,750		
Building Permits/Fees	2,500	1,250	1,250		
Demolition					
Fees	2,050	1,025	1,025		
Sub-Total	53,069	25,309	27,760		
Construction Contingency	22,871	11,435	11,436		
Profit (if organization has own construction crew)					
Sub-Total	22,871	11,435	11,436		
Total Construction Cost	251,581	113,291	138,290		
Cost per Unit	251,581	113,291	138,290		
Developer's Fee (capped at 20%)	23,419	11,709	11,710		
Total Cost/Unit	275,000	125,000	150,000		
Total Debt Service					
Debt Coverage Ratio					1.37

BARNES HOUSING TRUST FUND HOMEBUYER PROFORMA

Operating Reserve				75,000.00	
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Unit Address	2909 Booker St. Nashville, TN 37209	
Plan Type	Single Family Detached	
Number of Bedrooms	3	
Number of Bathrooms	2	
Square Feet	1307+	
Number of Stories	1	
Total Cost/Unit	\$275,000	
As Built Appraisal Value	\$350,000	
Selling Price	\$250,000	
Anticipated Subsidy	\$100,000	

FILED

4 1 1 3 5 4 2 5 4

RECEIVED
STATE OF TENNESSEE

01 MAY 11 PM 2:33

CHARTER
OF

RILEY DARNELL
SECRETARY OF STATE

LIVING DEVELOPMENT CONCEPTS, I N C .

The undersigned person(s) under the Tennessee Nonprofit Corporation Act adopt(s) the following charter of the above listed corporation:

1. The name of the corporation is Living Development Concepts, Inc.
2. The corporation is a public benefit corporation.
3. The corporation is not a religious corporation.
4. (a) The complete address of the corporation's registered office at 2404 Ramblewood Drive, Murfreesboro, Tennessee is County of RUTHERFORD
(b) The name of the initial registered agent, to be located at the address listed in 4(a), is HENRY MILLER
5. The name and complete address of each incorporator is:
Henry O. Miller, 2404 Ramblewood Drive, Murfreesboro, TN. 37129
Lula B. Miller, 306 Jackson St., Murfreesboro, TN. 37130
Henry I. Miller 306 Jackson St., Murfreesboro, TN 37130
6. The complete address of the corporation's principal office is:
2404 Ramblewood Drive, Murfreesboro, TN ~~37130~~ 37129
7. The corporation is a nonprofit corporation.
8. The corporation will not have members.
9. Upon dissolution of this corporation assets shall be distributed for one or more exempt purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code., i.e. charitable, educational, religious or scientific, or corresponding section of any future federal tax code, to relieve any and all indebtedness and as applicable, shall be distributed to the Federal government, or to a state or local government for a public purpose.

4-11-85 3:25 PM

10. Living Development Concepts, Inc. is organized exclusively for charitable and educational purposes as may qualify if as exempt from federal income tax under section 501(e)(3) or provision of any future United States Internal Revenue Law, such purposes include, but are not limited to:

(a) Living Development Concepts, Inc. is nonprofit corporation organized and incorporated in the state of Tennessee which is established to design and develop economic and human development programs that serve to improve the quality of life and prosperity for participants in programs, workshops, seminars, housing and services offered.

- Develop, design and implement programs for historic restoration and cultural development, special needs, at risk, disenfranchised and low income populations, including infants, toddlers, children, youth, young adults, adults and seniors;

- Design of training programs for cultural and human development, saving persons from personal financial tragedies, housing support and placement, homeless programs, job development and re-establishment, new initiatives, special programs, medical support initiatives, educational initiatives and development of prosperity programs for new income sources and survival support networks, housing initiatives and historic preservation initiatives;

- To publish tapes and printed materials that serve to develop self esteem and personal growth, cultural expansion, historical recordation and information that will support seminars and presentations in the public arena;

- Conduct of studies and the development of an information base to serve to support network of the advancement of programs that will meet the critical appropriate personal, business, environmental, medical, human developmental needs of constituents and at risk populations;

- Develop programs for support of youth development, counseling and teen pregnancy prevention;

- Development of programs relating to career development and development of housing subdivisions and transitional housing and at risk populations to promote care, upkeep, and longevity of new life styles for safer and better living and the housing facilities;

- Development and management of food banks, clothing banks, job banks, housing acquisition and finance networks to support the basic needs of constituents.

(b) Living Development Concepts, Inc. seeks to bring together resources that support the implementation of these and other related initiatives through the

solicitation of grants from the private foundation community and the solicitation of government grants. The government supported initiatives will be initiated through the programs available through the federal, state and local government programs as well.

(c) This is a nonstock corporation.

(d) The number of directors of the corporations shall be no less than 3 which number may be increased pursuant to the by-laws of the corporation.

(e) To host conferences, conventions and other such information gathering and distribution events geared toward advancing human and social causes; inclusive but not limited to educational and spiritual advancement of deprived, disenfranchised and at risk individuals.

(f) To acquire all or any part of the good will, rights, property and business of any person, firm, association or corporation heretofore and hereafter engaged in any activity similar to or in furtherance of any purposes which the corporation has the power to conduct, and to hold utilize, enjoy, and in any manner dispose of the whole or any part of the rights property, and business so acquired, and to assume in connection therewith any liabilities of any such person, firm, association or corporation.

(g) Officers and directors shall be indemnified against expenses incurred in defense of any suit or proceeding, civil or criminal, in which he is made party by reason of being a director of officer, except in relation to matters as to which he is adjudged liable for negligence or misconduct in the performance of his duties to the corporation.

(h) Living Development Concepts, Inc. will work with government jurisdictions around the area to insure their ability to support initiatives ratified by the jurisdictions to assist in private public partnerships to improve the available facilities in a timely matter which will increase the program availability for sites for at risk populations and underserved populations within the metropolitan and county community and service area.

(I) To carry out all or any of the foregoing objects as principal, factor, agent, contractor, or otherwise, either alone through, or in conjunction with any carrying on of its purposes for the purpose of attaining or furthering any of its objects and purposes, to make and perform any contracts and to do any acts and things, and to exercise any powers suitable, and convenient or proper for the accomplishment of any of the objects and purposes herein enumerated or incidental to the powers herein specified, or which at any time may appear conducive to or expedient for the accomplishment of any such objects and purposes.

(j) No part of the net earnings of the corporation shall inure to the benefit of, or be distributed to its members, trustees, directors, officers or other private persons, except that the corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of Section 501(c)(3) purposes. No substantial part of

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the activities of the corporation shall be the carrying of propaganda, or otherwise attempting to influence legislation, and the corporation shall not participate in, or intervene in (including the publishing or distribution of statements) any political campaign on behalf of any candidate for public office.

(k) Notwithstanding any other provision of these articles, the corporation shall carry on any other activities not permitted to be carried on (a) by a corporation exempt from Federal income tax under Section (c)(3) of the Internal Revenue Code (or corresponding section of any future federal tax code) or (b) by a corporation, contributions to which are deductible under Section 170 (c) (2) of the Internal Revenue Code (or corresponding section of any future Federal tax code).

(l) All fiduciary responsibilities will be carried out according to the provisions set forth in the by-laws.

(m) To carry out all or any part of the aforesaid objects and purposes, and to conduct its activities in all or any part of its branches, in any or all states, territories, districts, and possessions of the United States of America and in foreign countries, and any and all provisions set forth in the by-laws as adopted by the directors and to maintain offices and agencies in the aforesaid jurisdictions.

5-11-2001 _____ Henry O. Miller
Signature Date Incorporator's Signature

Henry O. Miller _____
Incorporator's Name (typed or printed)

Jennifer M Gerhart, Register
Rutherford County Tennessee
Rec #: 257711 Instrument 1060651
Rec'd: 5.50 NBK: 60 Pg 166
State: 0.00
Clerk: 0.00 Recorded
EDP: 2.00 5/15/2001 at 9:00 am
Total: 7.50 in Record Book
67 Pages 1672-1677

**ARTICLES OF INCORPORATION
OF
LIVING DEVELOPMENT CONCEPTS, INC.**

The undersigned acting as incorporator(s) of a nonprofit corporation under the Tennessee Nonprofit Corporation Act adopts the following Articles of Incorporation:

1. The name of the corporation is Living Development Concepts, Inc.
2. This corporation is a public benefit corporation. This corporation is not a religious corporation. This corporation will not have members. This is a nonstock corporation.
 - a. The number of directors of the corporation shall be no less than 3, which may be increased pursuant to the by-laws of the corporation.
 - b. Living Development Concepts, Inc. will maintain at least one-third of its governing board's membership for **residents of low-income neighborhoods, other low-income community residents, or elected representatives of low-income neighborhood organizations.**
 - c. If chartered by a State or local government, (1) the State or local government **may not appoint** more than one-third of the membership of the organization's governing body; (2) the board members appointed by the State or local government **may not, in turn, appoint** the remaining two-thirds of the board members; and (3) **no more than one-third** of the governing board members are public officials [including employees of the Participating Jurisdiction or State recipients].
3. The complete name and address of the corporation's initial registered agent in Tennessee is Henry O. Miller, 2404 Ramblewood Drive, Murfreesboro, TN 37129, Rutherford County.
4. The name and complete address of the incorporator is Living Development Concepts, Inc., 3250 Dickerson Pike, Suite 212, Nashville, TN 37207.
5. The complete address of the corporation's principal office is 3250 Dickerson Pike, Suite 212, Nashville, TN 37207, Davidson County.
6. The corporation is not for profit.
7. The corporation is organized for the purpose of engaging in any lawful business which shall include, but not be limited to the following:
 - a. To provide education and training for under privileged juvenile, youths and adults, this will help them to become productive members of society. Also provide affordable housing to low-moderate income (80% & below of the AMI) persons.
 - b. To receive funding from various sources to operate this non-profit corporation.
8. In furthermore and not in limitation of the general powers conferred by the laws of the State of Tennessee and of the objects herein set forth it is expressly provided that this corporation shall also have as far as are lawful, the following powers:
 - a. To enter into, make, perform or carry out contracts of every kind with any firm, person, corporation or association necessary for the accomplishment of the objects and purposes herein set forth to do any acts necessary for carrying on any or all of the objects and purposes of the corporation not forbidden by law, or by this Charter, or by its by-laws, or the by-laws of the State of Tennessee.

- b. No part of the net earning of the corporation shall inure to the benefit of, or be distributed to its members, trustees, directors, officers or other private persons, except that the corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of Section 501 (c) (3).
 - c. To have offices and promote and carry on its objects and purposes, within and without Tennessee and in the states, territories or colonies of the United States and in foreign countries.
 - d. To have all powers that may be conferred upon for non-profit corporations under the laws of the State of Tennessee as the laws are now in effect or may at any time hereafter be amended. No director may be sued by the corporation or its shareholders for breach of his or her fiduciary duty to the corporation, provided, however, that this provision shall not absolve a director from a breach of his or her duty of loyalty, for acts or omissions not in good faith or which involves intentional misconduct or a knowing violation of law, or for distributions in violation of Section 48-18-304.
9. Upon dissolution of this corporation assets shall be distributed for one or more exempt purposes within the meaning of Section 501 (c) (3) of the Internal Revenue Code, i.e. charitable, educational, religious, or scientific, or corresponding section of any future federal tax code, to relieve any and all indebtedness and as applicable, shall be distributed to the Federal Government, or to state or local government for a public purpose.

August 15, 2009
Signature Date

Duanna Murphy Miller
Incorporator's Signature

Duanna Murphy-Miller
Incorporator's Name (Print)

By Laws

Of

Living Development

Concepts, Inc.

ARTICLE I

Living Development Concepts, Inc.

The name of the Corporation is Living Development Concepts, Inc. It is intended that the Corporation shall have the status of Corporation which is exempt from federal income taxation under Section 501 (a) of the Internal Revenue Code of 1986, as amended, or any corresponding provisions of any future federal tax laws not for profit, as an organization described in Section 501 (c) (3) of the Code.

ARTICLE II

OFFICES

Section 2.1 Corporate Office. The principal office of the Corporation shall be located at 3250 Dickerson Pike, Suite 212, Nashville, Tennessee, 37207. In addition to its registered and principal offices the corporation may have other offices and/or facilities at such other places as the Board of Trustees may from time to time determine and as the business of the Corporation may require. The address of the principal office may be changed by the Board of Trustees by amendment to the Corporation's Charter.

Section 2.2 Registered Office. The registered office of the Corporation required to be maintained in the State of Tennessee Nonprofit Corporation Act, as amended from time to time may, but need not, be identical with the principal office in the State of Tennessee; and the address of the registered office may be changed from time to time by Board of Trustees.

ARTICLE III

PURPOSE AND USE OF FUNDS

Section 3.1 Purposes. The purpose of the Corporation is to provide training and education to young men and women in the construction industry as well as assist with finding employment. The Corporation is to build homes including affordable homes for low income families. The Corporation is organized exclusively for religious, charitable, scientific, literary, and educational purposes within the meaning of Section 501 (c)(3) of the Code, including the receipt and acceptance of property, whether real, personal, or mixed, by gift or bequest from any person or entity; the retention, administration and investment of such property in accordance with the terms of the Corporation's Charter and these By-Laws; and the distribution of such property for the Charitable Purposes as herein delineated and/or (a) one or more organizations described in Section 501 (c)(3) of the Code and either Section 509 (a) (1) or Section 509 (a)(2) of the Code, Contributions to which are deductible under Section 170 (c)(2) , Section 2055(a) and Section 2522 (a) of the Code, or (b) A State, a possession of the United States, or any political subdivision of any of the forgoing, or the United States or the District of Columbia, contribution to which are deductible under Section 170 (c)(1), Section 2055 (a) and Section 2522 (a) gift or bequest of property be received or accepted in such a manner as to require the disposition of its income or principal to any person, governmental unit or organization, other than a Qualified Beneficiary or for other than Charitable Purposes.

Section 3.2 Use of Funds. In making distribution to effectuate the religious, charitable, scientific, literacy and educational purposes of the Corporation, as delineated in Section 3.1 above, the Board of Trustees shall have the authority to make distributions if both income and principal in such promotions and amounts as the Board of Trustees, in its discretion, determines advisable, provided that all such distributions are consistent with all applicable federal tax laws and regulations as herein provide. The Corporation is not formed for financial or pecuniary gain; and no part of the assets, income, nonprofits of the Corporation shall be distributable to, or inure to; the benefit of its trustees or officers or any other private person, except as provided in Section 5.11, Section 6.10 and Article XI as reimbursement for expenses or reasonable compensation for services rendered to the Corporation, as set forth in the Charter and Section 3.1 above. No substantial part of the activities of the Corporation shall be the carrying on of the propaganda, or be the participation in, or intervention in (including the publishing or distribution of statement), any political campaign on behalf of (or in opposition to) any candidate for public office.

**By Laws
Of
Living Development Concepts, Inc.**

Section 3.3 Administration of Funds. In the event the Corporation is a private foundation within the meaning of Section 509 of the Code for a taxable year, the Corporation (a) tax on undistributed its income for each tax year in such manner so that it will not become subject to the tax on undistributed income for each tax year, in such a manner so that it will not become subject to the self-dealing, as defined in Section 4941 (d) of the Code (c) shall not retain any excess business holdings, as defined in Section 4943 (c) of the Code; (d) shall not make any investments in a manner expenditures, as defined in Section 4945 (d) of the Code. In order to fully effectuate the provisions of these Sections the Corporation shall adopt such procedures, and shall otherwise adhere to such administrative requirements as may from time to time be necessary, in order to fully comply with all applicable federal tax laws and regulations.

Section 3.4 Termination of Corporation. The Board of Trustees shall have the authority to terminate the Corporation at any time that, by a unanimous vote, it deems such termination appropriate or advisable. In such event, after paying, or making provision for the payment of all liabilities of the Corporation exclusively for Charitable Purposes, any assets not so distributed shall be distributed to one or more Qualified Beneficiaries, as the Board of Trustees shall determine. Any assets not so disposed of by the Board of Trustees shall be disposed of by the court having equity jurisdiction in the county in which the principal; office of the Corporation is then located, with the distribution of assets to be made for such Charitable Purposes, or to such Qualified Beneficiaries, as such court shall determine.

ARTICLE IV

MEMBERS

Section 4.1 Non-Members. The Corporation shall have members with no voting rights, no meeting requirements, and no compensations. Memberships are given to donors who contribute between \$500.00 and more to the organization. Recognition of membership will be distributed in publication.

By Laws
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Living Development Concepts, Inc.

ARTICLE V

BOARD OF TRUSTEES

Section 5.1 General Powers. The business and affairs of the Corporation shall be supervised by its Board of Trustees, which shall exercise in the name of and behalf of the Corporation all of the rights and privileged legally exercisable by the Corporation as a corporate entity, except as many otherwise be provided by law, the Charter, or these By-laws. The Board of Trustees, as the governing body of the corporation, shall have the authority to receive, administer, invest and distribute property on behalf of the Corporation in accordance with the provisions set forth in these By-laws. May serve as committee members and give advice or make recommendations.

Section 5.2 Number, Tenure and Qualifications. The number of the members of the Board of Trustees shall be not less than three (3) not more than nine (9). However, the number of trustees may be increased or decreased from time to time by the Board of Trustees by amendment of these By-laws, but no decrease shall have the effect of shortening the term of an incumbent trustee or reducing the number of trustees below three (3). The initial members of the Board of Trustees shall be appointed by the Incorporate(s) for staggered terms of approximately one, two and three years, in order properly to stagger the terms thereafter and permit expiration of terms immediately following the annual meeting.

In the event additional members are added to the Board of Trustees, the initial terms of office of such additional trustees shall be staggered in such a manner to assure that the terms of office of not more than one-half (1/2) of all of the trustees will expire in any one year. The initial members of the Boards of Trustees shall be appointed by the Incorporate(s) to serve until after the first annual meeting of the Board of Trustees and until his or her successor shall have been elected and qualified. At its annual meeting, the Board of Trustees shall elect individuals to serve on the Board of Trustees for a term that does not exceed a period of five (5) years. Each trustee shall hold office until his or her term shall have expired and his or her successor shall have been elected and qualified, or until his or her earlier resignation, removal from office, or death. A retiring trustee may succeed himself or herself. Trustees shall be natural persons who have attained the age of twenty-one (21) years, but need not be residents of the State of Tennessee.

Section 5.3 Advisor Members. The Board of Trustees may elect advisory members from time to time, who may attend, without vote, all meetings of the Board of Trustees. Advisory members shall serve at the pleasure of Board of Trustees and shall advise and counsel the Board of Trustees on appropriate matters.

**By Laws
Of
Living Development Concepts, Inc.**

Section 5.4 Annual Meeting. The annual meeting of the Board of Trustees shall be held within or without the State of Tennessee on the last business day of the fifth (5th) month following the close of the Corporation's fiscal year, or at such other time and date prior thereto and following the close of the Corporation's fiscal year as shall be determined by the Board of Trustees. The purpose of the annual meeting shall be to elect trustees and officers and transact such other business as may properly be brought before the meeting. If the election of trustees and officers shall not be held on the day herein designated for any annual meeting of the Board of Trustees, or at any adjournment thereof, the Board of Trustees shall cause the election to be held at a special meeting of the Board of Trustees as soon thereafter as may be convenient.

Section 5.5 Special Meetings. Special meetings of the Board of Trustees may be called by the President, or at the request of any trustee. The President shall fix the time and place, either within or without the State of Tennessee, of any special meeting.

Section 5.6 Notices. Notice of any special meeting shall be given at least five (5) business days prior thereto. The attendance of a trustee at a meeting shall constitute a waiver of notice of such meeting, except where a trustee attends a meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called or convened. The business to be transacted at, or the purpose of, any special meeting of the Board of Trustees must be specified in the notice of such meeting and no other business shall be transacted at that meeting.

Section 5.7 Quorum. A majority of the total number of Trustees in office shall constitute a quorum for the transaction of business at any meeting of the Board of Trustees.

Section 5.8 Participation in Meetings. Each Trustee other than an advisory member shall be entitled to one (1) vote upon any matter properly submitted for a vote to the Board of Trustees. The affirmative vote of a majority of the Trustees present at the meeting at which a quorum is present shall be the act of the Board of Trustees, except as may otherwise be specifically provided by law, by the Charter, or by these By-laws. Members of the Board of Trustees absent from any meetings shall be permitted to vote at such meeting by written proxies. The members of the Board of Trustees or any committee designated by the Board of Trustees, may participate in a meeting of the Board of Trustees, or of such committee, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear one another; and participation in a meeting pursuant to this provision shall constitute in person at such meeting. The Trustees shall be promptly furnished a copy of the minutes of the meetings of the Board of Trustees.

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Section 5.9 Actions Without A Meeting. Any action required or permitted to be taken at a meeting by the Board of Trustees, or by any committee, as the case may be, consent in writing to taking such action without a meeting. If all members entitled to vote on the action shall consent in writing to taking such action without a meeting, the affirmative vote of the number of votes that would be necessary to authorize or take such action at a meeting shall be the act of the Board of Trustees. The action must be evidenced by the one (1) or more counterparts signed by each member entitled to vote on the action indicating each signing member's vote or abstention on the action taken. All such written consents and actions shall be filed with the minutes of the proceedings of the Board of Trustees or committee.

A consent signed under the Section shall have the same force and effect as a meeting vote of the Board of Trustees, or any committee thereof, and may be described as such in any document.

Section 5.10 Vacancies. Any vacancy occurring in the Board of Trustees including vacancies created by the removal of trustees without cause or for cause may be filled by the affirmative vote of a majority of the remaining trustees in office, so long as the requirements of Section 5.2 are satisfied. A Trustee elected to fill a vacancy shall serve for the unexpired term of his or her predecessor in office, or if there is no predecessor until the next election of Trustees. If a vacancy is not filled within ninety (90) days of the event which resulted in there being fewer Trustees than required by the Charter of By-laws, any Trustee may apply to a court having equity jurisdiction in the county in which the Corporation has its principal office to have such court appoint a sufficient number of Trustees so that the corporation will have the number of Trustees required by its Charter or By-laws, whichever number is greater. Any trusteeship to be filled by reason of an increase in the number of trustees may be filled by election by the Board of Trustees for a term of office continuing only until the next election of trustees.

Section 5.11 Compensation and Reimbursement of Expenses. Each trustee shall be entitled to receive reasonable compensation, as may from time to time be set by the Board of Trustees for services rendered to the Corporation. In addition, each trustee may be paid his or her reasonable expenses incurred by the trustee directly related to the affairs of the Corporation upon prior approval by the Board of Trustees and proper substantiation of such expenses. No such payments shall preclude any trustee from serving the corporation in any capacity and receiving compensation therefore.

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Section 5.12 Presumption of Assent. A trustee of the corporation who is present at a meeting of the Board of Trustees at which action on any Corporation matter is taken shall be presumed to have assented to the action taken, unless his or her dissent shall be presumed to have assented to the action taken, unless his or dissent shall be entered in the minutes of the meeting, or unless he or shall file his or her written dissent to such action with the person acting as the secretary of the meeting before the adjournment thereof, or forward such dissent by registered mail to the Secretary of the Corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to a trustee who voted in favor of such action.

Section 5.13 Resignation. A trustee may resign his or her membership at any time by tendering his or her resignation in writing to the President or, in the case of the resignation of the President, to the Secretary. A resignation shall become effective upon the date specified in such notice or, if no date is specified, upon receipt of the resignation by the Corporation at its principal place of business.

ARTICLE VI

OFFICERS

Section 6.1 Number. There shall be a resident and a Secretary of the Corporation, each of whom shall be elected in accordance with the provisions of this Article. The Board of Trustees may also elect one (1) or more Vice-Presidents, a Treasurer, and such other assistant officers, as the Board of Trustees may from time to time deem necessary or appropriate. Any two or more offices may be held by the same person, except for the office of President and Secretary.

Section 6.2 Election and Term of Office. The initial officers of the corporation shall be elected by the incorporator(s) for a term of office expiring immediately following the first annual meeting of the Corporation. The Board of Trustees at its annual meeting shall elect the officers of the Corporation annually. If the election of the officers shall not be held at such meeting, such election shall be held, as soon thereafter as may be convenient. Each officer shall hold office for a term of one (1) year expiring immediately following the annual meeting at which he or she was elected and until his or her successor shall have been duly elected and qualified, or until his or her earlier death, resignation, or removal from office in the manner hereinafter provided. A retiring officer may not succeed himself or herself in office, but may be eligible for election to another office or to the Board of Trustees.

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Living Development Concepts, Inc.**

Section 6.3 President. The President shall be the principal executive officer of the Corporation. He or she shall, when present, preside at all meetings of the Board of Trustees and the Executive Committee, and shall in general perform all of the duties, and have all of the authority, incident to the office of the chief executive officer of a corporation, and such other duties as may from time be prescribed by the Board of Trustees. The President may sign, with the Secretary or any other proper officer thereunto authorized by the Board of Trustees deeds, mortgages, bonds, contracts, or other instruments which the Board of Trustees has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Trustees or these By-Laws to some other officer or agent of the Corporation or shall be required by law to be otherwise signed or executed.

Section 6.4 Vice-President. In the absence of the President or in the event of his or her death, inability, or refusal to act, the Vice President (or in the event there be more than one Vice President, the Vice President in the order designated at the time of the election) shall perform the duties of the President (pending election, if necessary, of a successor pursuant to Section 6.8 below) and when so acting, shall have all the powers of, and be subject to all the restrictions upon, the President. Any vice-President shall perform such duties as may from time to time be assigned to him or her by the Board of Trustees.

Section 6.5 Secretary. The Secretary will keep the minutes of the proceedings of the Board of Trustees in one or more books provided for that purpose; see that all notices are duly given in accordance with the provisions of these By-laws or as requires by the law; be custodians of the corporate records and of the seal, if any, of the Corporation and see that the seal is affixed to all documents, the execution of which address shall be furnished to the Secretary by each Trustee; and in general perform all duties incident to the office of Secretary and such other duties as may from time to time be assigned to him or her by the President of the Board of Trustees.

**By Laws
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Living Development Concepts, Inc.**

Section 6.6 Treasurer. The Treasurer shall have charge and custody of, and be responsible for, all funds and securities of all the Corporations; receive and give receipts for monies due and payable to the Corporation from any source whatsoever, and deposit all such monies in the name of the Corporation in such banks, trust companies, or other depositories as shall be select in accordance with the provisions of Article VIII of these By-laws; disburse the funds of the Corporation in accordance with the directives of the Board of Trustees, taking proper vouchers for such disbursements, and render to the Board of Trustees, and accounting for all the transactions of the Treasurer and of the financial conditions of the Corporation; and in general perform all duties incident to the office of Treasurer and such other duties as may from time to time be assigned to him or her by the President or other Board of Trustees.

Section 6.7 Removal. Any member of the Board of Trustees removed from office pursuant to Section 513 shall be automatically removed as an officer, the Board of Trustees may by a two-thirds (2/3) vote remove any officer when in its judgment, the best interest of the Corporation will be served thereby. Chairperson serves 5 years a 2/3 vote must carry for two consecutive meeting for the removal.

Section 6.8 Vacancies. A vacancy in any office because of death, resignation, removal, disqualification, or otherwise, may be filled by the affirmative vote of a majority of the Board of Trustees for the un-expired portion of the term.

Section 6.9 Resignations. An officer may resign his or her office at any time by tendering his or her resignation in writing to the President, or in the case of the resignation of the President, to the Secretary. A resignation shall become effective upon the date specified in such written notice, or if no date is specified, upon receipt of the resignation by the Corporation at its principal place of business.

Section 6.10 Salaries and Expenses. The officers of the Corporation shall be entitled to reasonable compensation, as may be set by the Board of Trustees from time to time for services rendered to the Corporation. Reasonable expenses incurred by all of the officers of the Board of Trustees in the course of coordination shall be reimbursed by the Corporation upon proper substantiation. No officer shall be prevented from receiving reasonable compensation by reason of the fact that he also is a member of the Board of Trustees.

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ARTICLE VII

EXECUTIVE COMMITTEE AND OTHER COMMITTEES

Section 7.1 Appointment of Executive Committee. The Board of Trustees by resolution adopted by a majority of its voting members, may designate three (3) or more of its members to constitute an executive Committee and shall hold office until the next annual meeting of the Board of Trustees following his or her designation and until his or her successor has been appointed and qualified. The designation of the Executive Committee and the delegation of authority thereto shall not operate to relieve the Board of Trustees, or any member thereto, of any responsibility by law.

Section 7.2 Authority of Executive Committee. The Executive Committee, when the Board of Trustees is not in session, shall have and may exercise all the authority of the Board of Trustees except to the extent, if any that such authority shall be limited by the resolution appointing to the Executive Committee or by these By-laws. All action taken by the Executive Committee shall be subject to ratification by the Board of Trustees. However, the Executive Committee shall not have the authority of the Board of Trustees with respect to filling any vacancy on the Board of Trustees; amending or repealing any resolution of the Board of Trustees which by its express terms is not so amendable or repealable; amending or repealing the Charter or the By-laws of the corporation; adopting a plan of merger or consolidation, selling, leasing, or otherwise disposing of all or substantially all the property and assets of the corporation other than in the usual and regular course of its business; or voluntarily dissolving the Corporation or revoking a voluntary dissolution.

Section 7.3 Meeting of Executive Committee. Regular meeting of the Executive Committee may be held at such times and places as the Executive Committee may from time to time fix by resolution. Special meetings of the Executive Committee may be called by any member upon concurrence of a majority of the members of the Executive Committee upon not less than three (3) business days' notice prior thereto. The notices provided for in this Section shall state the place, date, and hour of the meeting, and the business proposed to be transacted at the meeting.

Section 7.4 Quorum of Executive Committee. A majority of the voting members of the Executive Committee shall constitute a quorum for the transaction of business at any meeting thereof. Action of the Executive Committee must be authorized by the affirmative vote of a majority of all voting members present at a meeting at which a quorum is present.

**By Laws
Of
Living Development Concepts, Inc.**

Section 7.5 Action of Executive Committee. *Without a meeting.* Any action required or permitted to be taken by the Executive Committee without a meeting may be taken without a meeting in accordance with the revisions of Section 5.9 of these By-laws.

Section 7.6 Executive Committee Procedures. The Executive Committee shall fix its own rules of procedure, provided such rules are not inconsistent with these By-laws. The Executive Committee shall keep regular minutes of its proceedings and report its proceedings to the Board of Trustees for its information at the next meeting of the Board of Trustees held after such proceedings.

Section 7.7 Vacancies, Resignations and Removal. Any vacancy in the Executive Committee may be filled by a resolution adopted by a majority of the voting members of the Board of Trustees. Any member of the Executive Committee may be removed at any time with or without cause by resolution adopted by a majority of the voting members of the Board of Trustees. Any member of the Executive Committee may resign from the Executive Committee at any time by giving written notice to the President or Secretary of the Corporation, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 7.8 Standing Committees. The Board of Trustees may maintain such standing committees as it may determine from time to time to be necessary or desirable for its proper functioning. Such committees shall consist of three (3) or more members, shall be under the control and serve at the pleasure of the Board of Trustees of these By-laws shall maintain a permanent record of actions and proceedings and shall regularly submit a report of their actions to the Boards of Trustees which shall ratify the actions of each committee. The President, or his or her designee, shall serve on each Committee as an ex-officio member. Such standing committees shall have such authority as the Board of Trustees may stipulate, except that no committee shall have the authority of the Board of Trustees with respect to those matters delineated in Section 5.2 above.

Section 7.9 Ad Hoc Committee. The President, with the approval of the Board of Trustees as evidenced by resolution, may from time to time create such ad hoc committees, as the President believes necessary or desirable to investigate matters or advise the Board of Trustees. Ad Hoc Committees shall limit their activities to the accomplishment of the tasks for which created and shall have no power to act except as specifically conferred by resolution of the Board of Trustees. Such committees shall operate until their tasks have been accomplished or until discharged by the Board of Trustees.

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Of
Living Development Concepts, Inc.

ARTICLE VIII
CONTRACTS, LOANS, CHECKS, DEPOSITS,
INVESTMENTS

Section 8.1 Contracts and Employment of Agents. The Board of Trustees may authorize any trustee, officer or agent to enter into any contract, or execute and deliver any instrument, in the name of and on behalf of the Corporation. The Board of Trustees shall be specifically authorized, in its sole discretion, to employ and to pay the compensation of such agents, accountants, custodians, experts, consultants, and other counsel, legal, investment, or otherwise, as the Board of Trustees shall deem advisable, and to delegate discretionary powers to, and rely upon information furnished by such individuals or entities. Such authority may be general or confined to specific instances.

Section 8.2 Loans. No loans shall be contracted on behalf of the Corporation, and no evidences of indebtedness shall be issued in its names, unless authorized by a resolution of the Board of Trustees. Such authority may be general or confined to specific instances.

Section 8.3 Checks, Drafts, and Etc. All checks, drafts, or other orders for the payment of money, notes, or other evidences of indebtedness issued in the name of the Corporation shall be signed by such officer or officers, agent or agents of the Corporation and in such manner, as shall from time to time be determined by resolution of the Board of Trustees.

Section 8.4 Deposits. All funds of the Corporation or otherwise employed shall be deposited from time to time to the credits of the Corporation with such banks, trust companies, brokerage accounts, investment managers, or other depositories as the Board of Trustees may from time to time select.

Section 8.5 Investment Authority. The Board of Trustees shall be authorized to retain assets distributed to the Corporation, even though such assets may constitute an over concentration in one or more similar investments. Further, the Board of Trustees shall have the authority to make investments in unproductive property, or to hold unproductive property to the extent necessary until it can be converted into productive property at an appropriate time, provided the retention of such property is in the best interest of the corporation and does not in any way jeopardize the tax-exempt status of the Corporation.

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Of
Living Development Concepts, Inc.

ARTICLE IX

STANDARDS OF CONDUCT

Section 9.1 Standards of Conduct. A trustee or an officer of the Corporation shall discharge his or her duties as a trustee or as an officer, including duties as a member of a committee:

- a) In good faith;
- b) With the care of an ordinarily prudent person in a like position would exercise under similar circumstances; and
- c) In a manner he or she reasonably believes to be in the best interest of the Corporation.

Section 9.2 Reliance on Third Parties. In discharging his or her duties, a trustee or officer is entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data if prepared or presented by:

- a) One or more officers or employees of the corporation whom the Trustee or officer reasonably believes to be reliable and competent in the matters presented;
- b) Legal counsel, public accountants and other persons as matters the trustees or officer reasonably believes are within the persons professional or expert competence; or
- c) With respect to a trustee, a committee of the Board or Boards of which the trustee is not a member, as to matters within its jurisdiction, if the trustee or officer reasonably believes the committee merits confidence.

Section 9.3 Bad Faith. A trustee or officer is not acting in good faith if he or she has knowledge concerning the matter in question that makes reliance otherwise permitted by Section 9.2 unwarranted.

Section 9.4 No Liability. A trustee or officer is not liable for any action taken, or any failure to take action, as a trustee or officer, if he or she performs the duties of his or her office in compliance with the provisions of this Article, or if he or she is immune from suit under the provisions of Section 48-58-601 of the Act. No repeal or modification of the provisions of this Section 9.4, either directly or by the adoption of a provision inconsistent with the provisions of this Section shall adversely affect any right or protection, as set forth herein, existing in favor of a particular individual at the time such repeal or modification.

By Laws
Of
Living Development Concepts, Inc.

Section 9.5 No Fiduciary. No trustee or officer shall be deemed to be a fiduciary with respect to the Corporation or with respect to any property held or administered by the Corporation, including, without limitation, property that may be subject to restrictions imposed by the donor or transferor of such property.

Section 9.6 Prohibition on Loans. No loans or guarantees shall be made by the Corporation to its trustees or officers. Any trustee who assents to or participates in the make of such loan shall be liable to the Corporation for the amount of such loan until the repayment thereof.

ARTICLE X

CONFLICTS OF INTEREST

Section 10.1 General. A conflict of interest transaction is a transaction with the corporation which a trustee or officer of the Corporation has a direct or indirect interest. A trustee or officer of the Corporation has an indirect interest in a transaction if, but not only if, a party to the transaction is another entity in which the trustee or officer has a material interest, or of which the trustee or officer is a general partner, director, officer, or trustee. A conflict of interest transaction is not voidable, or the basis for imposing liability on the trustee or officer, if the transaction was fair at the time it was entered into, or if the transaction is approved as provided in Section 10.2.

Section 10.2 Manner of Approval. A transaction in which a trustee or officer of the Corporation has a conflict of interest may be approved if:

- a) The material facts of the transaction and the interest of the Trustee or Officer were disclosed or known to the Board of Trustees or to committee consisting entirely of members of the Board of Trustees, and the Board of Trustees or such committee authorized, approved, or ratified the transaction; or
- b) Approval is obtained from the Attorney General of the State of Tennessee, or from a court of record having equity jurisdiction in an action in which the Attorney General is joined as a party.

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Of
Living Development Concepts, Inc.**

Section 10.3 Quorum Requirements. For purposes of Section 10.2, a conflict of interest transaction is authorized, approved or ratified if it receives the affirmative vote of majority of the members of the Board of Trustees, or of a committee consisting entirely of members of the Board of Trustees, who have no direct or indirect interest in the transaction; but a transaction may not be authorized, approved, or ratified under this Article by a single trustee. A quorum is present for the purpose of taking action under this article if a majority of the members of the Board of Trustees who have no direct or indirect interest in the transaction vote, authorized, approved, or ratify the transaction. The presence of, or vote cast by, a trustee with a direct or indirect interest in the transaction does not affect the validity of any action taken under subsection 10.2 (a) if the transaction is otherwise approved as provided in Section 10.2.

ARTICLE XI

**INDEMNIFICATION AND ADVANCEMENT OF
EXPENSES**

Section 11.1 Mandatory Indemnification of Trustees and Officers. To the maximum extent permitted by the provision of Section 48-58-501, et. seq., of the act, as amended from time to time (provided, however, that if an amendment to the Act in any way limits or restricts the indemnification rights permitted by law as of the date hereof, such amendment shall apply only to the extent mandated by law and only to activities of persons subject to the indemnification under this section which occur subsequent to the effective date of such amendment), the Corporation shall indemnify and advance expenses to any person who is or was a trustee or officer of the Corporation, or to such person's heirs, executors, administrators and legal representatives for the defense of any threatened, pending, or completed action, suit or proceeding, whether civil, criminal, administrative, or investigative, and whether formal or informal (any such action, suit or proceeding being hereinafter referred to as the "Proceeding"), to which such person was, is or is threatened to be made a named defendant or respondent which indemnification and advancement of expenses shall include counsel fees actually incurred as a result of the proceeding or any appeal thereof reasonable expenses actually incurred with respect to the "Proceeding", all fines, judgments, penalties and amounts paid in settlement thereof, subject to the following conditions:

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- a) The proceeding was instituted by reason of the fact that such person is or was a trustee of the Corporation; and
- b) The trustee or officer conducted himself or herself in good faith, and he or she reasonably believed (i) in the case of conduct in his or her official capacity with the Corporation, that his or her conduct was in its best interest; (ii) in all other cases, that his or her conduct was at least not opposed to the best interests of the Corporation; and (iii) in the case of any criminal proceeding, that he or she had no reasonable cause to believe his or her conduct was unlawful. The termination of a proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent is not, of itself, determinative that the trustee or officer did not meet the standard of conduct herein described.

Section 11.2 Permissive Indemnification Of Employee and Agents. The Corporation may, to the maximum extent permitted by the provisions of Section 48-58-501. Et seq. of the Act as amended from time to time (provided however, that if an amendment to the act in any way limits or restrict the indemnification rights permitted by law as of the date hereof, such amendment shall apply only to the extent mandated by law and only to activities of persons subject to indemnification under this Section which occur subsequent to the effective date of such amendment), indemnify and advance expenses in a Proceeding to any person who is or was an employee or agent of the Corporation, or to such person, heirs, executors, administrators and legal representatives, to the same extent as set forth in Section 11.1 above, provided that the Proceeding was instituted by reason of the fact that such person is or was an employee or agent of the Corporation to the extent, consistent with public policy, as may be provided by the Charter, by these By-laws, by contract, or by general or specific action of the Board of Trustees.

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Of
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Section 11.3 Non-Exclusive Application. The rights to indemnification and advancement of expenses set forth in Sections 11.1 and 11.2 above are contractual between the Corporation and the person being indemnified, and his or her heirs, executors, administrators and legal representatives, and are not exclusive of other similar rights of indemnification or advancement of expenses to which such person may be entitled, whether by contract, by law, by the Charter, by a resolution of the Board of Trustees, by these By-Laws, by the purchase and maintenance by the Corporation of insurance on behalf of a trustee, officer, employee, or agent of the Corporation, or by an agreement with the Corporation providing such indemnification all of which means of indemnification and advancement of expenses are hereby specifically authorized.

Section 11.4 Non-Limiting Application. The provision of this Article XI shall not limit the power of the Corporation to pay or reimburse expenses incurred by a trustee, officer, employee, or agent of the Corporation in connection with such person's appearing as a witness in a Proceeding at a time when he or she has not been made a named defendant or respondent to the Proceeding.

Section 11.5 Prohibited Indemnification. Notwithstanding any other provision of this Article XI. The Corporation shall not indemnify or advance expenses to or on behalf of any trustee, officer, employee, or agent of the Corporation, or such person's heir, executors, administrators or legal representatives:

- a) If a judgment or other final adjudication adverse to such person establishes his or her liability for any breach of the duty of loyalty to the Corporation for act or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, or under Section 48-58-304 of the Act; or
- b) In connection with a Proceeding by or in the right of the Corporation in which such person was adjudged liable to the Corporation; or
- c) In connection with any other Proceeding charging improper personal benefit to such person, whether or not involving action in his or her official capacity, in which he or she was adjudged liable on the basis that personal benefit, was improperly received by him or her.

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Section 11.6 Repeal or Modification Not Retroactive. No Repeal or modification of the provisions of this Article XI, either directly or by the adoption of a provision inconsistent with the provisions of this Article, shall adversely affect any right or protection, as set forth herein, existing in favor of a particular individual at the time of such repeal or modification.

ARTICLE XII

NOTICES AND WAIVER OF NOTICE

The notices provided for in these By-Laws shall be communicated in person, telegraph, teletype, or by mail (including e-mail) or private carrier. Written notice is effective at the earliest of (a) receipt; (b) five (5) days after its deposit in the United States mail, if mailed correctly addressed and with first class postage affixed hereon; (c) on the date shown on the return receipt. If sent by registered mail, return receipt requested, and the receipt signed by or on behalf of the addressee; or (d) twenty (20) days after its deposit in the United States mail, if mail correctly, addressed, and with other than first class, registered, or committee member of the Corporation under the Provisions of the Charter, these By-laws, or the Act, a waiver thereof in writing signed by the person or persons entitled to such notice whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE XIII

FISCAL YEAR

The fiscal year of the Corporation shall end on the last day of December, or on such other dates as may be fixed from time to time by the Board of Trustees.

ARTICLE XIV

PROCESS FOR LOW-INCOME BENEFICIARIES

Low income beneficiaries, including committee members and most of our applicants will be involved in the advisement regarding the design, location, development and management of our affordable housing rental program. We will elect a committee for each planned rental housing project. Each committee member will be educated and informed of the Federal, State and Local government regulations to rehabilitating and/or building housing. Consideration includes:

**By Laws
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- a) The cost of the rehabilitation and/or property
- b) The size of the rental housing property
- c) The cost of the affordable housing
- d) The possibility of vandalism and/or theft during the process, as well as security and safety.

Development of projects is discussed during committee meetings.

All projects will be managed by CHDO Board Members, as well as the low income committee members will be educated about:

- The process of obtaining project funding.
- Obtaining permits.
- Ordering materials.
- Contract management and project/job tracking.

Our organization will make every attempt to include all potential affordable housing rental applicants from the beginning of the rehabilitation and/or construction phase to its completion.

ARTICLE XV

AMENDMENTS

These By-laws and the Charter may be altered, amended, or repealed, and a new Charter or By-laws adopted, upon the affirmative vote of two-thirds (2/3) of the Board of Trustees at any annual or special meeting, except to the extent that such alteration, amendment, or repeal is inconsistent with Article XV hereof.

By Laws
Of
Living Development Concepts, Inc.

ARTICLE XVI

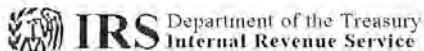
EXEMPT STATUS

The Corporation has been organized and will be operated exclusively for exempt from federal income tax under Section 501 (a) of the Internal Revenue code as an organization described in Section 501 (c) (3).

These By-laws are adopted and shall be effective this 15th day of August, 2009.

Henry O. Miller

Suanna Murphy-Miller
Incorporator



CINCINNATI OH 45999-0038

In reply refer to: 0248188044
Mar. 13, 2017 LTR 4168C 0
62-1855943 000000 00

00021913
BODC: TE

LIVING DEVELOPMENT CONCEPTS INC
% HENRY MILLER
3250 DICKERSON PIKE STE 212
NASHVILLE TN 37207



045273

Employer ID Number: 62-1855943
Form 990 required: Yes

Dear Taxpayer:

This is in response to your request dated Mar. 02, 2017, regarding your tax-exempt status.

We issued you a determination letter in May 2002, recognizing you as tax-exempt under Internal Revenue Code (IRC) Section 501(c)(3).

Our records also indicate you're not a private foundation as defined under IRC Section 509(a) because you're described in IRC Sections 509(a)(1) and 170(b)(1)(A)(vi).

Donors can deduct contributions they make to you as provided in IRC Section 170. You're also qualified to receive tax deductible bequests, legacies, devises, transfers, or gifts under IRC Sections 2055, 2106, and 2522.

In the heading of this letter, we indicated whether you must file an annual information return. If a return is required, you must file Form 990, 990-EZ, 990-N, or 990-PF by the 15th day of the fifth month after the end of your annual accounting period. IRC Section 6033(j) provides that, if you don't file a required annual information return or notice for three consecutive years, your exempt status will be automatically revoked on the filing due date of the third required return or notice.

For tax forms, instructions, and publications, visit www.irs.gov or call 1-800-TAX-FORM (1-800-829-3676).

If you have questions, call 1-877-829-5500 between 8 a.m. and 5 p.m., local time, Monday through Friday (Alaska and Hawaii follow Pacific Time).

0248188044
Mar. 13, 2017 LTR 4168C 0
62-1855943 000000 00
00021914

LIVING DEVELOPMENT CONCEPTS INC
% HENRY MILLER
3250 DICKERSON PIKE STE 212
NASHVILLE TN 37207

Sincerely yours,




Kim A. Billups, Operations Manager
Accounts Management Operations 1

CINCINNATI OH 45999-0038


045273.740259.137295.9804 1 AB 0.403 530



 LIVING DEVELOPMENT CONCEPTS INC
% HENRY MILLER
3250 DICKERSON PIKE STE 212
NASHVILLE TN 37207

045273

CUT OUT AND RETURN THE VOUCHER AT THE BOTTOM OF THIS PAGE IF YOU ARE MAKING A PAYMENT,
EVEN IF YOU ALSO HAVE AN INQUIRY.

 The IRS address must appear in the window.

BODCD-TE

0248188044

Use for payments

Letter Number: LTR4168C
Letter Date : 2017-03-13
Tax Period : 000000

INTERNAL REVENUE SERVICE

CINCINNATI OH 45999-0038



621855943

LIVING DEVELOPMENT CONCEPTS INC
% HENRY MILLER
3250 DICKERSON PIKE STE 212
NASHVILLE TN 37207

621855943 RN LIVI 00 2 000000 670 000000000000



“FOCUSING ON THE COMMUNITY”

3250 Dickerson Pike, Suite 212
Nashville, TN 37207
(615) 823-1931

Mission Statement:

Our mission is to provide reliable housing services in the development of safe, decent and affordable housing for low and very low income individuals. To provide community service opportunities through our staff volunteer program to further this mission. Our purpose is to operate as an advocate for housing acquisition opportunities within this community through awareness of resources.

LIVING DEVELOPMENT CONCEPTS, INC.

**INDEPENDENT AUDITORS' REPORT
AND
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
DECEMBER 31, 2019**

**LIVING DEVELOPMENT CONCEPTS, INC.
INDEPENDENT AUDITORS' REPORT
AND FINANCIAL STATEMENTS**

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STATEMENT OF CASH FLOWS	5
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Living Development Concepts, Inc.
3250 Dickerson Pike, Suite 212
Nashville, TN 37207

We have audited the accompanying financial statements of Living Development Concepts, Inc. (a not-for-profit organization), which comprise the statements of financial position as of December 31, 2019, and the related statement of activities, cash flows and functional expenses for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of 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 Living Development Concepts, Inc. as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Handwritten signature of SPD CPA Firm in blue ink.

SPD CPA Firm
January 12, 2021

LIVING DEVELOPMENT CONCEPTS, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019

Assets	
Current assets	
Cash	\$ 3,726
Grants Receivable	229,000
Total current assets	<u>232,726</u>
Fixed Assets	
Land	62,000
Construction in Progress	86,715
Property	178,731
Furniture and Equipment	600
Accumulated Depreciation	<u>(52,755)</u>
Total fixed assets	<u>275,291</u>
Total assets	<u><u>\$ 508,017</u></u>
Liabilities and net assets	
Current liabilities	
Rental Security Deposits	\$ 454
Total current liabilities	<u>454</u>
Net Assets	
Without Donor Restrictions	328,832
With Donor Restriction	<u>178,731</u>
Total net assets	<u>507,563</u>
Total liabilities and net assets	<u><u>\$ 508,017</u></u>

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

LIVING DEVELOPMENT CONCEPTS, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total Net Assets
Gross tenant rent potential	\$ 20,417	\$ -	\$ 20,417
Less: Vacancy	-	-	-
Net tenant rent potential	<u>20,417</u>	<u>-</u>	<u>20,417</u>
Grant Revenue	326,154	-	326,154
Contributions	94,022	-	94,022
Other Income	588	-	588
Total Operating Revenue	<u>441,181</u>	<u>-</u>	<u>441,181</u>
Expenses			
Affordable Housing	118,450	-	118,450
General and Administrative	10,515	-	10,515
Total Expenses	<u>128,965</u>	<u>-</u>	<u>128,965</u>
Change in Net Assets	312,216	-	312,216
Net Assets, Beginning of Year	16,616	178,731	195,347
Net Assets, End of Year	<u>\$ 328,832</u>	<u>\$ 178,731</u>	<u>\$ 507,563</u>

The accompanying notes are an integral part of these financial statements

LIVING DEVELOPMENT CONCEPTS, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019

Cash flows from operating activities	
Increase in net assets	\$ 312,216
Adjustments to reconcile change used in net assets to used net cash provided by (used in) operating activities:	
Depreciation	6,043
Increase in grants receivable	(229,000)
Decrease in accounts receivable	301
Net cash provided by operating activities	<u>89,560</u>
Cash flows from investing activities	
Construction in progress	<u>(86,715)</u>
Net cash provided by investing activities	<u>(86,715)</u>
Cash flows from financing activities	-
Net increase in cash and cash equivalents	2,845
Cash and cash equivalents, beginning of year	881
Cash and cash equivalents, end of year	<u><u>\$ 3,726</u></u>

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

LIVING DEVELOPMENT CONCEPTS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Affordable Housing	General and Administrative	Total
Bank Service Charges	\$ -	\$ 43	\$ 43
Business Licenses and Permits	-	141	141
Charitable Contributions	-	510	510
Computer and Internet Expenses	-	1,064	1,064
Dues and Subscriptions	-	415	415
Insurance Expense	4,066	-	4,066
Miscellaneous Expense	3,194	-	3,194
Office Supplies	-	89	89
Office Expense	-	417	417
Printing and Reproduction	569	-	569
Professional Fees	99,094	-	99,094
Rent Expense	-	6,300	6,300
Repairs and Maintenance	2,454	-	2,454
Taxes - Property	3,030	-	3,030
Telephone Expense	-	1,536	1,536
Depreciation	6,043	-	6,043
Total Expenses	\$ 118,450	\$ 10,515	\$ 128,965

The accompanying notes are an integral part of these financial statements

LIVING DEVELOPMENT CONCEPTS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

**NOTE 1---NATURE OF THE ORGANIZATION AND SUMMARY
OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of the Organization

Living Development Concepts, Inc. (“LDC”), is a Tennessee Not-For-Profit corporation. LDC is a Community Housing Development Organization established to transform communities by innovative partnership and initiatives that revitalizes neighborhoods by creating affordable housing for eligible populations.

Programs

ABC's of Home Ownership Program- Education:

LDC develops housing solutions for qualified first-time buyers earning low-to-moderate incomes. LDC provides free workshops and one-on-one sessions to help individuals understand what is required and to navigate through the home buying process.

Affordable Housing Program:

LDC's mission is to promote home ownership through education and development. We build, renovate, sale, and rent affordable housing for veterans, seniors, families and individuals that are at or below eighty percent of the area medium income.

Basis of Presentation

The financial statements have been prepared on the accrual basis of accounting and accordingly revenue is recognized when earned, support and promises to give are recognized when received and expenses are recorded when incurred.

The financial statements presentation follows the recommendations of the Financial Accounting Standard Board's Accounting Standard Codification (FASB ASC 958), Financial Statements of Not-for-Profit Organizations. Under FASB ASC 958, LDC is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Financial position and activities are classified based on the existence or absence of donor restrictions as follows:

Net Assets Without Donor Restrictions — Net assets that are not restricted by purpose or time either temporarily or permanently by explicit donor stipulations or by law. Board designation does not constitute a donor restriction.

Net Assets With Donor Restrictions — Net assets that are restricted by purpose or time either temporarily or permanently by explicit donor stipulations or by law

LIVING DEVELOPMENT CONCEPTS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

Revenue, Support, and Expenses

LDC receives contributions from corporations and individual donors and recognizes revenue when cash or a firm promise to give is obtained.

Contributions received are measured at their fair value and are reported as an increase in net assets. LDC reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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.

Cash and Cash Equivalents

For purposes of the statement of cash flows, LDC considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Income Taxes

LDC is a tax-exempt entity under Section 501 (c) (3) of the Internal Revenue Code. Accordingly, no provision for income tax is considered necessary.

Fixed Assets

Disbursements for property and equipment are capitalized and reflected in the statement of financial position at cost. Expenditures for additions and major improvements are capitalized while those for maintenance and repairs are charged to expenses as incurred. Depreciation, which is reflected as an expense in the statement of activities, is computed on the straight-line method over the following estimated useful lives:

	<u>Years</u>
Furniture and equipment	3—10
Buildings	20—39

LIVING DEVELOPMENT CONCEPTS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 2—ASSETS WITH DONOR RESTRICTIONS

LDC entered into an agreement with the Metropolitan Development and Housing Agency (MDHA) in accordance with the Neighborhood Stabilization Program 2 (NSP2):

1. 1611 21 st Avenue North	\$ 100,000
2. 1102 Clay Street	<u>78,731</u>
Total	<u>\$ 178,731</u>

In consideration for the funds received, the following restrictions are placed on the property:

1. For the entire Affordability Period, the property shall be occupied only by households whose incomes meet the requirements described below.
2. The property must be set aside for households that that qualify as middle income households, which select households must have annual incomes that do not exceed 50 to 120 percent of the area median income, as determined by HUD and in accordance with the NSP2 Requirements, as may be amended from time to time.
3. The foregoing income and rent restrictions (the Affordability Restrictions) shall begin at Project Completion, which is defined as the date on which all necessary title transfer requirements and construction work have been performed, and MDHA has entered the project completion information into the disbursement and information system established by HUD. The Affordability Restrictions shall continue for a period of 20 years beginning on the date of Project Completion (the Affordability Period). The Property must remain affordable for the entire Affordability Period.
4. The Affordability Restrictions may be released in writing by MDHA in its sole discretion, prior to the end of the Affordability Period. A sale by foreclosure or transfer in lieu of foreclosure under a deed of trust encumbering the Property that has priority shall terminate the Affordability Period and the Affordability Restrictions, to the extent permitted by HUD.

NOTE 3—GRANTS RECEIVABLE

In November 2019, LDC received an award of \$229,000 from the Barnes Housing Trust fund for the development of two affordable housing units. The grant award was contingent on the organization receiving a firm loan commitment in the amount of \$231,000 from a traditional lending institution by December 31, 2020. LDC received this loan commitment on December 20, 2020. The balance of the grant receivable as of December 31, 2020 was \$229,000.

NOTE 4—OFFICE RENT

LDC rents space in the building known as the Skyline Professional Center, located at 3250 Dickerson Pike. The monthly rental expense is \$400 monthly. Additional operational costs are \$125. Total monthly rent expense is \$525. Total rental expense as of December 31, 2019 was \$6,300.

LIVING DEVELOPMENT CONCEPTS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 5--SUBSEQUENT EVENTS

In December 2019, LDC received a proposal from the Housing Fund for a first mortgage in the amount of \$231,000 for construction loan funding for two single family homes. The loan is for 12 months with a 3.25% fixed interest rate.

Once the loan has been finalized, the related mortgage will be included on the financial statements.

There were no other subsequent events requiring disclosure as of January 12, 2021, the date management evaluated such events. January 12, 2021 is the date the financial statements were available to be issued.

Living Development Concepts, Inc.

PROCUREMENT POLICY

All procurements made by Living Development Concepts, Inc. involving the expenditure of HOME Funds will be made in accordance with the following procurement standards.

Procurement transactions, regardless of method or dollar value, will maximize open and free competition consistent with the standards of 24 CFR Sections 84.41 through 84.48. Living Development Concepts, Inc. shall not engage in procurement practices which may be considered arbitrary or restrictive.

Purchases will be reviewed by the Executive Director to prevent duplication and to ensure that costs are reasonable.

I. METHODS FOR PROCUREMENT

Procurements shall be made using one of the following methods: (a) small purchase procedures, (b) competitive sealed bids, (c) competitive negotiations, (d) non-competitive negotiation and shall be made in accordance with procedures set forth at 24 CFR § 84.44 (a)(1) through (a)(3) at a minimum.

A. Small Purchases

Purchases which cost between \$500 and \$1,000 will require three over-the-telephone quotations of rate, price, etc. A memorandum will be prepared setting forth the date calls were made, parties contacted, and prices obtained. For purchases of less than \$500, efforts will be made to get the lowest and best price, but written records of such efforts are not necessary.

Purchases of supplies, equipment and services which cost between \$1,000 and \$10,000 will require written estimates but no legal advertisement is required. Living Development Concepts, Inc. will solicit written responses from at least three vendors, and if no such responses are available, a statement explaining the procurement will be prepared and filed.

B. Competitive Sealed Bids

Bidding will be employed when detailed specifications for the goods or services to be procured can be prepared and the primary basis for award is cost. When the cost of a contract, lease or other agreement for materials, supplies, equipment or contractual services, other than those personal or professional, exceeds \$10,000, an Invitation for Bids (IFB) notice will generally be prepared. This notice will be published at least once in *The Tennessean*, the official newspaper of general circulation in Nashville and Middle Tennessee. This newspaper notice will appear not less than seven (7) days and not more than twenty-one (21) days before the due date for bid proposals. Living Development Concepts, Inc. may also solicit sealed bids from responsible prospective suppliers by sending them a copy of such notice.

The IFB will include a complete, accurate and realistic specification and description of the goods or services to be procured, the bid deposit, payment bond and bond performance required (if applicable), the location where bid forms and specifications may be secured, the time and place for opening bids, and whether the bid award will be made on the basis of the lowest price or the lowest evaluated price. If the lowest evaluated price is used, the measurable criteria to be used must be stated in the IFB. The newspaper notice must also contain language which calls to the attention of bidders all applicable requirements which must be complied with such as Section 3 of the 1968 Housing Act, Section 109 of the 1974 Housing and Community Development Act, the Civil Rights Act of 1964, Executive Order 11246 and the Davis-Bacon Act.

Sealed bids will be opened in public at the time and place stated in the IFBs. The bids will be tabulated by the Procurement Officer at the time of bid opening. The results of the tabulation and the bid procurements will be examined for accuracy and completeness by the Procurement Officer, who will make recommendations to Living Development Concepts, Inc. In addition, the Procurement Officer shall determine that all firms are responsive and responsible. Living Development Concepts, Inc. will make the decision as to whom the contract shall be awarded. After the bid award is made by Living Development Concepts, Inc., a contract will be prepared for execution by the successful bidder. After the contract is signed, all bid deposits will be returned to all unsuccessful bidders.

Living Development Concepts, Inc. may cancel an Invitation for Bid or reject all bids if it is determined that such is in the best interests of Living Development Concepts, Inc. Bidders will be notified in writing of such cancellation or rejection. Living Development Concepts, Inc. may allow a vendor to withdraw a bid if requested at any time prior to the bid opening. Bids received after the time set for bid opening shall be returned to the vendor unopened.

C. Competitive Negotiations

Living Development Concepts, Inc. will use competitive negotiations, regardless of contract amount, upon a written determination that:

1. Specifications cannot be made specific enough to permit the award of a bid on the basis of either the lowest bid or the lowest evaluated bid price (in other words, bidding is not feasible).
2. The services to be procured are professional in nature. With the exception of certain professional services (principally engineering services), competitive negotiations will proceed as follows:
 - a. Proposals will be solicited through newspaper advertisement; additionally, a Request for Proposal (RFP) may be prepared and mailed to qualified vendors. The newspaper advertisement must be published at least seven (7) days and not more than twenty-one (21) days before the date for receipt of the proposals. The RFP will describe services needed and identify the factors to be considered in the evaluation of proposals and the relative weights assigned to each selection factor. The RFP will also state where further details regarding the RFP may be obtained. The RFP will call attention to the

same regulations discussed in the bidding process. Requests for proposals will always include cost as a selection factor.

- b. Award must be made to the offeror whose proposal is determined in writing by Living Development Concepts, Inc. to be the most advantageous to Living Development Concepts, Inc. Evaluations must be based on the factors set forth in the Request for Proposal and a written evaluation of each response prepared. The review committee may contact the firms regarding their proposals for the purpose of clarification and record in writing the nature of the clarification. If it is determined that no acceptable proposal has been submitted, all proposals may be rejected. New proposals may be solicited on the same or revised terms, or the procurement may be abandoned.

For the procurement of certain professional services, an alternative to RFPs may be used. Living Development Concepts, Inc. may publish a Request for Qualifications. RFQ's are handled in a similar method to RFPs with the exception that cost is not a factor in the initial evaluation. The Procurement Officer will evaluate the responses and rank them by comparative qualifications. The highest scoring person or firm will be contacted, and the Executive Director will negotiate cost. If the Executive Director is unable to negotiate a satisfactory cost arrangement, the second highest scoring person or firm will be invited to negotiate. The Executive Director will maintain a written record of all such negotiations.

D. Noncompetitive Negotiations

Noncompetitive negotiations may be used for procurements in excess of \$10,000 when bidding or competitive negotiations are not feasible. Living Development Concepts, Inc. may purchase goods and services through non-competitive negotiations when it is determined in writing by the Executive Director that competitive negotiation or bidding is not feasible and that:

1. An emergency exists which will cause public harm as a result of the delay caused by following competitive purchasing procedures, or
2. The product or service can be obtained only from one source, or
3. The contract is for the purchase of perishable items purchased on a weekly or more frequent basis, or
4. Only one satisfactory proposal is received through RFP or RFQ, or
5. The state has authorized the particular type of noncompetitive negotiation (e.g., the procurement of services by an Area Development District).

Procurement by noncompetitive negotiation requires the strictest attention to the observation of impartiality toward all suppliers. Living Development Concepts, Inc.

must approve all procurements by non-competitive negotiation when only one supplier is involved or only one bid or response to an RFP/RFQ is received.

- E. Bids will be accepted only from those contractors who have a proven record of ability to successfully complete the scope of work being bid. References will be requested along with the contractor's bid proposal. Any contractors submitting a bid must produce (along with his/her bid documents) written proof of liability insurance and worker's compensation coverage. Consideration will be given to such matters as contractor integrity, compliance with public policy, record of past performance and financial and technical resources in awarding contracts.
- F. Upon submission of a bid, the contractor will present a bid guarantee equivalent to 5 percent of the amount of the contractor's submitted bid. Unsuccessful bidders will have their bid guarantee returned to them with the notice which advises them they are an unsuccessful bidder. The successful bidder will post (at the signing of the contract and notice to proceed) a performance bond equal to 100 percent of the contract amount, along with a payment bond equivalent to 100 percent of the contract amount.

II. CONTRACTS

Generally, all procurement in excess of \$200 will be memorialized and supported by a written contract. Where it is not feasible or is impractical to prepare a contract, a written finding to this effect will be prepared and some form of documentation regarding the transaction will also be prepared. The contractual provisions required by the "Common Rule," 24 CFR Part 84 Sections 47 and 48 and 24 CFR Part 92 Sections 504, 505 and all others as applicable will be included in all contracts. All contracts will contain language which allows Living Development Concepts, Inc. the opportunity to cancel any contract for cause. Said cause shall include (but not be limited to) demonstrated lack of ability to perform the work specified, unwillingness to complete the work in a timely fashion, cancellation of liability insurance or worker's compensation, failure to pay suppliers or workers, unsafe working conditions caused by the contractor, failure to comply with Davis-Bacon wage laws (where applicable), failure to keep accurate and timely records of the job, or failure to make those records available to Living Development Concepts, Inc. (on request) or any other documented matter which could cause a hardship for Living Development Concepts, Inc. if a claim should arise or the work not be completed on schedule at the specified cost.

Requests for proposals will be structured to utilize value-engineering for any construction project in excess of \$50,000. Value engineering will allow the total job to be broken down and bid in sections, so as to produce the lowest overall cost of the project to Living Development Concepts, Inc. A project will request proposals for heating as one element, electrical as one element, etc. In some cases, this will make for a more cost-effective project. However, this does not preclude a bidder from making a lump-sum bid. Total cost will be calculated when value-engineering produces different bids for different scopes of work. Those segmented bids will then be added together to give a final project cost.

III. DOCUMENTATION

All source documents supporting any given transaction (receipts, purchase orders, invoices, RFP/RFQ data and bid materials) will be retained and filed in an appropriate manner. Where feasible, source documents pertinent to each individual procurement shall be separately filed and maintained. Where it is not feasible to maintain individual procurement files, source documents will be filed and maintained in a reasonable manner (examples include chronologically, by vendor, by type of procurement, etc.). Whatever form of documentation and filing is employed, the purpose of this section is to ensure that a clear and consistent audit trail is established. At a minimum, source document data must be sufficient to establish the basis for selection, basis for cost, (including the issue of reasonableness of cost), rationale for method of procurement and selection of contract type, and basis for payment.

IV. LOCALLY OWNED, MINORITY-OWNED, FEMALE-OWNED AND SMALL BUSINESSES

All necessary affirmative steps will be taken and documented to solicit participation of locally owned, minority-owned, female-owned and small businesses. Living Development Concepts, Inc. will solicit proposals from minority- or women-owned businesses that provide the goods or services that are being sought. Where possible and feasible, delivery schedules will be established, and work will be subdivided to maximize participation by small businesses or minority- or women-owned businesses. Subdivided components will be bid as a separate contract. Where feasible, evaluation criteria will include a factor with an appropriate weight for these firms. A list of locally owned, minority-owned, female-owned and small businesses and also minority businesses located within the trade region shall be maintained and used when issuing IFBs, RFPs and RFQs. This list shall also be consulted when making small purchases. Living Development Concepts, Inc. will use the services and assistance of the Small Business Administration and the Minority Business Development Agency of the Department of Commerce. The successful bidder will be required to use these same criteria in selection of suppliers and subcontractors whenever possible.

V. CODE OF CONDUCT

A. Conflict Of Interest

No Living Development Concepts, Inc. member, employee, consultant, elected official, appointed official or designated agent of Living Development Concepts, Inc. will take part or have an interest in the award of any procurement transaction if a conflict of interest, real or apparent, exists. A conflict of interest occurs when the official, employee or designated agent of Living Development Concepts, Inc., partners of such individuals, immediate family members, or an organization which employs or intends to employ any of the above has a financial or other interest in any of the competing firms.

No Living Development Concepts, Inc. member, employee or designated agent of Living Development Concepts, Inc. may acquire a financial interest in or benefit in any way from any activity which uses any portion of HOME funding, nor shall they have any interest in any contract, subcontract or agreement for themselves or any family members, nor shall they ever occupy such HOME-assisted unit.

NOTE: These rules apply to all named parties and shall be effective for the period of service and for one year after leaving said position (or office, in the case of elected officials).

Exception to these rules may be sought by requesting exemption from the U.S. Department of Housing and Urban Development (HUD). Such request for exemption must be sent in writing to HUD. In order to make such request, first, the full nature of the conflict must have been made public and proof of such disclosure must be submitted to HUD, AND secondly, the Living Development Concepts, Inc. must submit to HUD a legal opinion which states that the potential conflict will not be a violation of state or local law.

B. Acceptance of Gratuities

No Living Development Concepts, Inc. member, employee or designated agent of Living Development Concepts, Inc. shall solicit or accept gratuities, favors or anything of monetary value from contractors, potential contractors, subcontractors or potential subcontractors.

C. Penalties

Any Living Development Concepts, Inc. member, employee or designated agent of Living Development Concepts, Inc. who knowingly and deliberately violates the provisions of this code will be open to civil suit by Living Development Concepts, Inc. without the legal protection of Living Development Concepts, Inc. Furthermore, such a violation of these procurement standards is grounds for dismissal by Living Development Concepts, Inc. (if an employee) or such sanctions as available under the law (if an elected official).

Any contractor or potential contractor who knowingly and deliberately violates the provisions of these procurement standards will be barred from future transactions with Living Development Concepts, Inc.

Adopted by Living Development Concepts, Inc. this 28th day of February 2020.

Nathaniel Jordan
(NAME)

Chairman
(TITLE)

**GRANT CONTRACT
 BETWEEN THE METROPOLITAN GOVERNMENT
 OF NASHVILLE AND DAVIDSON COUNTY, TENNESSEE
 BY AND THROUGH
 THE METROPOLITAN HOUSING TRUST FUND COMMISSION
 AND
 AFFORDABLE HOUSING RESOURCES, INC.**

This Grant Contract issued and entered into by and between the Metropolitan Government of Nashville and Davidson County, a municipal corporation of the State of Tennessee hereinafter referred to as "Metro", and Affordable Housing Resources, Inc., hereinafter referred to as the "Recipient," is for the provision of the construction of affordable housing units as further defined in the "SCOPE OF PROGRAM." Affordable Housing Resources, Inc. will be adding 6 affordable housing units located at 204 Port Dr., Madison, TN 37115; 212 Café Rd., Goodlettsville, TN 37072; 3218 Torbett St., Nashville, TN 37209; 2631 Old Buena Vista Rd., Nashville, TN 37218; 94 Fain St., Nashville, TN 37210; and 1822 Dr. D.B. Todd Jr. Blvd., Nashville, TN 37208. The recipient's budget request, financial statements or audit, 501(c)3 letter, and/or charter documents are incorporated herein. The Recipient is a nonprofit charitable or civic organization.

A. SCOPE OF PROGRAM:

- A.1. Each Property to which these grant funds are provided for shall be subject to a Declaration of Restrictive Covenants ("Declaration") imposing certain affordability requirements to encumber the Property and run with the land over a 30-year term. Terms defined in the Declaration shall have the same meanings when used in this Agreement.
- A.2. The Recipient shall use the funds under this grant in accordance with the affordable housing project submitted in the application and any of its amendments, which application is incorporated herein, and subject to the terms and conditions set forth herein.
- A.3. The Recipient, under this Grant Contract, will spend funds solely for the purposes set forth in their application or proposal for grant funding which is incorporated herein. These funds shall be expended consistent with the Grant Budget, included in Attachment A. Although some variation in line-item amounts for the Grant is consistent with the Grant Budget, any change greater than 20% of a line-item shall require the prior written approval of Metro. However, in no event will the total amount of the Grant funds provided to Recipient go above the awarded Grant amount of \$275,000.

Additional Conditions for Rental Properties:

- 1. Tenants must be income-eligible at the time of initial occupancy, and Recipient must certify all incomes annually and maintain a certified rent roll. In the event a tenant's income increases above the income-requirement for the unit, the tenant is not disqualified from remaining in the unit. However, the tenant's rent shall be adjusted to the corresponding AMI level for the next lease term.
- 2. The Recipient will provide Metro with a management plan program oversight which includes certification of the rents, utility allowances and tenant incomes. The Grantee shall also provide Metro an annual certification that Barnes rental requirements are being met throughout the compliance period.
- 3. The Grantee will allow Metro or a Metro-approved contractor to conduct on-site inspections of the grantee for compliance Barnes program requirements including, but not limited to, reviewing tenant income calculations, rent determinations and utility allowances.
- 4. Compliance restrictions on both tenant income and maximum rents shall apply for thirty (30) years from the date of issuance of the certificate of occupancy for the final building within the

project. If a certificate of occupancy is not issued, the compliance period will begin on the date of recordation of the notice of completion for the project.

5. Recipient shall not increase rents during a lease term.

B. GRANT CONTRACT TERM:

B.1. Grant Contract Term. The term of this Grant shall be from execution of the grant agreement until Project completion, but in no way greater than 24 months from the execution of the grant agreement. Metro shall have no obligation for services rendered by the Recipient which are not performed within this term. Pursuant to Metropolitan Code of Laws § 2.149.040 (G), in the event the recipient fails to complete its obligations under this grant contract within twenty-four months from execution, Metro is authorized to rescind the contract and to reclaim previously appropriated funds from the organization.

C. PAYMENT TERMS AND CONDITIONS:

C.1. Maximum Liability. In no event shall the maximum liability of Metro under this Grant Contract exceed Two Hundred Seventy-Five Thousand Dollars (\$275,000). The Grant Budget, attached and incorporated herein as part of Attachment A, shall constitute the maximum amount to be provided to the Recipient by Metro for all of the Recipient's obligations hereunder. The Grant Budget line-items include, but are not limited to, all applicable taxes, fees, overhead, and all other direct and indirect costs incurred or to be incurred by the Recipient.

This amount shall constitute the Grant Amount and the entire compensation to be provided to the Recipient by Metro.

C.2. Compensation Firm. The maximum liability of Metro is not subject to escalation for any reason. The Grant Budget amount is firm for the duration of the Grant Contract and is not subject to escalation for any reason unless the grant contract is amended.

C.3. Payment Methodology. The Recipient shall be compensated for actual costs based upon the Grant Budget, not to exceed the maximum liability established in Section C.1. Upon execution of the Grant Contract and receipt of a request for payment, the Recipient may be eligible to receive reimbursement for milestones as completed based upon the Grant Budget.

a. **Grant Draws**

Before a draw can be made, there must be a physical inspection of the property by Metro or an approved designee. The inspection must confirm appropriate completion of the project.

1) **Construction Grant Draw Schedule (% based on grant amount)**

- 12.5% - upon receipt of the Building Permit (check property address and contractors name) and Builder's Risk Insurance sufficient to cover cost of construction and confirmation of acquisition (make sure Metro is listed as lien holder)
- 25% - footing framing and foundation completed (25% complete)
- 25% - roofing completed and the plumbing, electric and mechanical are roughed in and approved by local Codes (50% complete)
- 25% - cabinets, counters, drywall, trim and doors are installed (75% complete)

Balance of grant upon receipt of a Final Use & Occupancy from local Codes (100% complete).

All draw requests except for the first 12.5% draw must be inspected before funding.

The above is the preferred draw method. Metro may occasionally fund based on a true percentage of completion as noted in a Construction Inspection report or if the application requested funds for land acquisition, understanding that the initial 12.5% or acquisition draw may overfund the grant, requiring later draws to be reduced.

2) Construction Grant Draw Process

- Draw request is received from the Recipient. It should be requested by the contractor and approved by the Recipient.
- Complete property inspection
- Metro or approved designee approves the request.
- Payments should be made to the Recipient.

All invoices shall be sent to:

Barnes Housing Trust Fund
Planning Department – Housing Division
800 2nd Avenue South
Nashville, TN 37210
(615) 862-7190

Said payment shall not exceed the maximum liability of this Grant Contract.

Final invoices for the contract period should be received by Metro Payment Services by 24 months from the execution of the grant agreement. Any invoice not received by the deadline date will not be processed and all remaining grant funds will expire.

- C.4. Close-out Expenditure and Narrative Report. The Recipient must submit a final grant Close-out Expenditure and Narrative Report, to be received by the Metropolitan Housing Trust Fund Commission / Barnes Housing Trust Fund within 45 days of the end of the Grant Contract. Said report shall be in form and substance acceptable to Metro and shall be prepared by a Certified Public Accounting Firm or the Chief Financial Officer of the Recipient Organization.
- C.5. Payment of Invoice. The payment of any invoice by Metro shall not prejudice Metro's right to object to the invoice or any matter in relation thereto. Such payment by Metro shall neither be construed as acceptance of any part of the work or service provided nor as an approval of any of the costs included therein.
- C.6. Unallowable Costs. The Recipient's invoice shall be subject to reduction for amounts included in any invoice or payment theretofore made which are determined by Metro, on the basis of audits or monitoring conducted in accordance with the terms of this Grant Contract, to constitute unallowable costs.
- C.7. Deductions. Metro reserves the right to adjust any amounts which are or shall become due and payable to the Recipient by Metro under this or any Contract by deducting any amounts which are or shall become due and payable to Metro by the Recipient under this or any Contract.
- C.8. Electronic Payment. Metro requires as a condition of this contract that the Recipient shall complete and sign Metro's form authorizing electronic payments to the Recipient. Recipients who have not already submitted the form to Metro will have thirty (30) days to complete, sign, and return the form. Thereafter, all payments to the Recipient, under this or any other contract the Recipient has with Metro, must be made electronically.
- C.9. Recipient agrees and understands that procurement of goods and services for the grant project must comply with state and local law and regulations, including the Metropolitan Procurement Code. Recipient will provide Metro with all plans and specifications needed for these

procurement purposes. Recipient will promptly review, and either approve or disapprove, in good faith and with reasonable grounds all estimates, amendments to scope of work, and all work performed by a contractor prior to payment.

- C. 10. Public Meetings. At the reasonable request of Metro, Recipient agrees to attend public meetings, neighborhood meetings, and other events regarding this Project.
- C. 11. Recognition. Any signage, printed materials, or online publications erected at the applicable Project site or elsewhere regarding the Project shall include the following language or language acceptable by Metro acknowledging that the Project is partially funded with a grant from the Barnes Fund for Affordable Housing of the Metropolitan Government of Nashville and Davidson County:

This project funded in part by the Barnes Affordable Housing Trust Fund of the
Metropolitan Government of Nashville & Davidson County.

Metropolitan Housing Trust Fund Commission

John Cooper, Mayor

Metropolitan Council of Nashville and Davidson County

D. STANDARD TERMS AND CONDITIONS:

- D.1. Required Approvals. Metro is not bound by this Grant Contract until it is approved by the appropriate Metro representatives as indicated on the signature page of this Grant.
- D.2. Modification and Amendment. This Grant Contract may be modified only by a written amendment that has been approved in accordance with all Metro procedures and by appropriate legislation of the Metropolitan Council.
- D.3. Default and Termination for Cause. Any failure by Owner to perform any term or provision of this Grant Contract shall constitute a "Default" (1) if such failure is curable within 30 days and Recipient does not cure such failure within 30 days following written notice of default from Metro, or (2) if such failure is not of a nature which cannot reasonably be cured within such 30-day period and Recipient does not within such 30-day period commence substantial efforts to cure such failure or thereafter does not within a reasonable time prosecute to completion with diligence and continuity the curing of such failure. Should the Recipient Default under this Grant Contract or if the Recipient violates any terms of this Grant Contract, Metro shall have the right to immediately terminate the Grant Contract and the Recipient shall return to Metro any and all grant monies for services or projects under the grant not performed as of the termination date. The Recipient shall also return to Metro any and all funds expended for purposes contrary to the terms of the Grant. Such termination shall not relieve the Recipient of any liability to Metro for damages sustained by virtue of any breach by the Recipient.
- D.4. Subcontracting. The Recipient shall not assign this Grant Contract or enter into a subcontract for any of the services performed under this Grant Contract without obtaining the prior written approval of Metro. Notwithstanding any use of approved subcontractors, the Recipient shall be considered the prime Recipient and shall be responsible for all work performed.
- D.5. Conflicts of Interest. The Recipient warrants that no part of the total Grant Amount shall be paid directly or indirectly to an employee or official of Metro as wages, compensation, or gifts in exchange for acting as an officer, agent, employee, subcontractor, or consultant to the Recipient in connection with any work contemplated or performed relative to this Grant Contract.

The Grantee also recognizes that no person identified as a Covered Person below may obtain a financial interest or benefit from a Metro Housing Trust Fund Competitive Grant assisted activity, or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds thereunder, either for themselves or those whom they have family or business ties, during their tenure or for one year thereafter.

Covered Persons include immediate family members of any employee or board member of the Grantee. Covered Persons are ineligible to receive benefits through the Metro Housing Trust Fund Competitive Grant program. Immediate family ties include (whether by blood, marriage or adoption) a spouse, parent (including stepparent), child (including a stepbrother or stepsister), sister, brother, grandparent, grandchild, and in-laws of a Covered Person.

- D.6. Nondiscrimination. The Recipient hereby agrees, warrants, and assures that no person shall be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination in the performance of this Grant Contract or in the employment practices of the Recipient on the grounds of disability, age, race, color, religion, sex, national origin, or any other classification which is in violation of applicable laws. The Recipient shall, upon request, show proof of such nondiscrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination.
- D.7. Records. All documents relating in any manner whatsoever to the grant project, or any designated portion thereof, which are in the possession of Recipient, or any subcontractor of Recipient shall be made available to the Metropolitan Government for inspection and copying upon written request by the Metropolitan Government. Furthermore, said documents shall be made available, upon request by the Metropolitan Government, to any state, federal or other regulatory authority and any such authority may review, inspect and copy such records. Said records include, but are not limited to, all drawings, plans, specifications, submittals, correspondence, minutes, memoranda, tape recordings, videos or other writings or things which document the grant project, its design and its construction. Said records expressly include those documents reflecting the cost of construction, including all subcontracts and payroll records of Recipient.
- Recipient shall maintain documentation for all funds provided under this grant contract. The books, records, and documents of Recipient, insofar as they relate to funds provided under this grant contract, shall be maintained for a period of three (3) full years from the date of the final payment. The books, records, and documents of Recipient, insofar as they relate to funds provided under this grant contract, shall be subject to audit at any reasonable time and upon reasonable notice by Metro or its duly appointed representatives. Records shall be maintained in accordance with the standards outlined in the Metro Grants Manual. The financial statements shall be prepared in accordance with generally accepted accounting principles.
- D.8. Monitoring. The Recipient's activities conducted and records maintained pursuant to this Grant Contract shall be subject to monitoring and evaluation by Metro or Metro's duly appointed representatives. The Recipient shall make all audit, accounting, or financial records, notes, and other documents pertinent to this grant available for review by the Metropolitan Office of Financial Accountability, Internal Audit or Metro's representatives, upon request, during normal working hours.
- D.9. Reporting. The Recipient must submit an Interim Program Report, to be received by the Metropolitan Housing Trust Commission / Barnes Housing Trust Fund, by no later than September 1, 2023 and a Final Program Report, to be received by the Metropolitan Housing Trust Fund Commission within 45 [forty-five] days of the end of the Grant Contract. Said reports shall detail the outcome of the activities funded under this Grant Contract in the form required by Metro.
- D.10. Strict Performance. Failure by Metro to insist in any one or more cases upon the strict performance of any of the terms, covenants, conditions, or provisions of this agreement shall not

be construed as a waiver or relinquishment of any such term, covenant, condition, or provision. No term or condition of this Grant Contract shall be held to be waived, modified, or deleted except by a written amendment by the appropriate parties as indicated on the signature page of this Grant.

- D.11. Insurance. The Recipient shall maintain adequate public liability and other appropriate forms of insurance, including other appropriate forms of insurance on the Recipient's employees, and to pay all applicable taxes incident to this Grant Contract.
- D.12. Metro Liability. Metro shall have no liability except as specifically provided in this Grant Contract.
- D. 13. Independent Contractor. Nothing herein shall in any way be construed or intended to create a partnership or joint venture between the Recipient and Metro or to create the relationship of principal and agent between or among the Recipient and Metro. The Recipient shall not hold itself out in a manner contrary to the terms of this paragraph. Metro shall not become liable for any representation, act, or omission of any other party contrary to the terms of this paragraph.
- D. 14. Indemnification and Hold Harmless.
- (a) Recipient shall indemnify, defend, and hold harmless Metro, its officers, agents and employees from any claims, damages, penalties, costs and attorney fees for injuries or damages arising, in part or in whole, from the negligent or intentional acts or omissions of Recipient, its officers, employees and/or agents, including its sub or independent contractors, in connection with the performance of the contract, and any claims, damages, penalties, costs and attorney fees arising from any failure of Recipient, its officers, employees and/or agents, including its sub or independent contractors, to observe applicable laws, including, but not limited to, labor laws and minimum wage laws.
- (b) Metro will not indemnify, defend or hold harmless in any fashion the Recipient from any claims, regardless of any language in any attachment or other document that the Recipient may provide.
- (c) Recipient shall pay Metro any expenses incurred as a result of Recipient's failure to fulfill any obligation in a professional and timely manner under this Contract.
- (d) Grantee's duties under this section shall survive the termination or expiration of the grant.
- D.15. Force Majeure. The obligations of the parties to this Grant Contract are subject to prevention by causes beyond the parties' control that could not be avoided by the exercise of due care including, but not limited to, acts of God, riots, wars, strikes, epidemics or any other similar cause.
- D.16. State, Local and Federal Compliance. The Recipient agrees to comply with all applicable federal, state and local laws and regulations in the performance of this Grant Contract.
- D.17. Governing Law and Venue. The validity, construction and effect of this Grant Contract and any and all extensions and/or modifications thereof shall be governed by and construed in accordance with the laws of the State of Tennessee. The venue for legal action concerning this Grant Contract shall be in the courts of Davidson County, Tennessee.
- D. 18 Attorney Fees. Recipient agrees that, in the event either party deems it necessary to take legal action to enforce any provision of the Grant Contract, and in the event Metro prevails, Recipient shall pay all expenses of such action including Metro's attorney fees and costs at all stages of the litigation.
- D.19. Completeness. This Grant Contract is complete and contains the entire understanding between the parties relating to the subject matter contained herein, including all the terms and conditions of the parties' agreement. This Grant Contract supersedes any and all prior understandings,

representations, negotiations, and agreements between the parties relating hereto, whether written or oral.

- D. 20. Headings. Section headings are for reference purposes only and shall not be construed as part of this Grant Contract.
- D. 21. Licensure. The Recipient and its employees and all sub-grantees shall be licensed pursuant to all applicable federal, state, and local laws, ordinances, rules, and regulations and shall upon request provide proof of all licenses. Recipient will obtain all permits, licenses, and permissions necessary for the grant project.
- D. 22. Waiver. No waiver of any provision of this contract shall affect the right of any party thereafter to enforce such provision or to exercise any right or remedy available to it in the event of any other default.
- D. 23. Inspection. The Grantee agrees to permit inspection of the project and/or services provided for herein, without any charge, by members of the Grantor and its representatives.
- D. 24. Assignment—Consent Required. The provisions of this contract shall inure to the benefit of and shall be binding upon the respective successors and assignees of the parties hereto. Except for the rights of money due to Recipient under this contract, neither this contract nor any of the rights and obligations of Recipient hereunder shall be assigned or transferred in whole or in part without the prior written consent of Metro. Any such assignment or transfer shall not release Recipient from its obligations hereunder. Notice of assignment of any rights to money due to Recipient under this Contract must be sent to the attention of the Metro Department of Finance.
- D.25. Gratuities and Kickbacks. It shall be a breach of ethical standards for any person to offer, give or agree to give any employee or former employee, or for any employee or former employee to solicit, demand, accept or agree to accept from another person, a gratuity or an offer of employment in connection with any decision, approval, disapproval, recommendation, preparations of any part of a program requirement or a purchase request, influencing the content of any specification or procurement standard, rendering of advice, investigation, auditing or in any other advisory capacity in any proceeding or application, request for ruling, determination, claim or controversy in any proceeding or application, request for ruling, determination, claim or controversy or other particular matter, pertaining to any program requirement of a contract or subcontract or to any solicitation or proposal therefore. It shall be a breach of ethical standards for any payment, gratuity or offer of employment to be made by or on behalf of a subcontractor under a contract to the prime contractor or higher tier subcontractor or a person associated therewith, as an inducement for the award of a subcontract or order. Breach of the provisions of this paragraph is, in addition to a breach of this contract, a breach of ethical standards which may result in civil or criminal sanction and/or debarment or suspension from participation in Metropolitan Government contracts.
- D.26. Communications and Contacts. All instructions, notices, consents, demands, or other communications from the Recipient required or contemplated by this Grant Contract shall be in writing and shall be made by facsimile transmission, email, or by first class mail, addressed to the respective party at the appropriate facsimile number or address as set forth below or to such other party, facsimile number, or address as may be hereafter specified by written notice.

Metro:

For contract-related matters and enquiries regarding invoices:

Metropolitan Housing Trust Fund Commission / Barnes Housing Trust Fund
Planning Department – Housing Division
800 2nd Avenue South
Nashville, TN 37210
(615) 862-7190
Ashley.Brown2@Nashville.Gov

Recipient:

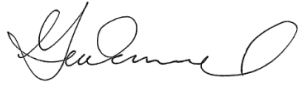
Affordable Housing Resources, Inc.
Eddie Latimer, Executive Director
50 Vantage Way, Ste. 107
Nashville, TN 37228
615.251.0025 ext. 0
elatimer@ahrhousing.org

- D.27. Lobbying. The Recipient certifies, to the best of its knowledge and belief, that:
- a. No federally appropriated funds have been paid or will be paid, by or on behalf of the Recipient, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, and entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement.
 - b. If any funds other than federally appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this grant, loan, or cooperative agreement, the Recipient shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.
 - c. The Recipient shall require that the language of this certification be included in the award documents for all sub-awards at all tiers (including sub-grants, subcontracts, and contracts under grants, loans, and cooperative agreements) and that all subcontractors of federally appropriated funds shall certify and disclose accordingly.
- D. 28 Effective Date. This contract shall not be binding upon the parties until it has been signed first by the Recipient and then by the authorized representatives of the Metropolitan Government and has been filed in the office of the Metropolitan Clerk. When it has been so signed and filed, this contract shall be effective as of the date first written above.

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THE METROPOLITAN GOVERNMENT
OF NASHVILLE AND DAVIDSON
COUNTY:

APPROVED AS TO PROGRAM SCOPE:



Gina Emmanuel, Chair,
Metropolitan Housing Trust Fund
Commission

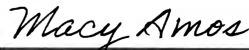
APPROVED AS TO AVAILABILITY OF
FUNDS:



Kelly Flannery, Director
Department of Finance



APPROVED AS TO FORM AND
LEGALITY:



Assistant Metropolitan Attorney

APPROVED AS TO RISK AND
INSURANCE:



Director of Risk Management Services

APPROVED BY METROPOLITAN
GOVERNMENT OF NASHVILLE AND
DAVIDSON COUNTY:

Metropolitan Clerk

RECIPIENT:

Affordable Housing Resources, Inc.

By: 

Title: Executive Director

Sworn to and subscribed to before me a
Notary Public, this 26th day
of August, 2022.

Notary Public



My Commission
expires 7 May 2024



BARNES HOUSING TRUST FUND HOMEBUYER PROFORMA

Unit Address	Multiple Scattered Lots			
Development Type	Single Family Detached			
Accessible Bus Line Routes	Yes			
Number of Bedrooms	3			
Number of Bathrooms	2			
Square Feet	1300+			
Number of Stories	2			
Acquisition Costs				
Land with Structure				
Title & Recording				
Legal				
Total				
Predevelopment Costs				
Appraisal				
Survey	33,000			
Relocation (if applicable)				
Insurance	6,600			
Architect				
Engineering				
Planning/Zoning				
Construction Financing	27,500			
Construction Interest	33,000			
Other				
Total	100,100			
Construction Costs				
Structure				
Footer/Foundation	77,000			
Framing	550,000			
Electrical	121,000			
Plumbing including taps	209,000			
Roofing	88,000			
HVAC	110,000			

BARNES HOUSING TRUST FUND HOMEBUYER PROFORMA

Drywall/Insulation	82,500			
Paint/Stain	110,000			
Windows/Doors	110,000			
Floor Coverings	66,000			
Cabinets	121,000			
Brick/Siding	110,000			
Sub-Total	1,754,500			
Other				
Dumpsters	19,800			
Site Work	49,500			
Appliances	33,000			
Decks/Porches	33,000			
Side Walks/Driveways	38,500			
Landscaping	27,500			
Utility Hookups - Temp elect	5,500			
Building Permits/Fees	11,000			
Demolition	-			
Gutters/Splashblocks	8,250			
Mirrors/Shelving	12,100			
Final Punch	22,000			
Utility expenses	9,900			
Fees - Water and Sewer	49,500			
Materials and Labor Market Contingency Cost Overrun				
Sub-Total	319,550			
Construction Contingency	108,708			
Profit (if organization has own construction crew)	-			
Sub-Total	108,708			
Total Construction Cost	2,282,858			

BARNES HOUSING TRUST FUND HOMEBUYER PROFORMA

Cost per Unit	207,533			
Developer's Fee (capped at 20%)	20,753			
Total Cost/Unit	228,286			
Total Debt Service	NA			
Debt Coverage Ratio	NA			
Operating Reserve	NA			

**AMENDED AND RESTATED ARTICLES OF INCORPORATION
OF
AFFORDABLE HOUSING OF NASHVILLE, INC.**

The undersigned, for the purpose of forming a corporation pursuant to the provisions of the Tennessee Nonprofit Corporation Act, Tennessee Code Annotated 48-51-101 et seq., adopted the following Articles of Incorporation:

ARTICLE I.

Name

The name of this corporation shall be:

AFFORDABLE HOUSING OF NASHVILLE, INC.

ARTICLE II.

Purposes

This corporation is formed for charitable, educational and scientific purposes, with its primary objective being to promote the development of adequate housing for low and moderate income people in the metropolitan area of and adjacent to the City of Nashville, Tennessee, and in the State of Tennessee, including, but without limiting the generality of the foregoing:

(a) To counteract community deterioration by promoting the rehabilitation and construction of affordable housing.

(b) To provide technical assistance to groups in planning, designing, financing, processing or managing new or rehabilitated housing.

(c) To promote research and development of new modes of constructing and financing housing.

(d) To encourage other persons and entities to undertake similar activities.

(e) To serve as a clearing house for activities, information and resources targeted to the development of affordable housing.

(f) To develop an equity fund for such purposes as down payment and closing costs assistance and other related activities.

This corporation may receive and disburse funds or other property incident to or necessary for the accomplishment of the aforesaid purposes and do any and all acts incidental to the transaction of the business of this corporation or expedient for the attainment of the purposes stated herein.

Within the framework of these purposes, this corporation is organized and shall be operated exclusively: to engage in, advance, promote and administer charitable, education and scientific activities and projects of every kind and nature whatsoever in its own behalf or as the agent, trustee, representative of others; to aid, assist and contribute to the support of corporations, associates and institutions which are organized and operated exclusively for such purposes and which are described in Section 501(c)(3) of the Internal Revenue Code, as now enacted or as hereafter amended. For these purposes, and not otherwise, this corporation shall have only such powers as are required by and are consistent with the foregoing purposes, including the power to acquire and receive funds and property of every kind and nature whatsoever, whether by purchase, conveyance, lease, loan credit, gift, grant, bequest, legacy, devise or

otherwise, and to own, hold, improve, expend, lend, make gifts, grants, and contributions of, and to convey, transfer and dispose of any funds and property and the income therefrom for the furtherance of the purposes of this corporation hereinabove set forth, or any of them, and to lease, mortgage, encumber and use the same, and such other powers which are consistent with the foregoing purposes and which are afforded to this corporation by the Tennessee Nonprofit Corporation Act, and by any present and future laws amendatory thereof and supplementary thereto. Provided, further, that all such powers of this corporation shall be exercised only so that this corporation's operations shall be exclusively within the contemplation of Section 501(c)(3) of the Internal Revenue Code, as now enacted or as hereafter amended, and the Tennessee statutes relating to non-profit corporations, as now enacted or as hereafter amended, and such Tennessee statutes, as now enacted or as hereafter amended, shall not be taken as in any way permitting this corporation to have or to exercise any power which is not within Section 501(c)(3) of the Internal Revenue Code, as now enacted or as hereafter amended. No part of the property or the income of this corporation shall ever be used or employed directly or indirectly by this corporation for the purpose of, and no substantial part of its activities shall consist of, carrying on propaganda, or otherwise attempting, to influence legislation, and in no event shall this corporation participate in, or intervene in (including by publishing or distributing statements) any political campaign on behalf of any candidate for public office.

ARTICLE III.

Not for Profit

This corporation is not for profit. This corporation does not and shall not afford pecuniary gain, incidentally or otherwise, to its members. No part of the net earnings or the income of this corporation shall inure to the benefit of any member of this corporation or any private individual (as that term is used in Section 501(c)(3) of the Internal Revenue Code, as now in effect).

This corporation shall not lend any of its assets to any Officer, Director or member of the corporation and shall not guarantee to any other person the payment of a loan by any Officer, Director or member of this corporation.

ARTICLE IV.

Dissolution

This corporation may be dissolved in accordance with the laws of the State of Tennessee. Upon dissolution of this corporation any surplus property remaining after the payment of its debts shall be disposed of by transfer to one or more corporations, associations, institutions, trusts, community chests or foundations organized and operated exclusively for one or more of the purposes of this corporation, or to the State of Tennessee or any political subdivision or agency thereof for exclusively public purposes, in such proportions as the Board of Directors of this corporation shall determine, and in accordance with the statutes of the State of Tennessee applicable to dissolution.

ARTICLE V.

Public Benefit

This shall be a public benefit corporation.

ARTICLE VI.

Perpetual

The period of duration of this corporation shall be perpetual.

ARTICLE VII.

Registered Office

The initial registered office of this corporation shall be located at 172 Second Avenue North, Nashville, Davidson County, Tennessee 37201 and the initial registered agent at such office shall be Gerald F. Nicely.

ARTICLE VIII.

Incorporator

The name and address of the incorporators, each of whom is a natural person of full age are:

<u>NAME</u>	<u>ADDRESS</u>
Mr. Robert McNeilly	First American National Bank First American Center Nashville, TN 37237-0609
Mrs. Carleen B. Waller	Metropolitan Development and Housing Agency 2204 Eighth Avenue South Nashville, TN 37204
Mr. Todd Christofferson	Sovran Bank/Central South One Commerce Place Nashville, TN 37219

Mr. Gerald F. Nicely Metropolitan Development and Housing Agency
P.O. Box 846
Nashville, Tn 37202

Mr. Mark Thompson South Nashville Action People
1224 Martin Street
Nashville, TN 37203

Mrs. Fletch Coke St. Luke's Housing Programs, Inc.
5612 South Stanford Court
Nashville, TN 37215

Mr. Thomas Epperson Buena Vista Citizens Advisory
Committee
1710 Cass Street
Nashville, TN 37208

Ms. Della Hughes United Way of Middle Tennessee
250 Venture Circle
Nashville, TN 37228

Councilman Willis McCallister 935 34th Avenue North
Nashville, TN 37209

ARTICLE IX.

Principal Office

The principal office of the corporation shall be 172 Second Avenue North, Nashville, Tennessee 37201.

ARTICLE X.

Capital Stock

The corporation shall have no capital stock.

ARTICLE XI.

Board of Directors

The Board of Directors shall consist of no fewer than nine (9) persons and no more than fifteen (15) persons. The Board shall be

a classified board with the Directors divided into three (3) classes, each of which shall have an equal number of members. The tenure in office of each member of a respective class shall be three (3) years and all classes shall end on December 31 of each year. Each member shall serve until the end of his or her tenure or until his or her successor is elected and has qualified.

For the purpose of providing for the structure of tenure of the Directors, the class of 1992 shall consist of at least three (3) members, but no more than five (5) members. The class of 1993 shall consist of at least three (3) members, but no more than five (5) members. The class of 1994 shall consist of at least three (3) members, but no more than five (5) members.

ARTICLE XII.

Election of Directors

The Board of Directors shall be chosen in the following manner. No more than one-third (1/3) of the Board of Directors shall be appointed by or consist of members of the Metropolitan Development and Housing Agency of Metropolitan Nashville, Davidson County, Tennessee (hereinafter "MDHA"), the Metropolitan Mayor of Nashville, Davidson County, Tennessee, or any other governmental body. The remaining two-thirds of the members the Board shall be appointed by United Way of Middle Tennessee (hereinafter called "United Way").

The initial Directors shall be considered appointed upon delivery of written notice of such appointment by Incorporator.

Any Directorship which becomes vacant for any reason, and the successors to each Directorship, at the end of its term, shall be appointed by an appropriate motion or resolution made at a regularly scheduled meeting of the Directors, by the entity appointing the Director who is being replaced, so that a replacement for a Director appointed by MDHA would be appointed by MDHA, a replacement for a Director appointed by United Way would be appointed by United Way, and a replacement for a Director appointed by the Mayor would be appointed by the Mayor.

ARTICLE XIII.

Indemnification

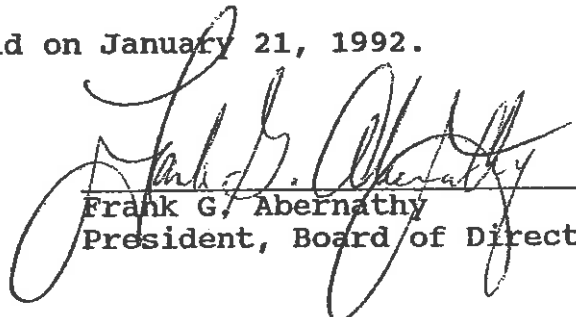
The corporation shall have the right to indemnify and insure Directors and Officers to the extent approved by law.

ARTICLE XIV.

Amendment

This Charter may be amended by the affirmative vote of a simple majority of the members of the Board of Directors.

This Amended and restated Articles of Incorporation was adopted by a unanimous vote of the Board of Directors at its regularly scheduled meeting held on January 21, 1992.



Frank G. Abernathy
President, Board of Directors

FILED

RECEIVED
SECRETARY OF STATE

SEP 10 1997

97 SEP 10 **ARTICLES OF AMENDMENT TO THE CHARTER**

CORPORATE CONTROL NUMBER (IF KNOWN) 0216829

PURSUANT TO THE PROVISIONS OF SECTION 48-60-105 OF THE TENNESSEE NONPROFIT CORPORATION ACT, THE UNDERSIGNED CORPORATION ADOPTS THE FOLLOWING AMENDMENT TO ITS CHARTER:

AMENDMENT IS TO BE EFFECTIVE WHEN FILED BY THE SECRETARY OF STATE.
 AMENDMENT IS TO BE EFFECTIVE, 7 9 97
MONTH DAY YEAR

(NOT TO BE LATER THAN THE 90TH DAY AFTER THE DATE THIS DOCUMENT IS FILED.) IF NEITHER BLOCK IS CHECKED, THE AMENDMENT WILL BE EFFECTIVE AT THE TIME OF FILING.

1. PLEASE INSERT THE NAME OF THE CORPORATION AS IT APPEARS ON RECORD:
AFFORDABLE HOUSING OF NASHVILLE, INC.

IF CHANGING THE NAME, INSERT THE NEW NAME ON THE LINE BELOW:
AFFORDABLE HOUSING RESOURCES, INC.

2. PLEASE INSERT ANY CHANGES THAT APPLY:
A. PRINCIPAL ADDRESS: (street) SAME

(city) (state) (zip code)

B. REGISTERED AGENT: E.D. LATIMER

C. REGISTERED ADDRESS: (street) 212 CAPITAL BLVD.

NASHVILLE TN 37219 DAVIDSON
(city) (state) (zip code) (county)

D. OTHER CHANGES:

3. THE CORPORATION IS A NONPROFIT CORPORATION.

4. THE MANNER (IF NOT SET FORTH IN THE AMENDMENT) FOR THE IMPLEMENTATION OF ANY EXCHANGE, RECLASSIFICATION, OR CANCELLATION OF MEMBERSHIPS IS AS FOLLOWS:

5. THE AMENDMENT WAS DULY ADOPTED ON 7 9 97 BY:
MONTH DAY YEAR

(NOTE: PLEASE MARK THE BLOCK THAT APPLIES)

THE INCORPORATORS WITHOUT MEMBERS' APPROVAL, AS SUCH WAS NOT REQUIRED.
 THE BOARD OF DIRECTORS WITHOUT MEMBERS' APPROVAL, AS SUCH WAS NOT REQUIRED.
 THE MEMBERS.

6. INDICATE WHICH OF THE FOLLOWING STATEMENTS APPLIES BY MARKING THE APPLICABLE BLOCK:

ADDITIONAL APPROVAL FOR THE AMENDMENT (AS PERMITTED BY SECTION 48-60-301 OF THE TENNESSEE NONPROFIT CORPORATION ACT) WAS NOT REQUIRED.

ADDITIONAL APPROVAL FOR THE AMENDMENT WAS REQUIRED BY THE CHARTER AND WAS OBTAINED.

EXECUTIVE DIRECTOR
SIGNER'S CAPACITY

E.D. Latimer
SIGNATURE

E.D. LATIMER
NAME OF SIGNER (TYPED OR PRINTED)

RECEIVED
OFFICE OF CLERK

97 SEP 10 PM 2:52

AMENDMENTS TO ARTICLES OF INCORPORATION
which were originally filed May 21, 1992.

SECRETARY OF STATE

ARTICLE I

The name of this corporation shall be:

Affordable Housing Resources, Inc.

ARTICLE XII

Election of Directors

The Board of Directors shall be chosen in the following manner. The Directors will originally consist of Directors from the two affiliating entities, Affordable Housing of Nashville, Inc. (AHN) and The Resource Foundation, Inc. (TRF). There will be four members from each (AHN & TRF) and a ninth director will be appointed by the initial eight Directors. Hereafter, the Directors will be self appointing.

The Directors composition shall follow the guidelines for a Community Housing Development Organization (CHDO) as defined by the HOME regulations of the Department of Housing and Urban Development, as amended from time to time.

Any Directorship which becomes vacant for any reason, and the successor to each Directorship at the end of its term, shall be appointed by the appropriate motion or resolution made at a regularly scheduled meeting of the Directors, by any Director and the consenting vote of a simple majority of the Directors.

ARTICLES OF AMENDMENT
TO THE CHARTER
OF
AFFORDABLE HOUSING RESOURCES, INC.

RECEIVED
STATE OF TENNESSEE
FILED
2006 JUN -8 PM 1:55
RILEY DANIELL
SECRETARY OF STATE

Pursuant to the provisions of Section 48-60-101, *et seq.* of the Tennessee Nonprofit Corporation Act (the "Act"), Affordable Housing Resources, Inc., a Tennessee nonprofit corporation, adopts the following articles of amendment to its Charter:

5809-2452

1. The name of the corporation is Affordable Housing Resources, Inc. (the "Corporation").
2. The first paragraph of Article II of the Charter is hereby deleted in its entirety and the following paragraph is inserted in lieu therefore:

"These purposes may be performed by the Corporation directly or may be performed by corporations or other entities directly controlled by the Corporation. The corporation is formed for charitable, educational and scientific purposes, with its primary purpose being to promote the development of adequate housing for low and moderate income people in the metropolitan area of and adjacent to the City of Nashville, Tennessee, and in the State of Tennessee, and to further social welfare through the relief of the poor and distressed, lessen the burdens of government, combat community deterioration and lessen neighborhood tensions, and stabilize communities and neighborhoods by, including, but without limiting the generality of the foregoing."

3. The following subparagraphs are added to Article II of the Charter after subparagraph (f):

(g) To lessen the burdens of government by providing affordable housing to persons of moderate incomes and providing such housing in areas of community deterioration.

(h) To combat community deterioration and lessen neighborhood tensions through the development, ownership, operation, management, financing, and sale of mixed income housing and mixed use developments.

These purposes may be performed by the Corporation directly or may be performed by corporations or other entities directly controlled by the Corporation.

4. The Corporation does not have members, so approval of the members is not required.

5. The amendment does not require the approval of any other person, including a person whose approval is required under Section 48-60-501 of the Act, other than the Board of Directors of the Corporation.

6. The amendment was duly adopted by written consent of the Board of Directors of the Corporation on May 8, 2006.

7. The amendment is to be effective when these articles are filed by the Secretary of State.

Dated: June 7, 2006



E. D. Latimer, Executive Director

5906-2423

ARTICLES OF AMENDMENT
TO THE CHARTER
OF
AFFORDABLE HOUSING RESOURCES, INC.

RECEIVED
STATE OF TENNESSEE
2007 MAY 25 AM 9:49
RILEY DARNELL
SECRETARY OF STATE

Pursuant to the provisions of Section 48-60-101, *et seq.* of the Tennessee Nonprofit Corporation Act (the "Act"), Affordable Housing Resources, Inc., a Tennessee nonprofit corporation, adopts the following articles of amendment to its Charter, which supersede the articles of amendment filed on June 8, 2006:

5060.2405

1. The name of the corporation is Affordable Housing Resources, Inc. (the "Corporation").

2. The first paragraph of Article II of the Charter is hereby deleted in its entirety and the following paragraph is inserted in lieu therefore:

"These purposes may be performed by the Corporation directly or may be performed by corporations or other entities directly controlled by the Corporation. The corporation is formed for charitable, educational and scientific purposes, with its primary purpose being to promote the development of adequate housing for low and moderate income people in the metropolitan area of and adjacent to the City of Nashville, Tennessee, and in the State of Tennessee, and to further social welfare through the relief of the poor and distressed, lessen the burdens of government, combat community deterioration and lessen neighborhood tensions, and stabilize communities and neighborhoods by, including, but without limiting the generality of the foregoing:"

3. The following subparagraphs are added to Article II of the Charter after subparagraph (f):

(g) To lessen the burdens of government by providing affordable housing to persons of low and moderate incomes and providing such housing in areas of community deterioration.

(h) To combat community deterioration and lessen neighborhood tensions through the development, ownership, operation, management, financing, and sale of mixed income housing and mixed use developments.

These purposes may be performed by the Corporation directly or may be performed by corporations or other entities directly controlled by the Corporation.

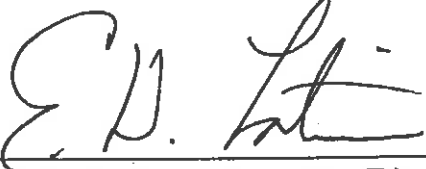
4. The Corporation does not have members, so approval of the members is not required.

5. The amendment does not require the approval of any other person, including a person whose approval is required under Section 48-60-301 of the Act, other than the Board of Directors of the Corporation.

6. The amendment was duly adopted by the Board of Directors of the Corporation on June 8, 2006

7. The amendment is to be effective when these articles are filed by the Secretary of State.

Dated: May 25, 2007



E. D. Latimer, Executive Director

6060.2407

Internal Revenue Service
Director, Exempt Organizations
Rulings and Agreements

Department of the Treasury
P.O. Box 2508
Cincinnati, Ohio 45201

Date:

OCT 17 2007

Affordable Housing Resources, Inc.
c/o Brett Carter
511 Union St., #2700
Nashville, TN 37219

Person to Contact:

Chadwick A. Kowalczyk
ID# 31-08488

Contact Telephone Numbers:

877-829-5500 Phone

Federal Identification Number:

58-1857324

Dear Taxpayer:

Thank you for the information recently submitted regarding your amendment to your Charter. We have made it part of your file.

Please let us know about any future changes in the character, purposes, method of operation, name or address of your organization. This is a requirement for retaining your exempt status.

Thank you for your cooperation.

Sincerely,



Robert Choi
Director, Exempt Organizations
Rulings and Agreements

AMENDED AND RESTATED BYLAWS
OF
AFFORDABLE HOUSING RESOURCES, INC.

ARTICLE 1
Name and Office

The name of this Corporation is AFFORDABLE HOUSING RESOURCES, INC. The principal office of this Corporation is located at 1011 Cherry Street, Nashville, Davidson County, Tennessee 37203. The Corporation may have offices at such other places, either within or without the State of Tennessee.

ARTICLE 2
Purpose

The Corporation was formed for charitable, educational, and scientific purposes, with its primary objective being to promote the development of adequate housing for low and moderate income people in the metropolitan area of Nashville, Tennessee, and throughout the State of Tennessee, including, but without limiting the generality of the foregoing:

1. To promote community development through the rehabilitation and construction of affordable housing and building neighborhoods.
2. To provide planning, designing, financing, processing, construction, sale, and management for new and rehabilitated housing.
3. To promote research and development of new methods of constructing and financing housing.
4. To provide technical support and encouragement to other persons and entities who undertake similar activities.
5. To provide activities, information, and resources targeted to home ownership, credit enhancement, and other counseling services related to obtaining and preserving home

ownership.

6. To provide financing initiatives, develop an equity fund for such purposes as down payment and closing costs assistance, and other related activities.
7. To provide relief of the poor and distressed, lessen the burdens of government, combat community deterioration and lessen neighborhood tensions, and stabilize communities and neighborhoods.
8. To do all other activities allowed and permitted for a nonprofit corporation under the laws of the State of Tennessee.

ARTICLE 3

Directors

(a) The business and property of the Corporation shall be managed and controlled by a Board of Directors. The Board of Directors serving in office shall serve until the next annual meeting of the Board or until their elected term has expired, or until the election and qualification of their respective successors, except as hereinafter otherwise provided for filling vacancies. The Board of Directors shall have the power to establish advisory committees as they deem needed.

(b) The Chairman shall be elected annually by the Board of Directors from among their number.

(c) The Chairman shall preside at all meetings of the Board of Directors.

(d) At the request of the Chairman, or in the event of his or her absence or disability, an acting chair shall be appointed by a majority of the members present to perform the duties and powers and exercise the powers of the Chairman. To the extent authorized by law, the acting chair shall have such other powers as the Board of Directors may determine and shall perform such other duties as may be assigned to him or her by the Board of Directors.

(e) The number of Directors shall not be less than nine nor more than fifteen. Such number may be increased or decreased by amendment to these Bylaws, in the manner set forth in Article 11. When the number of Directors is decreased by amendment adopted by the Board of Directors, each Director in office shall serve until his or her term expires, or until his or her resignation or removal as herein provided. The Corporation is not a membership organization.

(f) Directors shall be divided into three classes with each class consisting of no more than one-third of the persons on the Board of Directors. Directors in each class shall be elected every third year and serve for a three (3) year term. Directors may serve successive terms.

(g) Any Director may resign at any time by giving written notice of such resignation to the Board of Directors. Directors may be removed from office by an affirmative vote of eighty percent (80%) of the members of the Board. Directors alleged by authorities to have committed crimes of moral turpitude may be removed by a majority vote of the Board members. Directors are automatically removed without a vote by failing to attend three consecutive meetings without just cause or excuse.

(h) Any vacancy in the Board of Directors occurring during the year, including a vacancy created by an increase in the number of Directors made by the Board of Directors, may be filled for the unexpired portion of the term by the Directors then serving, although less than a quorum, by affirmative vote of the majority thereof. Any Director so elected by the Board of Directors shall hold office until the next succeeding annual meeting of the Board of Directors of the Corporation, until the elected term has expired, or until the election and qualification of a successor.

(i) The annual meeting of the Board of Directors of the Corporation shall be held at any place within or without the State of Tennessee at a time and on a date determined by the Executive

Director, for the purpose of electing Directors and officers for the next succeeding year, and for the transaction of such other business as may properly come before the meeting.

(j) Notice of the time, place, and purpose or purposes of the annual meeting shall be served, either personally, by mail, or by facsimile, not less than three nor more than forty (40) days before the meeting upon each person who is then serving as a Director.

(k) Special meetings of the Board of Directors may be called by the Chairman, and twenty four (24) hour notice shall be given by email, telephone, or facsimile to all Directors.

(l) Notice of all Directors' meetings, except as herein otherwise provided, shall be given by mail to the same at least three days or by telephone, email, or facsimile to the same at least one day before the meeting to the usual business or residence address of the Director, but such notice may be waived by any Director. Regular meetings of the Board of Directors may be held without notice at such time and place as shall be determined by the Board. At any meeting at which every Director shall be present, even though without any notice or waiver thereof, any business may be transacted.

(m) At all meetings of the Board of Directors, the Chairman, or in his or her absence an acting chairman chosen by the Directors present, shall preside.

(n) At all meetings of the Board of Directors, or any Committee thereof, a majority of the Directors or committee members present shall be sufficient to constitute a quorum for the transaction of business, and the act of a majority of the Directors, or committee members present at any meeting at which there is a quorum shall be the act of the Board of Directors or the committee except as may be otherwise specifically provided by statute or by these Bylaws. A Board member may appoint a proxy in writing, email or facsimile to attend any meeting and vote in his or her

behalf. The Executive Director shall not have a vote.

(o) The Directors and officers of the Corporation may be interested directly or indirectly in any contract relating to or incidental to the operations conducted by the Corporation and may freely make contracts, enter transactions, or otherwise act for and on behalf of the Corporation, notwithstanding that they may also be acting as individuals, or as trustees of trusts, or as agents for other persons or corporations, or may be interested in the same matters as shareholders, directors, or otherwise; provided, however, that any contract, transaction, or act on behalf of the Corporation in a matter in which the Directors or officers are personally interested as shareholders, directors, or otherwise shall be at arm's length and not violate the provisions of the Charter or the laws of the State of Tennessee against the Corporation's use or application of its funds for private benefit; and provided further that no contract, transaction, or act shall be taken on behalf of the Corporation if such contract, transaction, or act is a prohibited transaction, or would result in the denial of the tax exemption under Section 503 or Section 507 of the Internal Revenue Code and its Regulations as they now exist or as they may hereafter be amended. In no event, however, shall any person or other entity dealing with the Directors or officers be obligated to inquire into the authority of the Directors and officers to enter into and consummate any contract, transaction, or other action.

(p) Directors shall not receive any stated salary for their services as a Director, but by resolution of the Board a fixed reasonable sum of expenses of attendance, if any, or both, may be allowed for attendance at each regular or special meeting of the Board. The Board of Directors shall have power in its discretion to contract for and to pay to Directors rendering unusual or exceptional services to the Corporation special compensation appropriate to the value of such services.

(q) All the corporate powers, except such as are otherwise provided for in these Bylaws

and in the laws of the State of Tennessee, shall be and are hereby vested in and shall be exercised by the Board of Directors. In addition to the powers and authority vested in the Executive Committee as established in Article 6 below, the Board of Directors may by general resolution delegate to committees of their own number, to the Executive Committee, or to officers of the Corporation, such powers as they may see fit.

ARTICLE 4

Officers

(a) The officers of the Corporation shall be the Executive Director, Secretary, Treasurer, and such other officers with such powers and duties not inconsistent with these Bylaws as may be appointed and determined by the Board of Directors. Any two officers may be held by the same person except those of Executive Director and Secretary.

(b) The other officers shall be elected annually by the Board of Directors from among such persons as the Board of Directors may see fit, at the annual meeting of the Board of Directors.

(c) In case any office of the Corporation becomes vacant by death, resignation, retirement, disqualification, or any other cause, the majority of the Directors then in office, although less than a quorum, may elect an officer to fill such vacancy, and the officer so elected shall hold office and serve until the term is expired, the first meeting of the Board of Directors after the annual meeting next succeeding or until the election and qualification of a successor.

(d) The Executive Director shall have and exercise general charge and supervision of the affairs of the Corporation and shall do and perform such other duties as may be assigned to the Executive Director by the Board of Directors.

(e) The Secretary shall have charge of such books, documents, and papers as the Board of Directors may determine. He or she shall attend and oversee keeping the minutes of all meetings of the Board of Directors of the Corporation. He or she may sign with the Chairman or acting chairman, in the name and on behalf of the Corporation, any contracts or agreements authorized by the Board of Directors or Executive Committee. He or she shall, in general, perform all the duties incident to the office of secretary, subject to the control of the Board of Directors and Executive Committee, and shall do and perform such other duties as may be assigned to him or her by the Board of Directors or the Executive Committee.

(f) The Treasurer shall report on all funds, property, and securities of the Corporation, subject to such regulations as may be imposed by the Board of Directors. The Treasurer, or any other officer of the Corporation, may be required to give bond for the faithful performance of his or her duties, in such sum and with such sureties as the Board of Directors may require. Such officer or officers as designated by the Board of Directors shall sign all checks of the Corporation and promissory notes issued by the Corporation, except in cases where the signing and execution thereof shall be expressly designated by the Board of Directors or by these Bylaws to some other officer or agent of the Corporation. The Treasurer shall report on the books of the Corporation for the purpose of full and accurate account of all money and obligations received and paid or incurred by him for or on account of the Corporation. The Treasurer shall, in general, perform all the duties incident to the office of treasurer, subject to the control of the Board of Directors.

(g) Any officer may be removed from office by an affirmative vote of eighty percent (80%) or more of the Directors present at any regular or special meeting called for that purpose, for conduct detrimental to the interests of the Corporation, for lack of sympathy with its objectives, or

for refusal to render reasonable assistance in carrying out its purposes.

ARTICLE 5

Executive Committee

(a) The Executive Committee assists the Executive Director and Board of Directors. The Executive Committee shall consist of those persons selected and approved by the Board of Directors. The initial Executive Committee shall consist of the former Chairman, the current Chairman, the chairs of the Finance Committee, Governing Committee, and Stakeholder Committee, and the Executive Director (who is non-voting).

(b) Notice of Executive Committee meetings, except as herein otherwise provided, shall be given to the same by mail, phone, email or fax at least one (1) day before the meeting to the usual business or residence address of the Committee member, but such notice may be waived by any Committee member.

(c) Special meetings of the Executive Committee may be called by the Chairman or Vice-Chairman and twenty-four (24) hour notice shall be given by telephone, email, or facsimile to each Committee member.

(d) At all meetings of the Executive Committee, a majority of those present shall constitute a quorum for the transaction of business and the act of a majority of the Committee members present at any meeting at which there is a quorum shall be the act of the Executive Committee except as may be otherwise specifically provided by statute or by these bylaws. An Executive Committee member may appoint a proxy in writing or facsimile to attend any meeting and vote in his or her behalf.

(e) As delegated by the Board of Directors, the Executive Committee shall oversee the daily operations, including personnel, of the Corporation. The Committee shall solicit input, direction and advice from other members of the Board of Directors and shall update the Board of Directors on a periodic basis of actions and decisions of the Executive Committee.

ARTICLE 6

Other Committees

(a) Other Committees. The Board of Directors may, by resolution adopted by a majority of the Directors then in office (provided a quorum is present), create such other committees, each consisting of one (1) or more Directors appointed by the Board, as it may from time to time deem advisable to perform such general or special duties as may from time to time be delegated to any such committee by the Board of Directors, subject to the limitations contained in the Tennessee Nonprofit Corporation Act, or imposed by the Charter, or by these Bylaws. The Board of Directors may not delegate to a committee the decision to borrow money, to enter into a merger or acquisition, to sell any substantial asset, or to sell any asset for less than fair value. The Board of Directors may designate one or more Directors as alternate members of any committee, who may replace any absent member at any meeting of the committee.

(b) Minutes and Reports. Each committee shall keep regular minutes of its proceedings, which shall be filed with the Secretary. All action by any committee shall be reported to the Board of Directors at the next meeting thereof, and, insofar as rights of third parties shall not be affected thereby, shall be subject to revisions and alteration by the Board of Directors.

(c) Meetings. Except as otherwise provided in these Bylaws or by resolution of the Board of Directors, each committee shall adopt its own rules governing the time and place of holding

and the method of calling its meetings and the conduct of its proceedings and shall meet as provided by such rules, and it shall also meet at the call of any member of the committee. Unless otherwise provided by such rules or by resolution of the Board of Directors, committee meetings shall be governed by Article III of these Bylaws.

(d) Term of Office of Committee Members. Each committee member shall serve at the pleasure of the Board of Directors but not to exceed three (3) years.

(e) Advisory Councils. The Corporation may from time to time establish one or more Advisory Council(s) to provide such assistance to the Corporation as may be requested by the Corporation. Any such Advisory Council(s) shall have no rights, powers of responsibility with respect to the Corporation. A member of any such Advisory Council(s) may, however, undertake specific projects for the Corporation as may be mutually determined by the Corporation and such member.

ARTICLE 7

Fiscal Policies

(a) The Corporation shall adopt a calendar year, from January 1 to December 31, for its accounting and record keeping purposes.

(b) The Board of Directors is empowered to request an accounting at any time by a majority vote and may set the policy of all financial matters pertaining to the operation of the Corporation.

(c) The Board of Directors shall maintain and preserve the principal of the assets held in this Corporation from time to time in order that the net income to be derived therefrom shall be

devoted and applied exclusively for the purposes described above, or for any related activities within the scope of the purpose of this organization.

(d) Subject to the approval of, and acceptance by the Board of Directors, any other person or entity may transfer and deliver any kind of property, real or personal, tangible or intangible, to the Board of Directors, their successors and assigns, by deed, assignment, or will, and such property shall be held, managed, and disposed of in accordance with the provisions of this Corporation.

(e) Once the principal of the Corporation reaches an amount deemed appropriate by the Board of Directors for special investment direction, there shall be established a committee of the Board of Directors known as the Investment Advisory Council. The Investment Advisory Council shall consist of three (3) members (who may include persons who are not members of the Board of Directors), all of whom shall be elected by the Board of Directors, and at least (1) of whom shall be a member of the Board of Directors. Initially, one member shall be elected for a one (1) year term, one elected for a two (2) year term, and one elected for a three (3) year term, and thereafter, each member shall serve a two (2) year term. A member may be elected to successive terms, but no member may serve for more than six (6) consecutive years. In the event of the resignation, death, or removal of any member of the Council, or in the event the office of a Council member becomes vacant for any reason, the Board of Directors shall elect a successor to fill such vacancy. The Board of Directors shall appoint one of the members to serve as Chairperson of the Council for a one (1) year term. The Chairperson may be elected to successive terms, but no member may serve for more than two (2) consecutive years as Chairperson. In the event of the resignation, death, or removal of the Chairperson, or in the event the office of the Chairperson becomes vacant for any reason, the Board of Directors shall appoint a successor Chairperson. The duties of the Investment Advisory

Council shall be to:

- (1) supervise the investment of the fund with emphasis on producing income consistent with preserving the principal of the fund;
- (2) retain an investment counselor, if they deem it necessary, and determine such person's compensation;
- (3) maintain specific records of the investment of the fund;
- (4) make quarterly and annual reports to the Board of Directors;
- (5) report to the Board of Directors annually the amount of net income derived from investment of the principal; and
- (6) carry out such other responsibilities as may be directed from time to time by the Board of Directors.

ARTICLE 8

Prohibition Against Sharing in Corporation Earnings

No director, officer, employee, or any other person connected with the Corporation, or any other private individual shall receive at any time any of the net earnings or pecuniary profit from the operations of the Corporation, provided that this shall not prevent the payment to any person of reasonable compensation for services rendered to or for the Corporation in effecting any of its purposes as shall be fixed by the Board of Directors; and no such person or persons shall be entitled to share in the distribution of any of the corporate assets upon the dissolution of the Corporation. Upon such dissolution or winding up of the affairs of the Corporation, whether voluntary or involuntary, the assets of the Corporation, after all debts have been satisfied, then remaining in the hands of the Board of Directors shall be distributed, transferred, conveyed, delivered, and paid over, in such amounts as the Board of Directors may determine exclusively to charitable, religious, scientific, testing for public safety, literary, or educational organizations which would then qualify under the provisions of Section 501(c)(3) of the Internal Revenue Code and its Regulations as they now exist or as they may hereafter be amended. No director shall be personally liable for the debts

of the Corporation.

ARTICLE 9

Investments

The Corporation shall have the right to retain all or any part of any securities or property acquired by it in whatever manner and to invest and reinvest any funds held by it, according to the judgment of the Board of Directors, provided, however, that no action shall be taken by or on behalf of the Corporation if such action is a prohibited transaction or would result in the denial of the tax exemption under Section 503 or Section 507 of the Internal Revenue Code and its Regulations as they now exist or as they may hereafter be amended.

ARTICLE 10

Exempt Activities

Notwithstanding any other provision of these Bylaws, no director, officer, employee, or representative of this Corporation shall take any action or carry on any activity by or on behalf of the Corporation not permitted to be taken or carried on by an organization exempt under Section 501(c)(3) of the Internal Revenue Code and its Regulation as they now exist or as they may hereafter be amended, or by an organization to which contributions are deductible under Section 170(c)(2) of such Code and Regulations as they now exist or as they may hereafter be amended.

ARTICLE 11

Conflicts of Interest

- (a) Purpose The purpose of the conflict of interest policy is to protect the interests of

the Corporation when it is contemplating entering into a transaction or arrangement that might potentially benefit the private interest of an officer or director of the Corporation or might result in a possible excess benefit transaction. This policy is intended to supplement but not replace any applicable state and federal laws governing conflict of interest applicable to nonprofit and charitable Corporations.

(b) Definitions As used in these Bylaws, the following terms shall be defined to be interpreted as follows:

1. *Interested Person*: Any director, officer, or committee member of the Corporation who is delegated powers, who has a direct or indirect financial interest, as defined below, is an interested person.
2. *Financial Interest*: A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:
 - (i) An ownership or investment interest in any entity with which the Corporation has a transaction or arrangement,
 - (ii) A compensation arrangement with the Corporation or with any entity or individual with which the Corporation has a transaction or arrangement, or
 - (iii) A potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which the Corporation is negotiating a transaction or arrangement.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial.

A financial interest is not necessarily a conflict of interest.

Under Section (b), Item 2, a person who has a financial interest may have a conflict of interest only if the appropriate Board of Directors or committee decides that a conflict of interest exists.

(c) Procedures.

1. *Duty to Disclose:* In connection with any actual or possible conflict of interest, an interested person must disclose the existence of the financial interest and be given the opportunity to disclose all material facts to the directors and members of committees with Board of Directors delegated powers considering the proposed transaction or arrangement.
2. *Determining Whether a Conflict of Interest Exists:* After disclosure of the financial interest and all material facts, and after any discussion with the interested person, he/she shall leave the Board of Directors or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.
3. *Procedures for Addressing the Conflict of Interest:*
 - (i) An interested person may make a presentation at the Board of Directors or committee meeting, but after the presentation, he/she shall leave the meeting during the discussion of, and the vote on, the transaction or arrangement involving the possible conflict of interest.
 - (ii) The chairperson of the Board of Directors or committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement.
 - (iii) After exercising due diligence, the Board of Directors or committee shall determine whether the Corporation can obtain with reasonable efforts a more advantageous transaction or arrangement from a person or entity that would not give rise to a conflict of interest.
 - (iv) If a more advantageous transaction or arrangement is not reasonably possible under circumstances not producing a conflict of interest, the Board of Directors or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in the Corporation's best interest, for its own benefit, and whether it is fair and reasonable. In conformity with the above determination it shall make its decision as to whether to enter into the transaction or arrangement.
4. *Violations of the Conflicts of Interest Policy:*
 - (i) If the Board of Directors or committee has reasonable cause to

believe a member has failed to disclose actual or possible conflicts of interest, it shall inform the member of the basis for such belief and afford the member an opportunity to explain the alleged failure to disclose.

- (ii) If, after hearing the member's response and after making further investigation as warranted by the circumstances, the Board of Directors or committee determines the member has failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

(d) Records of Proceedings The minutes of the Board of Directors and all committees with board delegated powers shall contain:

1. The names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the Board of Directors's or committee's decision as to whether a conflict of interest in fact existed.
2. The names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

(e) Compensation.

1. A voting member of the Board of Directors who receives compensation, directly or indirectly, from the Corporation for services is precluded from voting on matters pertaining to that member's compensation.
2. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Corporation for services is precluded from voting on matters pertaining to that member's compensation.
3. No voting member of the Board of Directors or any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from the Corporation, either individually or collectively, is prohibited from providing information to any committee regarding compensation.

(f) Annual Statements. Each director, officer, and member of a committee to which the Board of Directors delegated powers shall annually sign a statement which affirms such person:

1. Has received a copy of the conflicts of interest policy.
2. Has read and understands the policy.
3. Has agreed to comply with the policy.
4. Understands the Corporation is charitable and educational, and in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

(g) Periodic Reviews. To ensure the Corporation operates in a manner consistent with charitable purposes and does not engage in activities that could jeopardize its tax-exempt status, periodic reviews shall be conducted. The periodic reviews shall, at a minimum, include the following subjects:

1. Whether compensation arrangements and benefits are reasonable, based on competent survey information, and the result of arm's length bargaining.
2. Whether partnerships, joint ventures, and arrangements with management Corporations conform to the Corporation's written policies, are properly recorded, reflect reasonable investment or payments for goods and services, further charitable purposes and do not result in inurement, impermissible private benefit or in an excess benefit transaction.

(h) Use of Outside Experts. When conducting the periodic reviews as provided for in this Article 11, the Corporation may, but need not, use outside advisors. If outside experts are used, their use shall not relieve the Board of Directors of its responsibility for ensuring periodic reviews are conducted.

ARTICLE 12

Indemnification of Directors and Officers

(a) Indemnification by Corporation.

1. For the purpose of this Article 12, "agent" means any person who is or was

a director, officer, employee or other agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee, or agent of another foreign or domestic corporation, partnership, joint venture, trust or other enterprise, or was a director, officer, employee or agent of a foreign or domestic corporation which was a predecessor corporation of the Corporation or of another enterprise at the request of such predecessor corporation; “proceeding” means any threatened, pending, or completed action or proceeding, whether civil, criminal, administrative, or investigative; and “expenses” includes without limitation attorneys’ fees and any expenses of establishing a right to indemnification under Sub-Paragraph (2) or Sub-Paragraph (3) of this Article 12, Paragraph (a).

2. The Corporation shall, to the fullest extent permitted by law, indemnify any person who was or is a party or is threatened to be made a party to any proceeding by reason of the fact that such person is or was an agent of the Corporation, against expenses, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with such proceeding.
3. In the event entitlement to indemnification is required by law to be based upon a determination by the Board of Directors that the agent has met the standards of conduct prescribed by law, the agent may select which body shall, or that both bodies shall, make such determination, and such body shall meet and shall reach a determination on the issue within a reasonable period of time after request for such body to meet is received by the Corporation from the agent.
4. To the extent that an agent of the Corporation has been successful on the merits in defense of any proceedings referred to in Subparagraphs 2 and 3 above, or in defense of any claim, issue or matter therein, the agent shall be indemnified against expenses actually and reasonably incurred by the agent in connection therewith.
5. Except as provided in Subparagraph 4 above, any indemnification under this Article 12 shall be made by the Corporation only if authorized in the specific case, under a determination that indemnification of the agent is proper in the circumstances because the agent has met the applicable standard of conduct set forth in Subparagraphs 2 and 3 above, by:
 - (i) A majority vote of a quorum consisting of Directors who are not parties to such proceeding;
 - (ii) The court in which such proceeding is or was pending upon

application made by the Corporation or the agent or the attorney or other person rendering services in connection with the defense, whether or not such application by the agent, attorney, or other person is opposed by the Corporation.

6. No indemnification or advance shall be made under this Article II, except as provided in Subparagraph 4 or Subparagraph 5 above, in any circumstance where it appears:

- (i) That it would be inconsistent with a provision of the Charter, the Bylaws, a resolution of the Board of Directors or an agreement in effect at the time of the accrual of the alleged cause of action asserted in the proceeding in which the expenses were incurred or other amounts were paid, which prohibits or otherwise limits indemnification; or
- (ii) That it would be inconsistent with any condition expressly imposed by a court in approving a settlement.

(b) Advancing Expenses. The Corporation may advance to each agent the expenses incurred in defending any proceeding referred to in Article 12 of these Bylaws prior to the final disposition of such proceeding upon receipt of an undertaking by or on behalf of the agent to repay such amount unless it shall be determined ultimately that the agent is entitled to be indemnified as authorized in Article 12 of these Bylaws.

(c) Insurance. The Corporation shall have power to purchase and maintain insurance on behalf of any agent of the Corporation against any liability asserted against or incurred by the agent in such capacity or arising out of the agent's status as such whether or not the Corporation would have the power to indemnify the agent against such liability under the provisions of this section; provided, however, that the Corporation shall have no power to purchase and maintain such insurance to indemnify any agent of the Corporation for a violation of laws pertaining to self-dealing transactions.

ARTICLE 13

Amendments

These Bylaws may be amended by a majority vote of the Board of Directors at any special or regular meeting of the Board, provided that written notice of the proposed amendment has been given to all Directors at least one week in advance of the meeting.

Certified as the official Bylaws of AFFORDABLE HOUSING RESOURCES, INC.

Secretary

**Affordable Housing Resources
Documents for 2022 Recertification
HUD Secondary Financing**

1. IRS Tax Exempt Status.

a. IRS Letter of Determination

b. EIN


58-1857324

c. Certification

I certify that:

- Affordable Housing Resources approval for tax exemption has not been modified or revoked by the IRS
- The program activities that Affordable Housing Resources seeks FHA approval to participate in are consistent with the activities and purposes for which the IRS granted tax exempt status.
- There have been no substantial or material changes.

"WARNING: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)."



E. D. Latimer
CEO of AHR

7/19/22

Date



Affordable Housing Resources
Documents for 2018 Recertification
HUD Secondary Financing

1. IRS Tax Exempt Status.

a. IRS Letter of Determination

b. EIN

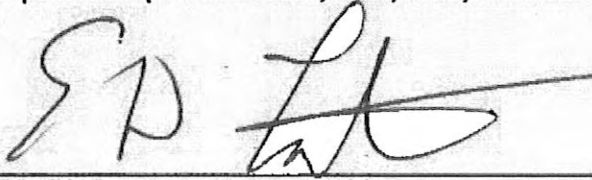
58-1857324

c. Certification

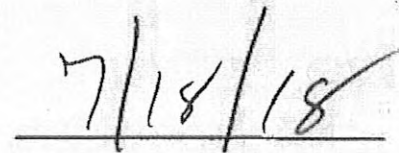
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E. D. Latimer
CEO of AHR



Date

Internal Revenue Service
District Director

Department of the Treasury

C - 1130
ATLANTA, GA 30301

Date: OCT 27 1989

AFFORDABLE HOUSING OF NASHVILLE INC
172 SECOND AVENUE NORTH
NASHVILLE, TN 37219

Employer Identification Number:
58-1857324

Contact Person:
ROBERTA VAN METER

Contact Telephone Number:
(404) 331-4989

Accounting Period Ending:
December 31

Foundation Status Classification:
509(a)(1)

Advance Ruling Period Begins:
June 15, 1989

Advance Ruling Period Ends:
December 31, 1993

Addendum Applies:
No

Dear Applicant:

Based on information supplied, and assuming your operations will be as stated in your application for recognition of exemption, we have determined you are exempt from Federal income tax under section 501(a) of the Internal Revenue Code as an organization described in section 501(c)(3).

Because you are a newly created organization, we are not now making a final determination of your foundation status under section 509(a) of the Code. However, we have determined that you can reasonably be expected to be a publicly supported organization described in sections 509(a)(1) and 170(b)(1)(A)(vi).

Accordingly, you will be treated as a publicly supported organization, and not as a private foundation, during an advance ruling period. This advance ruling period begins and ends on the dates shown above.

Within 90 days after the end of your advance ruling period, you must submit to us information needed to determine whether you have met the requirements of the applicable support test during the advance ruling period. If you establish that you have been a publicly supported organization, you will be classified as a section 509(a)(1) or 509(a)(2) organization as long as you continue to meet the requirements of the applicable support test. If you do not meet the public support requirements during the advance ruling period, you will be classified as a private foundation for future periods. Also, if you are classified as a private foundation, you will be treated as a private foundation from the date of your inception for purposes of sections 507(d) and 4940.

Grantors and contributors may rely on the determination that you are not a private foundation until 90 days after the end of your advance ruling period. If you submit the required information within the 90 days, grantors and contributors may continue to rely on the advance determination until the Service makes a final determination of your foundation status.

Letter 1045(DO/CG)

AFFORDABLE HOUSING OF NASHVILLE INC

If notice that you will no longer be treated as a publicly supported organization is published in the Internal Revenue Bulletin, grantors and contributors may not rely on this determination after the date of such publication. In addition, if you lose your status as a publicly supported organization and a grantor or contributor was responsible for, or was aware of, the act or failure to act, that resulted in your loss of such status, that person may not rely on this determination from the date of the act or failure to act. Also, if a grantor or contributor learned that the Service had given notice that you would be removed from classification as a publicly supported organization, then that person may not rely on this determination as of the date such knowledge was acquired.

If your sources of support, or your purposes, character, or method of operation change, please let us know so we can consider the effect of the change on your exempt status and foundation status. In the case of an amendment to your organizational document or bylaws, please send us a copy of the amended document or bylaws. Also, you should inform us of all changes in your name or address.

As of January 1, 1984, you are liable for taxes under the Federal Insurance Contributions Act (social security taxes) on remuneration of \$100 or more you pay to each of your employees during a calendar year. You are not liable for the tax imposed under the Federal Unemployment Tax Act (FUTA).

Organizations that are not private foundations are not subject to the private foundation excise taxes under Chapter 42 of the Code. However, you are not automatically exempt from other Federal excise taxes. If you have any questions about excise, employment, or other Federal taxes, please let us know.

Donors may deduct contributions to you as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to you or for your use are deductible for Federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522 of the Code.

Contributions are allowable to donors only to the extent that their contributions are gifts, with no consideration received. Ticket purchases and similar payments in conjunction with fundraising events may not necessarily qualify as deductible contributions, depending on the circumstances. See Revenue Ruling 67-246, published in Cumulative Bulletin 1967-2, on page 104, which sets forth guidelines regarding the deductibility, as charitable contributions, of payments made by taxpayers for admission to or other participation in fundraising activities for charity.

You are required to file Form 990, Return of Organization Exempt From Income Tax, only if your gross receipts each year are normally more than \$25,000. However, if you receive a Form 990 package in the mail, please file the return even if you do not exceed the gross receipts test. If are not required to file, simply attach the label provided, check the box in the heading

AFFORDABLE HOUSING OF NASHVILLE INC

to indicate that your annual gross receipts are normally \$25,000 or less, and sign the return.

If a return is required, it must be filed by the 15th day of the fifth month after the end of your annual accounting period. A penalty of \$10 a day is charged when a return is filed late, unless there is reasonable cause for the delay. However, the maximum penalty charged cannot exceed \$5,000 or 5 percent of your gross receipts for the year, whichever is less. This penalty may also be charged if a return is not complete, so please be sure your return is complete before you file it.

You are not required to file Federal income tax returns unless you are subject to the tax on unrelated business income under section 511 of the Code. If you are subject to this tax, you must file an income tax return on Form 990-T, Exempt Organization Business Income Tax Return. In this letter we are not determining whether any of your present or proposed activities are unrelated trade or business as defined in section 513 of the Code.

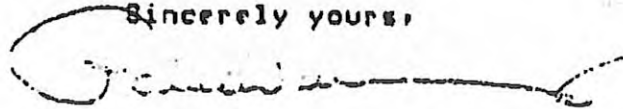
You need an employer identification number even if you have no employees. If an employer identification number was not entered on your application, a number will be assigned to you and you will be advised of it. Please use that number on all returns you file and in all correspondence with the Internal Revenue Service.

If we have indicated in the heading of this letter that an addendum applies, the addendum enclosed is an integral part of this letter.

Because this letter could help resolve any questions about your exempt status and foundation status, you should keep it in your permanent records.

If you have any questions, please contact the person whose name and telephone number are shown in the heading of this letter.

Sincerely yours,



Paul Williams
District Director

Enclosure(s):
Form 872-C

INTERNAL REVENUE SERVICE
DISTRICT DIRECTOR
401 W. PEACHTREE ST. NW
ATLANTA, GA 30365

DEPARTMENT OF THE TREASURY

Date: MAY 09 1994

AFFORDABLE HOUSING OF NASHVILLE,
INC.
212 CAPITOL BLVD
NASHVILLE, TN 37219

Employer Identification Number:
58-1957324
Case Number:
584089110
Contact Person:
LORETTA HAMILTON
Contact Telephone Number:
(404) 331-0927
Our Letter Dated:
October 27, 1989
Addendum Applies:
Yes

Dear Applicant:

This modifies our letter of the above date in which we stated that you would be treated as an organization that is not a private foundation until the expiration of your advance ruling period.

Your exempt status under section 501(a) of the Internal Revenue Code as an organization described in section 501(c)(3) is still in effect. Based on the information you submitted, we have determined that you are not a private foundation within the meaning of section 509(a) of the Code because you are an organization of the type described in section 509(a)(1) and 170(b)(1)(A)(vi).

Grantors and contributors may rely on this determination unless the Internal Revenue Service publishes notice to the contrary. However, if you lose your section 509(a)(1) status, a grantor or contributor may not rely on this determination if he or she was in part responsible for, or was aware of, the act or failure to act, or the substantial or material change on the part of the organization that resulted in your loss of such status, or if he or she acquired knowledge that the Internal Revenue Service had given notice that you would no longer be classified as a section 509(a)(1) organization.

If we have indicated in the heading of this letter that an addendum applies, the addendum enclosed is an integral part of this letter.

Because this letter could help resolve any questions about your private foundation status, please keep it in your permanent records.

AFFORDABLE HOUSING OF NASHVILLE.

If you have any questions, please contact the person whose name and telephone number are shown above,

Sincerely yours,

Nelson A. Brooke

Nelson A. Brooke
District Director

Enclosure:
Addendum

AFFORDABLE HOUSING OF NASHVILLE;

Your classification as an organization described in sections 170 (b)(1)(A)(vi) and 509(a)(1) of the Code is contingent upon you continuing to meet the public support requirements of these Code sections. Please refer to Publication 557, page 20, for further details concerning these requirements. If your sources of support change significantly in the future, you should notify your Key District Director so that we can consider the effect if any on your foundation status.



TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
Mail Stop 1112, PO Box 12307
Ogden, UT 84412

Affordable Housing Resources
1011 Cherry Avenue
Nashville, TN 37203

Fe2Tax '06

DATE OF THIS NOTICE: *JUN 27 2006*

CONTACT PERSON/ID NUMBER:

Kent Beyer/29-81262

CONTACT TELEPHONE NUMBERS:

Toll Free 1-877-767-2501

Fax: 1-801-620-2132

Employer Identification Number: 58-1857324
Tax Period(s) Ended: December 31, 2003
Form(s): 990

Dear Sir or Madam:

We are please to inform you that our examination for the above period(s) disclosed that your organization continues to qualify for exemption from Federal income tax. Accordingly, we have accepted your return(s) as filed.

If you have any questions, please call the contact person at the telephone number shown in the heading of this letter. If you write, please provide a telephone number and the most convenient time to call if we need to contact you.

Thank you for your cooperation.

Sincerely,

Marsha A. Ramirez

Marsha A. Ramirez
Director, EO Examinations

MISSION STATEMENT

Affordable Housing Resources, Inc.

To assist in finding, developing, constructing and financing affordable home ownership and/or rental housing, and to assist in bringing public and private resources to promote revitalization in targeted neighborhoods. The neighborhood revitalization will target the very low, low, and/or moderate income Nashville families and special needs groups that are not able to find affordable housing and other resources through traditional means.

TO CREATE
AFFORDABLE HOUSING
AND STRONG
NEIGHBORHOODS

AFFORDABLE HOUSING RESOURCES, INC.

Financial Statements and Supplementary Information

December 31, 2020 and 2019

(With Independent Auditors' Report Thereon)



AFFORDABLE HOUSING RESOURCES, INC.

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INDEPENDENT AUDITORS' REPORT

The Board of Trustees of
Affordable Housing Resources, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of Affordable Housing Resources, Inc., which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities and changes in net assets, functional expenses 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. Additionally, the 2020 audit was also conducted in accordance with 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 audits 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 auditors' 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 Affordable Housing Resources, Inc. as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental schedules on pages 22 through 28, as listed in the accompanying table of contents, are presented for purposes of additional analysis, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and are not a required part of the financial statements. Also, the supplemental schedule on pages 29, as listed in the accompanying table of contents, 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 audit 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.

LBMC, PC

Brentwood, Tennessee
June 24, 2021

AFFORDABLE HOUSING RESOURCES, INC.

Statements of Financial Position

December 31, 2020 and 2019

Assets

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 168,107	\$ 8,036
Restricted cash and cash equivalents	1,906,767	3,253,108
Restricted certificates of deposit	481,337	709,134
Grants and accounts receivable	477,924	79,831
Prepaid expenses and other current assets	44,551	24,326
Investment in joint venture	250,000	250,000
Receivable from joint venture	152,962	91,956
Notes receivable, net of allowance for uncollectible notes of \$618,095 and \$520,869 as of December 31, 2020 and 2019, respectively	12,415,959	11,019,659
Property and equipment, net	686,708	400,787
Property held for sale	<u>4,394,809</u>	<u>3,011,366</u>
Total assets	<u>\$ 20,979,124</u>	<u>\$ 18,848,203</u>

Liabilities and Net Assets

Accounts payable	\$ 95,065	\$ 113,483
Accrued expenses	35,628	42,850
Agency payable	1,377,800	1,995,800
Notes payable	<u>2,259,128</u>	<u>2,017,260</u>
Liabilities before equity equivalent investments	3,767,621	4,169,393
Other liabilities - equity equivalent obligations	<u>13,689,666</u>	<u>13,008,835</u>
Total liabilities	17,457,287	17,178,228
Net assets:		
Without donor restrictions	1,352,889	(956,121)
With donor restrictions	<u>2,168,948</u>	<u>2,626,096</u>
Total net assets	<u>3,521,837</u>	<u>1,669,975</u>
	<u>\$ 20,979,124</u>	<u>\$ 18,848,203</u>

See accompanying notes to the financial statements.

AFFORDABLE HOUSING RESOURCES, INC.

Statements of Activities and Changes in Net Assets

Year ended December 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenues:			
Public support:			
Grants - NeighborWorks America	\$ 514,497	\$ -	\$ 514,497
In-kind donations of property	1,083,700	-	1,083,700
Other contributions and grants	<u>1,411,821</u>	<u>-</u>	<u>1,411,821</u>
Total public support	<u>3,010,018</u>	<u>-</u>	<u>3,010,018</u>
Program revenue:			
Rental income	19,999	-	19,999
Counseling and mortgage fees	274,259	-	274,259
Loan interest income	327,323	-	327,323
Other interest income	<u>11,107</u>	<u>-</u>	<u>11,107</u>
Total program revenue	<u>632,688</u>	<u>-</u>	<u>632,688</u>
Total public support and revenues	<u>3,642,706</u>	<u>-</u>	<u>3,642,706</u>
Expenses:			
Program services -			
Low-income housing assistance	1,665,348	-	1,665,348
Supporting services -			
Management and general	<u>293,351</u>	<u>-</u>	<u>293,351</u>
Total expenses	<u>1,958,699</u>	<u>-</u>	<u>1,958,699</u>
Change in net assets from operations	<u>1,684,007</u>	<u>-</u>	<u>1,684,007</u>
Other changes in net assets:			
Release from restriction	457,148	(457,148)	-
Gain on sale of property, buildings, and equipment and property held for sale	137,686	-	137,686
Gain on extinguishment of debt	<u>30,169</u>	<u>-</u>	<u>30,169</u>
Total other changes in net assets	<u>625,003</u>	<u>(457,148)</u>	<u>167,855</u>
Change in net assets	2,309,010	(457,148)	1,851,862
Net assets (deficit) at beginning of year	<u>(956,121)</u>	<u>2,626,096</u>	<u>1,669,975</u>
Net assets at end of year	<u>\$ 1,352,889</u>	<u>\$ 2,168,948</u>	<u>\$ 3,521,837</u>

See accompanying notes to the financial statements.

AFFORDABLE HOUSING RESOURCES, INC.

Statements of Activities and Changes in Net Assets

Year ended December 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and revenues:			
Public support:			
Grants - NeighborWorks America	\$ 365,760	\$ -	\$ 365,760
In-kind donations of property	879,032	-	879,032
Other contributions and grants	<u>215,569</u>	<u>-</u>	<u>215,569</u>
Total public support	<u>1,460,361</u>	<u>-</u>	<u>1,460,361</u>
Program revenue:			
Rental income	8,670	-	8,670
Counseling and mortgage fees	376,439	-	376,439
Loan interest income	270,097	-	270,097
Other interest income	<u>41,637</u>	<u>-</u>	<u>41,637</u>
Total program revenue	<u>696,843</u>	<u>-</u>	<u>696,843</u>
Total public support and revenues	<u>2,157,204</u>	<u>-</u>	<u>2,157,204</u>
Expenses:			
Program services -			
Low-income housing assistance	994,238	-	994,238
Supporting services -			
Management and general	<u>225,555</u>	<u>-</u>	<u>225,555</u>
Total expenses	<u>1,219,793</u>	<u>-</u>	<u>1,219,793</u>
Change in net assets from operations	<u>937,411</u>	<u>-</u>	<u>937,411</u>
Other changes in net assets:			
Gain on sale of property, buildings, and equipment and property held for sale	<u>287,495</u>	<u>-</u>	<u>287,495</u>
Total other changes in net assets	<u>287,495</u>	<u>-</u>	<u>287,495</u>
Change in net assets	1,224,906	-	1,224,906
Net assets (deficit) at beginning of year	<u>(2,181,027)</u>	<u>2,626,096</u>	<u>445,069</u>
Net assets (deficit) at end of year	<u>\$ (956,121)</u>	<u>\$ 2,626,096</u>	<u>\$ 1,669,975</u>

See accompanying notes to the financial statements.

AFFORDABLE HOUSING RESOURCES, INC.

Statement of Functional Expenses

Year ended December 31, 2020

	<u>Program Services</u>	<u>Supporting Services</u>	
	<u>Low-Income Housing Assistance</u>	<u>Management and General</u>	<u>Totals</u>
Advertising and communication	\$ 43,576	\$ 6,511	\$ 50,087
Automobile	12,425	1,857	14,282
Contract labor	64,604	9,654	74,258
Depreciation	20,037	2,732	22,769
Repairs and maintenance	38,174	5,704	43,878
Direct expenses of developed properties	73,086	-	73,086
Insurance	16,776	2,288	19,064
Interest	8,284	-	8,284
Direct expenses for disaster relief and COVID-19 related assistance programs	728,684	-	728,684
Occupancy and rental	65,735	9,822	75,557
Office expenses	61,821	9,238	71,059
Payroll and related costs	379,471	237,538	617,009
Professional fees	37,707	5,634	43,341
Provision for uncollectible notes	96,000	-	96,000
Taxes, licenses and fees	2,580	386	2,966
Training	3,087	-	3,087
Travel and entertainment	9,659	1,443	11,102
Utilities	3,642	544	4,186
	<u>\$ 1,665,348</u>	<u>\$ 293,351</u>	<u>\$ 1,958,699</u>

See accompanying notes to the financial statements.

AFFORDABLE HOUSING RESOURCES, INC.

Statement of Functional Expenses

Year ended December 31, 2019

	<u>Program Services</u>	<u>Supporting Services</u>	
	<u>Low-Income Housing Assistance</u>	<u>Management and General</u>	<u>Totals</u>
Advertising and communication	\$ 45,078	\$ 9,233	\$ 54,311
Automobile	8,913	1,826	10,739
Contract labor	68,524	14,035	82,559
Depreciation	14,446	1,970	16,416
Repairs and maintenance	23,205	4,753	27,958
Direct expenses of developed properties	86,812	-	86,812
Insurance	17,780	2,424	20,204
Interest	55,769	-	55,769
Occupancy and rental	63,969	13,102	77,071
Office expenses	37,166	7,612	44,778
Payroll and related costs	377,951	154,374	532,325
Professional fees	42,921	8,791	51,712
Provision for uncollectible notes	108,000	-	108,000
Taxes, licenses and fees	2,348	481	2,829
Training	7,406	-	7,406
Travel and entertainment	32,322	6,620	38,942
Utilities	<u>1,628</u>	<u>334</u>	<u>1,962</u>
	<u>\$ 994,238</u>	<u>\$ 225,555</u>	<u>\$ 1,219,793</u>

See accompanying notes to the financial statements.

AFFORDABLE HOUSING RESOURCES, INC.

Statements of Cash Flows

Years ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Change in net assets	\$ <u>1,851,862</u>	\$ <u>1,224,906</u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	22,769	16,416
Provision for uncollectible notes receivable, net of recoveries	96,000	108,000
Gain on extinguishment of debt	(30,169)	-
In-kind contributions of property	(1,083,700)	(879,032)
Gain on sale of property held for sale	(137,686)	(287,495)
 (Increase) decrease in operating assets:		
Accounts receivable	(398,093)	88,420
Receivable from joint venture	(61,006)	(91,956)
Prepaid expense and other assets	(20,225)	(5,149)
 Increase (decrease) in operating liabilities:		
Accounts payable	(18,418)	65,027
Accrued liabilities	(7,222)	(15,767)
 Total adjustments	<u>(1,637,750)</u>	<u>(1,001,536)</u>
 Net cash provided by operating activities	<u>214,112</u>	<u>223,370</u>
 Cash flows from investing activities:		
Proceeds from sale of property held for sale	933,479	2,147,432
Purchases of property, buildings and equipment	(308,690)	(28,500)
Purchases of property held for sale	(1,095,536)	(1,696,701)
Purchase of investment in joint venture	-	(250,000)
Purchases of certificates of deposit and reinvested interest	(10,261)	(19,134)
Redemptions of certificates of deposit	238,058	-
Advances of notes receivable	(2,450,502)	(3,148,316)
Collections from notes receivable	<u>340,202</u>	<u>342,793</u>
 Net cash used by investing activities	<u>(2,353,250)</u>	<u>(2,652,426)</u>
 Cash flows from financing activities:		
Proceeds from note payable	600,102	270,034
Payments of notes payable	(358,234)	(456,030)
Proceeds from equity equivalent obligation	<u>711,000</u>	<u>1,808,000</u>
 Net cash provided by financing activities	<u>952,868</u>	<u>1,622,004</u>
 Decrease in cash	(1,186,270)	(807,052)
 Cash, cash equivalents and restricted cash and cash equivalents at beginning of year	<u>3,261,144</u>	<u>4,068,196</u>
 Cash, cash equivalents and restricted cash and cash equivalents at end of year	\$ <u>2,074,874</u>	\$ <u>3,261,144</u>
 Reconciliation of cash, cash equivalents and restricted cash to the accompanying statements of financial position:		
	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 168,107	\$ 8,036
Restricted cash and cash equivalents	<u>1,906,767</u>	<u>3,253,108</u>
 Total	\$ <u>2,074,874</u>	\$ <u>3,261,144</u>

See accompanying notes to the financial statements.

AFFORDABLE HOUSING RESOURCES, INC.

Notes to the Financial Statements

December 31, 2020 and 2019

(1) Nature of activities

Affordable Housing Resources, Inc. (the "Agency") was chartered in 1989 as a Tennessee not-for-profit corporation. The purpose of the Agency is to "create affordable housing and strong neighborhoods" by increasing home ownership opportunities for families and individuals who are unable to obtain assistance through traditional public and private funding sources in the greater Nashville area. The Agency is supported principally by service fees, sale of single-family homes, private and public contributions and grants from the U.S. Department of Housing and Urban Development through the Metropolitan Development and Housing Agency ("MDHA"), the Tennessee Housing Development Agency ("THDA") and the Neighborhood Reinvestment Corporation, dba NeighborWorks® America ("NWA").

The following program and supporting services are included in the accompanying financial statements:

Low-Income Housing Assistance - includes various lending and development programs. The loan products include down payment and closing cost assistance loans and construction financing for single-family properties. Home-ownership programs include promoting home-ownership opportunities in Nashville, Tennessee, development of quality new affordable housing, acquisition and rehabilitation of single family properties, land acquisition and development, consumer home buyer education to prepare new homeowners, and developing community leadership programs.

During 2020, the Agency received certain governmental and other grants to provide assistance to victims of natural disasters in the Middle Tennessee area for home repairs and to provide housing assistance to those impacted by the COVID-19 pandemic.

Management and General - includes the functions necessary to ensure an adequate working environment and costs not identifiable with a single program or fund-raising activity, including costs associated with providing coordination and articulation of the Agency's program strategy, business management, general record keeping, budgeting and related purposes.

AFFORDABLE HOUSING RESOURCES, INC.

Notes to the Financial Statements

December 31, 2020 and 2019

(2) Summary of significant accounting policies

The financial statements of the Agency are presented on the accrual basis. The significant accounting policies followed are described below.

(a) Recently adopted accounting pronouncement

Effective January 1, 2019, the Agency adopted Accounting Standards Codification ("ASC") Topic 606, *Revenue from Contracts with Customers* ("ASC 606"). ASC 606 guidance eliminates the transaction and industry-specific revenue recognition guidance under current generally accepted accounting principles ("GAAP") and replaces it with a principles-based approach. The core principle of the guidance in ASC 606 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

ASC 606 requires the Agency to recognize revenue using a five step process. The five step model defined by ASC 606 requires the Organization to: (i) identify the contract(s) with a donor or customer, (ii) identify the performance obligations in the contract, (iii) determine the transaction price, (iv) allocate the transaction price to the performance obligations in the contract, and (v) recognize revenue when (or as) the entity satisfies a performance obligation. ASC 606 additionally enhances the required disclosures surrounding the nature, amount, timing and uncertainty of revenues and the associated cash flows arising from contracts with donors or customers, including qualitative and quantitative disclosures about contracts with customers, significant judgments and changes in judgments and assets recognized from the costs to obtain or fulfill a contract.

The Agency adopted this guidance using the modified retrospective method applied to all contracts which were not completed. There was no cumulative effect adjustment to the opening balance of net assets in the statement of financial position in 2019, as the adoption did not result in a material change to the Agency's revenue recognition policies.

(b) Cash and cash equivalents and restricted cash, cash equivalents and certificates of deposit

The Agency considers all highly liquid investments with original maturities of less than three months to be cash equivalents.

Additionally, at December 31, 2020 and 2019, the Agency had cash, cash equivalents and certificates of deposit restricted for future investments in income producing properties and mortgage loans.

AFFORDABLE HOUSING RESOURCES, INC.

Notes to the Financial Statements

December 31, 2020 and 2019

(c) Grants and accounts receivable and provision for uncollectible items

The Agency reports grants and accounts receivable, net of an allowance for doubtful accounts, at the amount which represents management's estimate of the amount that ultimately will be realized. The Agency reviews the adequacy of its allowance for uncollectible accounts on an ongoing basis, using historical payment trends, as well as review of specific accounts, and makes adjustments in the allowance as necessary. As of December 31, 2020 and 2019, no allowance for doubtful accounts was considered necessary.

(d) Notes receivable and provision for uncollectible items

The Agency holds various notes receivable under programs in conjunction with its defined mission. These notes are secured by the properties for which the loans were originally provided to purchase or assist with the down payment and are due to the Agency upon sale of the related property. Notes receivable are considered impaired when, based on current information, it is probable that all amounts or a portion of principal and interest due will not be collected according to the terms of the note agreement. Generally, a note receivable is considered impaired when the individual debtor cannot be located or has declared bankruptcy. The allowance for uncollectible notes is established by charges to program services expense and is maintained at an amount which management believes will be adequate to absorb losses on existing loans. Uncollectible loans are charged to the allowance account in the period in which such a determination is made.

(e) Property, buildings and equipment

Property, buildings and equipment additions, major renewals and betterments are recorded at cost at the date of purchase, at fair value on the date of gift if the value is readily determinable, or other reasonable basis, as determined by the Board of Trustees, if cost is unknown. Depreciation is computed by using the straight-line method over the estimated useful lives of the assets. When property is retired or sold, the cost and the related accumulated depreciation are removed from the accounts, and the resulting gain or loss is included in changes in net assets.

(f) Property held for sale

Property held for sale is recorded at the lower of cost or fair market value. The Agency's management has approved a plan to sell its existing housing and commercial development properties. As a result, the assets have been classified as property held for sale at December 31, 2020 and 2019 and includes properties in the process of being constructed for sale as well as completed properties.

AFFORDABLE HOUSING RESOURCES, INC.

Notes to the Financial Statements

December 31, 2020 and 2019

(g) Joint venture

During 2019, the Agency entered into an unincorporated joint venture agreement with a third party to develop single bedroom low-income housing units. Subject to the agreement, the other joint venture partner transferred land to be used for development of the project to the joint venture and the Agency invested \$250,000 cash in exchange for a 50% ownership interest. Under the terms of the joint venture, the Agency is responsible for managing the project and obtaining financing. As such, the Agency obtained a construction line of credit with a bank for up to \$2,000,000, which was amended during 2020 for up to \$2,800,000, to fund development costs that is available through November 2021. All costs incurred by the Agency on behalf of the joint venture are recorded as a receivable from the joint venture in the accompanying statement of financial position. The line of credit is secured by the underlying constructed property. Approximately \$193,000 and \$43,000 was outstanding on the line of credit at December 31, 2020 and 2019, respectively. Once the development project is complete and all housing units are sold, the related line of credit or other loans will be repaid and the joint venture parties will be reimbursed for any additional cash contributions made to the project prior to distribution of any remaining profits, which shall be shared equally between the Agency and the other joint venture partner.

(h) Net assets

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Agency and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets not subject to donor-imposed restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor or certain grantor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

All contributions are considered to be available with no donor restrictions unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as support with donor restrictions that increase those net asset classes. When the restriction is fulfilled (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets are reclassified to those without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions restricted by donors are recorded as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized.

AFFORDABLE HOUSING RESOURCES, INC.

Notes to the Financial Statements

December 31, 2020 and 2019

(i) Agency transactions

The Agency receives funds from NWA under the Neighborhood LIFT ("LIFT") program (Note 12) and from financial institutions under similar programs. The Agency does not have any discretionary powers over these funds and must administer the programs according to the terms of the grant agreements. As a result, no revenue or expense is recorded (except for administrative fees earned), but instead the Agency records an asset (cash or notes receivable) and corresponding liability (agency payable). The agency payable is reduced as the related notes receivable are forgiven.

(j) Revenue recognition

Agency revenues are generated primarily from fees for services, processing and servicing fees. A performance obligation is a contractual promise to transfer a distinct good or service, or a bundle of goods or services, to the customer, and is the unit of accounting. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. The Agency's contracts typically have a single performance obligation.

Loan programs and other related fees:

Loan application fees are earned and recorded as revenue at a point in time when the loan application is completed by the applicant with all required documentation and accepted by the Agency. Loan origination fees are earned on loan closings and recorded as revenue at a point in time when the performance obligation which is determined to be when the loan closes and funds are advanced to the customer. Loan late fees on outstanding loans are recognized as revenue at a point in time when the payments are due and the customer has not paid the payments under the contract terms.

Interest Income:

Interest income is recognized over time based on the life of a loan. The Agency has a signed promissory note with all borrowers which constitutes a contract with the customer, contains the loan terms, and documents the obligations of the Agency and the borrower. Each loan receivable is considered separately and has its own specific terms. The agency recognizes interest income over the time of the loan at the applicable interest rates in each loan agreement.

AFFORDABLE HOUSING RESOURCES, INC.

Notes to the Financial Statements

December 31, 2020 and 2019

Contributions:

Contributions and other public support are generally recognized at the time of receipt as there are no performance obligations that are required to be satisfied. The Agency reports any gifts of property, equipment or materials as unrestricted support unless explicit donor restrictions specify how the assets must be used and no performance obligations exist. Gifts of long-lived assets with explicit restrictions as to how the assets are to be used or funds restricted for the acquisition of long-lived assets are reported as restricted support. Expirations of donor restrictions are recognized when the donated or acquired long-lived assets are placed in service as the performance obligation is considered to be met at that point in time.

Grants:

Grants are recorded and recognized as revenue when grant funds are received or unconditionally pledged, if there are no performance requirements in the grant agreement. In accordance with industry guidance, revenue from lending program grants are recognized as revenue and support when the funds are received. For any grant agreements that include performance obligations, revenue is recognized when the related performance obligations are met. Funds from grants with a performance requirement which are received in advance are recorded as deferred revenue and recognized as revenue when the performance requirements are met.

(k) Income taxes

The Agency is exempt from federal income taxes under the provisions of Internal Revenue Code ("IRC") Section 501(c)(3), and, accordingly, no provision for income taxes is included in the financial statements.

As of December 31, 2020 and 2019, the Agency has accrued no interest and no penalties related to uncertain tax positions. It is the Agency's policy to recognize interest and/or penalties related to income tax matters in income tax expense.

The Agency files a U.S. Federal information tax return.

(l) Functional allocation of expenses

Directly identifiable expenses are charged to programs and supporting services. Expenses related to more than one function are charged to programs and supporting services based upon various allocation methods, including time spent on various functions by employees. General and administrative expenses include those expenses that are not directly identifiable with any other specific functions but provide for the overall support and direction of the Agency.

AFFORDABLE HOUSING RESOURCES, INC.

Notes to the Financial Statements

December 31, 2020 and 2019

(m) Use of estimates

The preparation of financial statements in conformity with GAAP 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.

(n) Events occurring after reporting date

Management of the Agency has evaluated events and transactions that occurred between December 31, 2020 and June 24, 2021 which is the date the financial statements were available to be issued for possible recognition or disclosure in the financial statements. No such events or transactions were noted requiring recognition or disclosure in the financial statements.

(o) New accounting standards, not yet adopted

In February 2016, the FASB issued ASU No. 2016-02, *Leases* ("ASU 2016-02"). ASU 2016-02 will generally require on-balance sheet recognition for all leases with terms that exceed twelve months. The new lease accounting model will continue to reflect two types of leases. Under the new rules, a lessee would account for most existing capital leases as finance leases (that is, recognizing amortization of the right-of-use ("ROU") asset, as well as separately recognizing interest on the lease liability in the statement of operations). Most existing operating leases will remain as operating leases (that is, recognizing a single total lease expense). Both finance leases and operating leases will result in the lessee recognizing a ROU asset and a lease liability. The guidance is effective for the Agency beginning January 1, 2022.

(p) Reclassifications

Certain items in the 2019 financial statements have been reclassified to conform to the presentation of the 2020 financial statements. These reclassifications had no effect on net assets available for benefits as previously reported.

(3) Credit risk and other concentrations

The Agency periodically maintains cash on deposit at banks in excess of federally insured amounts. The Agency has not experienced any losses in such accounts and management believes the Agency is not exposed to any significant credit risk related to cash.

AFFORDABLE HOUSING RESOURCES, INC.

Notes to the Financial Statements

December 31, 2020 and 2019

The Agency received approximately 15% of its total public support and revenues from NeighborWorks® America and 31% from in-kind donations during 2020. Additionally, the Agency received approximately 38% of its public support and revenues from one-time grants related to the Coronavirus pandemic as COVID-19 relief funds, tornado mitigation, and construction of homes during 2020. The Agency received approximately 17% of its total public support and revenues from NeighborWorks® America and 41% from in-kind donations during 2019.

(4) Liquidity and availability

A summary of the Agency's financial assets as of December 31, 2020 and 2019, reduced by amounts not available for general use because of donor-imposed restrictions, within one year of the statement of financial position date is as follows:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 168,107	\$ 8,036
Grants and accounts receivable	<u>477,924</u>	<u>79,831</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ <u>646,031</u>	\$ <u>87,867</u>

As part of our liquidity management plan, we invest cash in excess of daily requirements in short-term investments, CDs, and money market funds.

(5) Notes receivable

First and second mortgage loans to homebuyers are made for terms of 4 to 15 years, at annual interest rates ranging from 3% to 7.5%. There were no material notes receivable with payments greater than 90 days past due as of December 31, 2020 and 2019. The notes receivable are collateralized by real estate. At December 31, 2020 and 2019, the balance of such loans totaled \$6,535,778 and \$5,836,253, respectively. Additionally, the Agency recorded an allowance for loan losses totaling \$618,095 and \$520,869 at December 31, 2020 and 2019, respectively.

Notes receivable also include non-interest bearing notes that are grants that are forgiven over a period of up to 15 years, as long as the homeowner continues to own the property, or repaid upon the future sale of the property ("soft-third mortgages"). The soft third mortgages are secured by liens on the homeowner's property. At December 31, 2020 and 2019, the balance of the soft-third mortgage loans totaled \$6,498,276 and \$5,704,275, respectively.

The soft-third mortgages that are forgiven over time under the LIFT program (Note 12) are reported as agency transactions. As these notes are forgiven, the note receivable is reduced with a corresponding decrease in the balance of the Agency Payable liability. The balance of these notes receivable and the corresponding agency payable liability totaled \$1,377,800 and \$1,995,800 at December 31, 2020 and 2019, respectively. During 2020 and 2019, approximately \$618,000 and \$630,000 of agency payables were amortized against the corresponding notes receivable balances.

AFFORDABLE HOUSING RESOURCES, INC.

Notes to the Financial Statements

December 31, 2020 and 2019

(6) Property, buildings, and equipment

A summary of property, buildings and equipment at December 31, 2020 and 2019 is as follows:

	<u>2020</u>	<u>2019</u>
Land	\$ 160,000	\$ 110,000
Buildings and improvements	495,410	246,059
Furniture and equipment	<u>98,102</u>	<u>88,764</u>
Total cost	753,512	444,823
Accumulated depreciation	<u>(66,804)</u>	<u>(44,036)</u>
Property, buildings and equipment, net	<u>\$ 686,708</u>	<u>\$ 400,787</u>

(7) Notes payable

A summary of notes payable as of December 31, 2020 and 2019 is as follows:

	<u>2020</u>	<u>2019</u>
Two notes payable to the Community Development Financial Institutions Fund, maturing in April 2023, non-interest bearing.	\$ 250,000	\$ 250,000
Note payable to MDHA, maturing in November 2022, non-interest bearing.	250,000	250,000
Note payable to THDA, maturing in June 2034, non-interest bearing.	22,754	24,088
Note payable to a bank, automatically renewed annually, with an annual interest rate of 6%.	98,100	17,424
Various construction lines of credit requiring monthly interest payments at variable rates (0% as of December 31, 2020) with total maximum borrowings of approximately \$2,450,000 at December 31, 2020. Total borrowings under the lines of credit of approximately \$359,000 are to be used for construction of single-family homes. All lines of credit generally are for one year terms and mature between September and November 2021 and are secured by the constructed property and real estate.	333,835	358,667
Note payable to a bank, maturing in June 2021, with an annual interest rate of the Prime Rate minus 4% (0% at December 31, 2020).	250,000	-

AFFORDABLE HOUSING RESOURCES, INC.

Notes to the Financial Statements

December 31, 2020 and 2019

Notes payable to banks, maturing in July 2021, with annual interest rates of 3.26%.	<u>5,117</u>	<u>-</u>
Total notes payable with defined maturities	1,209,806	900,179
Notes payable to banks with interest at an annual rate of the Prime Rate minus 4.00% (0% at December 31, 2020). These notes payable have no defined maturities (see below).	<u>1,049,322</u>	<u>1,117,081</u>
Total notes payable	\$ <u>2,259,128</u>	\$ <u>2,017,260</u>

Notes payable without defined maturities are collateralized by certain notes receivable held by the Agency (the "Collateral Notes"). The notes payable are due only when principal payment on the Collateral Notes has been received or the homes acting as security interest for the Collateral Notes have been sold.

With the exception of the notes payable without defined maturities discussed above, most of the above notes are secured by deeds of trust on the related real estate. Additionally, management of the Agency determined that the imputation of interest on non-interest bearing notes payable was immaterial.

Following is a schedule of required future principal payments on notes payable with defined maturities as of December 31, 2020:

<u>Year</u>	<u>Amount</u>
2021	\$ 689,072
2022	252,000
2023	252,000
2024	2,000
2025	2,000
2026 and later years	<u>12,734</u>
	\$ <u>1,209,806</u>

No amount of principal due was in arrears at December 31, 2020 or 2019.

AFFORDABLE HOUSING RESOURCES, INC.

Notes to the Financial Statements

December 31, 2020 and 2019

(8) Equity equivalent obligations

The Agency carries certain obligations to banks that are classified as Equity Equivalent ("EQ2") funds. These obligations are shown under Other Liabilities on the statements of financial position in order to represent more clearly the nature of the payable and to adhere to industry practice. The EQ2 is defined by having six attributes as follows:

- (1) The EQ2 investment is carried as an investment on the investor's balance sheet in accordance with GAAP;
- (2) The EQ2 investment is a general obligation of the Agency that is not secured by any of the Agency's assets;
- (3) The EQ2 investment is fully subordinated to the right of repayment of all the Agency's other creditors;
- (4) The EQ2 investment does not give the investor the right to accelerate payment unless the Agency ceases its normal operations;
- (5) The EQ2 investment carries an interest rate that is not tied to any income received by the Agency; and
- (6) The EQ2 investment has a rolling term, and therefore, an indeterminate maturity (also known as an evergreen provision).

These obligations either carry a zero interest rate or an interest rate of Prime minus 4% at December 31, 2020 and 2019.

(9) Net assets with donor restrictions

Net assets with donor restrictions are available for the following purposes or periods:

	<u>2020</u>	<u>2019</u>
Subject to expenditure for specified purposes:		
Housing and low-income down payment assistance	\$ 2,168,948	\$ 2,168,948
Held in perpetuity and not subject to a spending policy or appropriation:		
Neighborhood Reinvestment Revolving Loan and Capital Projects Fund	-	457,148
Total net assets with donor restrictions	<u>\$ 2,168,948</u>	<u>\$ 2,626,096</u>

Net assets with donor restrictions include funds utilized for the purchase or construction of low-income housing as restricted by donors. Certain grants do not address if or when restrictions expire or are released upon forgiveness of loan balances or losses incurred from the disposition of such properties. The Agency has maintained the restrictions that existed on the original grants unless otherwise indicated by the donors.

AFFORDABLE HOUSING RESOURCES, INC.

Notes to the Financial Statements

December 31, 2020 and 2019

(10) Employee benefit plan

The Agency has a defined contribution employee benefit plan for eligible employees under provisions of section 403(b) of the IRC. Eligible employees may elect to contribute a percentage of their compensation, subject to certain limitations, to the plan on a pre-tax basis. The Agency will match one-half of each employee's contributions, up to a maximum matching contribution of 3% of the employee's eligible compensation. The Agency expensed employer contributions of \$14,772 and \$12,549 in 2020 and 2019, respectively.

(11) Operating leases

The Agency utilizes office space under an operating lease. Rent expense under this lease totaled \$68,081 and \$68,076 during 2020 and 2019, respectively. Future minimum payment under this lease is expected to total approximately \$68,000 over each of the next two years.

(12) Neighborhood LIFT and similar programs

The Agency participates in the Neighborhood LIFT program. The program is a collaboration between Wells Fargo Foundation, NWA and local non-profit organizations, including the Agency. Grants under the LIFT program are used to assist low-to-moderate income persons through down payment assistance grants. Under the LIFT program, grants to beneficiaries are forgiven over a period of five years and any recaptured funds not forgiven must be granted to other eligible beneficiaries during the the program which was in effect through June 30, 2020. Agency payable in the accompanying statements of financial position represents the total cash available for grant to beneficiaries plus the outstanding unamortized notes receivable from beneficiaries under the LIFT program.

The Agency has also entered into other agreements with financial institutions for down payment assistance programs similar to the LIFT program. Under these assistance programs, grants to beneficiaries are generally due on the future sale of the related property.

The Agency receives administrative fees for each grant under the programs which are included in "Counseling and mortgage fees" in the accompanying statements of activities.

(13) Commitments and contingencies

The disbursement of funds received under federal and state governmental grant programs generally requires compliance with the terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Agency. In management's opinion, any such disallowed claims will not have a material effect on the Agency.

AFFORDABLE HOUSING RESOURCES, INC.

Notes to the Financial Statements

December 31, 2020 and 2019

(14) Supplemental disclosures of cash flow statement information

	<u>2020</u>	<u>2019</u>
Interest paid	\$ <u>8,278</u>	\$ <u>55,758</u>

(15) Related party transactions

The Agency contracted with an affiliated general contractor during 2020 to construct certain property held for sale. Payments made during 2020 to the affiliate totaled approximately \$335,904.

AFFORDABLE HOUSING RESOURCES, INC.

Schedule of Expenditures of Federal Awards

Year ended December 31, 2020

<u>CFDA #</u>	<u>Federal Grantor / Pass-through Grantor / Program Title</u>	<u>Grant Number</u>	<u>Receivable Balance December 31, 2019</u>	<u>Receipts and Other Reductions</u>	<u>Expenditures</u>	<u>Receivable Balance December 31, 2020</u>
	U.S. Dept. of Treasury					
21.019	NeighborWorks® America	N/A	\$ -	\$ 175,000	\$ 175,000	\$ -
21.019	NeighborWorks® America	N/A	-	190,000	190,000	-
21.019	NeighborWorks® America - COVID-19	N/A	-	20,000	20,000	-
21.019	NeighborWorks® America	N/A	-	45,000	45,000	-
21.019	Passed through from Metropolitan Government of Nashville and Davidson County and Administered by United Way of Greater Nashville: Coronavirus Relief Fund - COVID-19	N/A	-	500,000	500,000	-
	Total program		-	930,000	930,000	-
	U.S. Dept. of Housing and Urban Development					
14.218	Passed through from Metropolitan Development and Housing Agency: Community Development Block Grant - COVID-19	CDBG-CV	-	-	353,634	353,634
14.218	Passed through from NeighborWorks® America: Housing Counseling Assistance Program	N/A	-	28,021	28,021	-
	Total program		-	28,021	381,655	353,634
	Total federal awards		\$ -	\$ 958,021	\$ 1,311,655	\$ 353,634

See accompanying notes to the Schedule of Expenditures of Federal Grant Awards

AFFORDABLE HOUSING RESOURCES, INC.

Notes to the Schedule of Expenditures of Federal Awards

Year ended December 31, 2020

(1) Basis of Presentation

The accompanying Schedule of Expenditures of Federal and State Grant Awards (the "Schedule") includes the federal and state grant activity of Affordable Housing Resources, Inc. (the "Agency"). The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance") as codified by HHS at 45 CFR Part 75 and the State of Tennessee. Because the Schedule presents only a selected portion of the operations of the Agency, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Agency.

(2) Summary of Significant Accounting Policies

For purposes of the Schedule, expenditures of federal and state grant awards are recognized on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The Agency did not expend any Federal or State awards during fiscal year 2020 in the form of non-cash assistance or provide any funds to subrecipients.

The Organization has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**Independent Auditors' 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***

The Board of Trustees of
Affordable Housing Resources, Inc.:

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 Affordable Housing Resources, Inc. (the "Agency"), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 24, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Agency's internal control over financial reporting (internal control) to determine the 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 Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency'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 entity'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.

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 Agency'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 determination of financial statement amounts. 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 Agency'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 Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

LBMC, PC

Brentwood, Tennessee

June 24, 2021

**Independent Auditors' Report on Compliance for Each Major
Program and on Internal Control Over Compliance
Required by the Uniform Guidance**

The Board of Trustees of
Affordable Housing Resources, Inc.:

Report on Compliance for each Major Federal Program

We have audited Affordable Housing Resources, Inc.'s (the "Agency") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Agency's major federal programs for the year ended December 31, 2020. The Agency's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Agency's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Agency's compliance.

Opinion on Major Federal Program

In our opinion, the Agency complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

Report on Internal Control Over Compliance

Management of the Agency is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Agency's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

LBM, PC

Brentwood, Tennessee
June 24, 2021

AFFORDABLE HOUSING RESOURCES, INC.

Schedule of Findings and Questioned Costs and
Schedule of Prior Audit Findings

Year ended December 31, 2020

SUMMARY OF INDEPENDENT AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? ___yes x_no
Significant deficiency(ies) identified? ___yes x_none reported

Noncompliance material to financial statements noted? ___yes x_no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? ___yes x_no
Significant deficiency(ies) identified? ___yes x_none reported

Type of auditors' report issued on compliance for major program Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ___yes x_no

Identification of major programs for the Organization for the fiscal year ended June 30, 2020 are:

CFDA Number Name of Federal Program

14.218 Community Development Block Grants/Entitlement Grants
21.019 Coronavirus Relief Fund

Dollar threshold to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? ___yes x_no

(1) **FINANCIAL STATEMENT FINDINGS**

None noted

(2) **FEDERAL AUDIT FINDINGS AND QUESTIONED COSTS**

None noted

(3) **SUMMARY OF PRIOR AUDIT FINDINGS**

None noted

AFFORDABLE HOUSING RESOURCES, INC.

**Schedule of Financial Position and Changes in Net Assets - Neighborhood Reinvestment Revolving
Loan and Capital Projects Fund (Net Assets With Donor Restrictions)**

Schedules of Financial Position as of December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<u>Assets</u>		
Cash	\$ -	\$ 232,588
Notes receivable	-	104,560
Development in progress / Property held for sale	<u>-</u>	<u>120,000</u>
Total Assets	\$ <u>-</u>	\$ <u>457,148</u>
<u>Liabilities and Net Assets</u>		
Net assets with donor restrictions, held in perpetuity	\$ <u>-</u>	\$ <u>457,148</u>

Schedules of Changes in Net Assets for the Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Change in net assets - released from restrictions	\$ (457,148)	\$ -
Net assets, beginning	<u>457,148</u>	<u>457,148</u>
Net assets, ending	\$ <u>-</u>	\$ <u>457,148</u>

Notes:

Investment income and interest on outstanding loans were earned on the net assets of the Neighborhood Reinvestment Capital Fund ("NRC") and were available for unrestricted use by the Agency. All of these amounts were transferred to the net assets without donor restrictions during those years. There were no proceeds from capital projects in excess of the amount of funds necessary to maintain the net assets at a level disclosed in the Capital Funds Agreement with NRC. Accordingly, no funds were transferred from NRC for that purpose. Amounts released from restriction represents amounts formally approved for release by NeighborWorks® America.

**GRANT CONTRACT
 BETWEEN THE METROPOLITAN GOVERNMENT
 OF NASHVILLE AND DAVIDSON COUNTY, TENNESSEE
 BY AND THROUGH
 THE METROPOLITAN HOUSING TRUST FUND COMMISSION
 AND
 BE A HELPING HAND FOUNDATION**

This Grant Contract issued and entered into by and between the Metropolitan Government of Nashville and Davidson County, a municipal corporation of the State of Tennessee hereinafter referred to as "Metro", and Be a Helping Hand Foundation hereinafter referred to as the "Recipient," is for the provision of the construction of affordable housing units as further defined in the "SCOPE OF PROGRAM." Be a Helping Hand Foundation will be adding 3 affordable housing units located at 0 Robertson St, Nashville, TN 37210 (Parcel ID 09316043000); 0 Robertson St, Nashville, TN 37210 (Parcel ID 9316042900); 65 Robertson St, Nashville, TN 37210; 101 Robertson St, Nashville, TN 37210. The recipient's budget request, financial statements or audit, 501(c)3 letter, and/or charter documents are incorporated herein. The Recipient is a nonprofit charitable or civic organization.

A. SCOPE OF PROGRAM:

- A.1. Each Property to which these grant funds are provided for shall be subject to a Declaration of Restrictive Covenants ("Declaration") imposing certain affordability requirements to encumber the Property and run with the land over a 30-year term. Terms defined in the Declaration shall have the same meanings when used in this Agreement.
- A.2. The Recipient shall use the funds under this grant in accordance with the affordable housing project submitted in the application and any of its amendments, which application is incorporated herein, and subject to the terms and conditions set forth herein.
- A.3. The Recipient, under this Grant Contract, will spend funds solely for the purposes set forth in their application or proposal for grant funding which is incorporated herein. These funds shall be expended consistent with the Grant Budget, included in Attachment A. Although some variation in line-item amounts for the Grant is consistent with the Grant Budget, any change greater than 20% of a line-item shall require the prior written approval of Metro. However, in no event will the total amount of the Grant funds provided to Recipient go above the awarded Grant amount of \$339,000.

Additional Conditions for Rental Properties:

1. Tenants must be income-eligible at the time of initial occupancy, and Recipient must certify all incomes annually and maintain a certified rent roll. In the event a tenant's income increases above the income-requirement for the unit, the tenant is not disqualified from remaining in the unit. However, the tenant's rent shall be adjusted to the corresponding AMI level for the next lease term.
2. The Recipient will provide Metro with a management plan program oversight which includes certification of the rents, utility allowances and tenant incomes. The Grantee shall also provide Metro an annual certification that Barnes rental requirements are being met throughout the compliance period.
3. The Grantee will allow Metro or a Metro-approved contractor to conduct on-site inspections of the grantee for compliance Barnes program requirements including, but not limited to, reviewing tenant income calculations, rent determinations and utility allowances.
4. Compliance restrictions on both tenant income and maximum rents shall apply for thirty (30) years from the date of issuance of the certificate of occupancy for the final building within the

5. Recipient shall not increase rents during a lease term.

B. GRANT CONTRACT TERM:

B.1. Grant Contract Term. The term of this Grant shall be from execution of the grant agreement until Project completion, but in no way greater than 24 months from the execution of the grant agreement. Metro shall have no obligation for services rendered by the Recipient which are not performed within this term. Pursuant to Metropolitan Code of Laws § 2.149.040 (G), in the event the recipient fails to complete its obligations under this grant contract within twenty-four months from execution, Metro is authorized to rescind the contract and to reclaim previously appropriated funds from the organization.

C. PAYMENT TERMS AND CONDITIONS:

C.1. Maximum Liability. In no event shall the maximum liability of Metro under this Grant Contract exceed Three Hundred Thirty-Nine Thousand Dollars (\$339,000). The Grant Budget, attached and incorporated herein as part of Attachment A, shall constitute the maximum amount to be provided to the Recipient by Metro for all of the Recipient's obligations hereunder. The Grant Budget line-items include, but are not limited to, all applicable taxes, fees, overhead, and all other direct and indirect costs incurred or to be incurred by the Recipient.

This amount shall constitute the Grant Amount and the entire compensation to be provided to the Recipient by Metro.

C.2. Compensation Firm. The maximum liability of Metro is not subject to escalation for any reason. The Grant Budget amount is firm for the duration of the Grant Contract and is not subject to escalation for any reason unless the grant contract is amended.

C.3. Payment Methodology. The Recipient shall be compensated for actual costs based upon the Grant Budget, not to exceed the maximum liability established in Section C.1. Upon execution of the Grant Contract and receipt of a request for payment, the Recipient may be eligible to receive reimbursement for milestones as completed based upon the Grant Budget.

a. **Grant Draws**

Before a draw can be made, there must be a physical inspection of the property by Metro or an approved designee. The inspection must confirm appropriate completion of the project.

1) **Construction Grant Draw Schedule (% based on grant amount)**

- 12.5% - upon receipt of the Building Permit (check property address and contractors name) and Builder's Risk Insurance sufficient to cover cost of construction and confirmation of acquisition (make sure Metro is listed as lien holder)
- 25% - footing framing and foundation completed (25% complete)
- 25% - roofing completed and the plumbing, electric and mechanical are roughed in and approved by local Codes (50% complete)
- 25% - cabinets, counters, drywall, trim and doors are installed (75% complete)

Balance of grant upon receipt of a Final Use & Occupancy from local Codes (100% complete).

All draw requests except for the first 12.5% draw must be inspected before funding.

The above is the preferred draw method. Metro may occasionally fund based on a true percentage of completion as noted in a Construction Inspection report or if the application requested funds for land acquisition, understanding that the initial 12.5% or acquisition draw may overfund the grant, requiring later draws to be reduced.

2) Construction Grant Draw Process

- Draw request is received from the Recipient. It should be requested by the contractor and approved by the Recipient.
- Complete property inspection
- Metro or approved designee approves the request.
- Payments should be made to the Recipient.

All invoices shall be sent to:

Barnes Housing Trust Fund
Planning Department – Housing Division
800 2nd Avenue South
Nashville, TN 37210
(615) 862-7190

Said payment shall not exceed the maximum liability of this Grant Contract.

Final invoices for the contract period should be received by Metro Payment Services by 24 months from the execution of the grant agreement. Any invoice not received by the deadline date will not be processed and all remaining grant funds will expire.

- C.4. Close-out Expenditure and Narrative Report. The Recipient must submit a final grant Close-out Expenditure and Narrative Report, to be received by the Metropolitan Housing Trust Fund Commission / Barnes Housing Trust Fund within 45 days of the end of the Grant Contract. Said report shall be in form and substance acceptable to Metro and shall be prepared by a Certified Public Accounting Firm or the Chief Financial Officer of the Recipient Organization.
- C.5. Payment of Invoice. The payment of any invoice by Metro shall not prejudice Metro's right to object to the invoice or any matter in relation thereto. Such payment by Metro shall neither be construed as acceptance of any part of the work or service provided nor as an approval of any of the costs included therein.
- C.6. Unallowable Costs. The Recipient's invoice shall be subject to reduction for amounts included in any invoice or payment theretofore made which are determined by Metro, on the basis of audits or monitoring conducted in accordance with the terms of this Grant Contract, to constitute unallowable costs.
- C.7. Deductions. Metro reserves the right to adjust any amounts which are or shall become due and payable to the Recipient by Metro under this or any Contract by deducting any amounts which are or shall become due and payable to Metro by the Recipient under this or any Contract.
- C.8. Electronic Payment. Metro requires as a condition of this contract that the Recipient shall complete and sign Metro's form authorizing electronic payments to the Recipient. Recipients who have not already submitted the form to Metro will have thirty (30) days to complete, sign, and return the form. Thereafter, all payments to the Recipient, under this or any other contract the Recipient has with Metro, must be made electronically.
- C.9. Recipient agrees and understands that procurement of goods and services for the grant project must comply with state and local law and regulations, including the Metropolitan Procurement Code. Recipient will provide Metro with all plans and specifications needed for these procurement purposes. Recipient will promptly review, and either approve or disapprove, in good

faith and with reasonable grounds all estimates, amendments to scope of work, and all work performed by a contractor prior to payment.

- C. 10. Public Meetings. At the reasonable request of Metro, Recipient agrees to attend public meetings, neighborhood meetings, and other events regarding this Project.
- C. 11. Recognition. Any signage, printed materials, or online publications erected at the applicable Project site or elsewhere regarding the Project shall include the following language or language acceptable by Metro acknowledging that the Project is partially funded with a grant from the Barnes Fund for Affordable Housing of the Metropolitan Government of Nashville and Davidson County:

This project funded in part by the Barnes Affordable Housing Trust Fund of the
Metropolitan Government of Nashville & Davidson County.

Metropolitan Housing Trust Fund Commission

John Cooper, Mayor

Metropolitan Council of Nashville and Davidson County

D. STANDARD TERMS AND CONDITIONS:

- D.1. Required Approvals. Metro is not bound by this Grant Contract until it is approved by the appropriate Metro representatives as indicated on the signature page of this Grant.
- D.2. Modification and Amendment. This Grant Contract may be modified only by a written amendment that has been approved in accordance with all Metro procedures and by appropriate legislation of the Metropolitan Council.
- D.3. Default and Termination for Cause. Any failure by Owner to perform any term or provision of this Grant Contract shall constitute a "Default" (1) if such failure is curable within 30 days and Recipient does not cure such failure within 30 days following written notice of default from Metro, or (2) if such failure is not of a nature which cannot reasonably be cured within such 30-day period and Recipient does not within such 30-day period commence substantial efforts to cure such failure or thereafter does not within a reasonable time prosecute to completion with diligence and continuity the curing of such failure. Should the Recipient Default under this Grant Contract or if the Recipient violates any terms of this Grant Contract, Metro shall have the right to immediately terminate the Grant Contract and the Recipient shall return to Metro any and all grant monies for services or projects under the grant not performed as of the termination date. The Recipient shall also return to Metro any and all funds expended for purposes contrary to the terms of the Grant. Such termination shall not relieve the Recipient of any liability to Metro for damages sustained by virtue of any breach by the Recipient.
- D.4. Subcontracting. The Recipient shall not assign this Grant Contract or enter into a subcontract for any of the services performed under this Grant Contract without obtaining the prior written approval of Metro. Notwithstanding any use of approved subcontractors, the Recipient shall be considered the prime Recipient and shall be responsible for all work performed.
- D.5. Conflicts of Interest. The Recipient warrants that no part of the total Grant Amount shall be paid directly or indirectly to an employee or official of Metro as wages, compensation, or gifts in exchange for acting as an officer, agent, employee, subcontractor, or consultant to the Recipient in connection with any work contemplated or performed relative to this Grant Contract.

The Grantee also recognizes that no person identified as a Covered Person below may obtain a financial interest or benefit from a Metro Housing Trust Fund Competitive Grant assisted activity, or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds thereunder, either for themselves or those whom they have family or business ties, during their tenure or for one year thereafter.

Covered Persons include immediate family members of any employee or board member of the Grantee. Covered Persons are ineligible to receive benefits through the Metro Housing Trust Fund Competitive Grant program. Immediate family ties include (whether by blood, marriage or adoption) a spouse, parent (including stepparent), child (including a stepbrother or stepsister), sister, brother, grandparent, grandchild, and in-laws of a Covered Person.

- D.6. Nondiscrimination. The Recipient hereby agrees, warrants, and assures that no person shall be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination in the performance of this Grant Contract or in the employment practices of the Recipient on the grounds of disability, age, race, color, religion, sex, national origin, or any other classification which is in violation of applicable laws. The Recipient shall, upon request, show proof of such nondiscrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination.
- D.7. Records. All documents relating in any manner whatsoever to the grant project, or any designated portion thereof, which are in the possession of Recipient, or any subcontractor of Recipient shall be made available to the Metropolitan Government for inspection and copying upon written request by the Metropolitan Government. Furthermore, said documents shall be made available, upon request by the Metropolitan Government, to any state, federal or other regulatory authority and any such authority may review, inspect and copy such records. Said records include, but are not limited to, all drawings, plans, specifications, submittals, correspondence, minutes, memoranda, tape recordings, videos or other writings or things which document the grant project, its design and its construction. Said records expressly include those documents reflecting the cost of construction, including all subcontracts and payroll records of Recipient.
- Recipient shall maintain documentation for all funds provided under this grant contract. The books, records, and documents of Recipient, insofar as they relate to funds provided under this grant contract, shall be maintained for a period of three (3) full years from the date of the final payment. The books, records, and documents of Recipient, insofar as they relate to funds provided under this grant contract, shall be subject to audit at any reasonable time and upon reasonable notice by Metro or its duly appointed representatives. Records shall be maintained in accordance with the standards outlined in the Metro Grants Manual. The financial statements shall be prepared in accordance with generally accepted accounting principles.
- D.8. Monitoring. The Recipient's activities conducted and records maintained pursuant to this Grant Contract shall be subject to monitoring and evaluation by Metro or Metro's duly appointed representatives. The Recipient shall make all audit, accounting, or financial records, notes, and other documents pertinent to this grant available for review by the Metropolitan Office of Financial Accountability, Internal Audit or Metro's representatives, upon request, during normal working hours.
- D.9. Reporting. The Recipient must submit an Interim Program Report, to be received by the Metropolitan Housing Trust Commission / Barnes Housing Trust Fund, by no later than September 1, 2023 and a Final Program Report, to be received by the Metropolitan Housing Trust Fund Commission within 45 [forty-five] days of the end of the Grant Contract. Said reports shall detail the outcome of the activities funded under this Grant Contract in the form required by Metro.
- D.10. Strict Performance. Failure by Metro to insist in any one or more cases upon the strict performance of any of the terms, covenants, conditions, or provisions of this agreement shall not

be construed as a waiver or relinquishment of any such term, covenant, condition, or provision. No term or condition of this Grant Contract shall be held to be waived, modified, or deleted except by a written amendment by the appropriate parties as indicated on the signature page of this Grant.

- D.11. Insurance. The Recipient shall maintain adequate public liability and other appropriate forms of insurance, including other appropriate forms of insurance on the Recipient's employees, and to pay all applicable taxes incident to this Grant Contract.
- D.12. Metro Liability. Metro shall have no liability except as specifically provided in this Grant Contract.
- D. 13. Independent Contractor. Nothing herein shall in any way be construed or intended to create a partnership or joint venture between the Recipient and Metro or to create the relationship of principal and agent between or among the Recipient and Metro. The Recipient shall not hold itself out in a manner contrary to the terms of this paragraph. Metro shall not become liable for any representation, act, or omission of any other party contrary to the terms of this paragraph.
- D. 14. Indemnification and Hold Harmless.
- (a) Recipient shall indemnify, defend, and hold harmless Metro, its officers, agents and employees from any claims, damages, penalties, costs and attorney fees for injuries or damages arising, in part or in whole, from the negligent or intentional acts or omissions of Recipient, its officers, employees and/or agents, including its sub or independent contractors, in connection with the performance of the contract, and any claims, damages, penalties, costs and attorney fees arising from any failure of Recipient, its officers, employees and/or agents, including its sub or independent contractors, to observe applicable laws, including, but not limited to, labor laws and minimum wage laws.
- (b) Metro will not indemnify, defend or hold harmless in any fashion the Recipient from any claims, regardless of any language in any attachment or other document that the Recipient may provide.
- (c) Recipient shall pay Metro any expenses incurred as a result of Recipient's failure to fulfill any obligation in a professional and timely manner under this Contract.
- (d) Grantee's duties under this section shall survive the termination or expiration of the grant.
- D.15. Force Majeure. The obligations of the parties to this Grant Contract are subject to prevention by causes beyond the parties' control that could not be avoided by the exercise of due care including, but not limited to, acts of God, riots, wars, strikes, epidemics or any other similar cause.
- D.16. State, Local and Federal Compliance. The Recipient agrees to comply with all applicable federal, state and local laws and regulations in the performance of this Grant Contract.
- D.17. Governing Law and Venue. The validity, construction and effect of this Grant Contract and any and all extensions and/or modifications thereof shall be governed by and construed in accordance with the laws of the State of Tennessee. The venue for legal action concerning this Grant Contract shall be in the courts of Davidson County, Tennessee.
- D. 18 Attorney Fees. Recipient agrees that, in the event either party deems it necessary to take legal action to enforce any provision of the Grant Contract, and in the event Metro prevails, Recipient shall pay all expenses of such action including Metro's attorney fees and costs at all stages of the litigation.
- D.19. Completeness. This Grant Contract is complete and contains the entire understanding between the parties relating to the subject matter contained herein, including all the terms and conditions of the parties' agreement. This Grant Contract supersedes any and all prior understandings,

representations, negotiations, and agreements between the parties relating hereto, whether written or oral.

- D. 20. Headings. Section headings are for reference purposes only and shall not be construed as part of this Grant Contract.
- D. 21. Licensure. The Recipient and its employees and all sub-grantees shall be licensed pursuant to all applicable federal, state, and local laws, ordinances, rules, and regulations and shall upon request provide proof of all licenses. Recipient will obtain all permits, licenses, and permissions necessary for the grant project.
- D. 22. Waiver. No waiver of any provision of this contract shall affect the right of any party thereafter to enforce such provision or to exercise any right or remedy available to it in the event of any other default.
- D. 23. Inspection. The Grantee agrees to permit inspection of the project and/or services provided for herein, without any charge, by members of the Grantor and its representatives.
- D. 24. Assignment—Consent Required. The provisions of this contract shall inure to the benefit of and shall be binding upon the respective successors and assignees of the parties hereto. Except for the rights of money due to Recipient under this contract, neither this contract nor any of the rights and obligations of Recipient hereunder shall be assigned or transferred in whole or in part without the prior written consent of Metro. Any such assignment or transfer shall not release Recipient from its obligations hereunder. Notice of assignment of any rights to money due to Recipient under this Contract must be sent to the attention of the Metro Department of Finance.
- D.25. Gratuities and Kickbacks. It shall be a breach of ethical standards for any person to offer, give or agree to give any employee or former employee, or for any employee or former employee to solicit, demand, accept or agree to accept from another person, a gratuity or an offer of employment in connection with any decision, approval, disapproval, recommendation, preparations of any part of a program requirement or a purchase request, influencing the content of any specification or procurement standard, rendering of advice, investigation, auditing or in any other advisory capacity in any proceeding or application, request for ruling, determination, claim or controversy in any proceeding or application, request for ruling, determination, claim or controversy or other particular matter, pertaining to any program requirement of a contract or subcontract or to any solicitation or proposal therefore. It shall be a breach of ethical standards for any payment, gratuity or offer of employment to be made by or on behalf of a subcontractor under a contract to the prime contractor or higher tier subcontractor or a person associated therewith, as an inducement for the award of a subcontract or order. Breach of the provisions of this paragraph is, in addition to a breach of this contract, a breach of ethical standards which may result in civil or criminal sanction and/or debarment or suspension from participation in Metropolitan Government contracts.
- D.26. Communications and Contacts. All instructions, notices, consents, demands, or other communications from the Recipient required or contemplated by this Grant Contract shall be in writing and shall be made by facsimile transmission, email, or by first class mail, addressed to the respective party at the appropriate facsimile number or address as set forth below or to such other party, facsimile number, or address as may be hereafter specified by written notice.

Metro:

For contract-related matters and enquiries regarding invoices:
Metropolitan Housing Trust Fund Commission / Barnes Housing Trust Fund
Planning Department – Housing Division
800 2nd Avenue South
Nashville, TN 37210
(615) 862-7190
Ashley.Brown2@Nashville.Gov

Recipient:

Be a Helping Hand Foundation
Mark Wright, Executive Director
827 West McKennie Avenue
Nashville, TN 37208
(615) 227-6000
mwright@bahelpinghand.org

- D.27. Lobbying. The Recipient certifies, to the best of its knowledge and belief, that:
- a. No federally appropriated funds have been paid or will be paid, by or on behalf of the Recipient, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, and entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement.
 - b. If any funds other than federally appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this grant, loan, or cooperative agreement, the Recipient shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.
 - c. The Recipient shall require that the language of this certification be included in the award documents for all sub-awards at all tiers (including sub-grants, subcontracts, and contracts under grants, loans, and cooperative agreements) and that all subcontractors of federally appropriated funds shall certify and disclose accordingly.
- D. 28 Effective Date. This contract shall not be binding upon the parties until it has been signed first by the Recipient and then by the authorized representatives of the Metropolitan Government and has been filed in the office of the Metropolitan Clerk. When it has been so signed and filed, this contract shall be effective as of the date first written above.

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THE METROPOLITAN GOVERNMENT
OF NASHVILLE AND DAVIDSON
COUNTY:

APPROVED AS TO PROGRAM SCOPE:

Gina Emmanuel

Gina Emmanuel, Chair,
Metropolitan Housing Trust Fund
Commission

APPROVED AS TO AVAILABILITY OF
FUNDS:

Kelly Flannery

Kelly Flannery, Director
Department of Finance

tje

APPROVED AS TO FORM AND
LEGALITY:

Macy Amos

Assistant Metropolitan Attorney

APPROVED AS TO RISK AND
INSURANCE:

Balogun Cobb

Director of Risk Management Services

APPROVED BY METROPOLITAN
GOVERNMENT OF NASHVILLE AND
DAVIDSON COUNTY:

Metropolitan Clerk

RECIPIENT:

Be a Helping Hand Foundation

By: *[Signature]*

Title: Executive Director

Sworn to and subscribed to before me a
Notary Public, this 26th day
of August, 2022.

Notary Public

Monique Neely

My Commission
expires March 3, 2026



PROJECT BUDGET

Unit Address	0 Robertson St Plan 1630A	65 Robertson St Plan 1630A	101 Robertson St Plan UD1710A		
Development Type	Single Family	Single Family	Single Family		
Accessible Bus Line Routes	YES	YES	YES		
Number of Studios	n/a	n/a	n/a		
Number of 1 Bedrooms	n/a	n/a	n/a		
Number of 2+ Bedrooms	(1) 4 Bedroom	(1) 4 Bedroom	(1) 4 Bedroom		
Square Feet	Living 1629; Porches 82	Living 1629; Porches 82	Living 1760; Porches 144		
Number of Stories	2	2	2		
Acquisition Costs					
Vacant Land	\$ -	\$ -			
Land with Structure	\$ -	\$ -			
Title & Recording	\$ -	\$ -			
Legal	\$ -	\$ -			
Total	\$ -	\$ -	\$ -	\$ -	
Predevelopment Costs					
Appraisals	\$ 650.00	\$ 650.00	\$ 650.00		\$ 1,950.00
Survey (boundary & footing)	\$ 2,950.00	\$ 2,950.00	\$ 2,950.00		\$ 8,850.00
Construction Loan Closing Cost	\$ 3,162.84	\$ 3,162.84	\$ 3,400.90		\$ 9,726.58
Construction Loan Interest	\$ 1,717.87	\$ 1,717.87	\$ 1,847.17		\$ 5,282.91
Title Insurance (Construction Loan)	\$ 1,629.33	\$ 1,629.33	\$ 1,751.97		\$ 5,010.63
Insurance (Builder's Risk)	\$ 1,449.13	\$ 1,449.13	\$ 1,558.20		\$ 4,456.46
Construction Documents/Plans	\$ 1,150.00	\$ 1,150.00	\$ 1,150.00		\$ 3,450.00
Engineering (In-fill Plans)	\$ -	\$ -	\$ -		\$ -
Planning/Zoning	\$ 1,250.00	\$ 1,250.00	\$ 2,500.00		\$ 5,000.00
Attorney Fees (Combining Parcels)	\$ 1,750.00	\$ 1,750.00	\$ 3,500.00		\$ 7,000.00
Attorney Fees (Quiet Title)	\$ 5,000.00	\$ 5,000.00	\$ 5,000.00		\$ 15,000.00
Permanent Loan Closing Cost	\$ 834.95	\$ 834.95	\$ 897.80		\$ 2,567.70
Lead Base Paint Report	\$ -	\$ -	\$ -		\$ -
Total	\$ 21,544.12	\$ 21,544.12	\$ 25,206.04	\$ -	\$ 68,294.28

PROJECT BUDGET

Construction Costs					
Footer/Foundation	\$ 7,533.00	\$ 7,533.00	\$ 8,100.00		\$ 23,166.00
Framing	\$ 47,700.00	\$ 47,700.00	\$ 53,901.00		\$ 149,301.00
Electrical	\$ 12,322.50	\$ 12,322.50	\$ 13,250.00		\$ 37,895.00
Plumbing/Cutting-Paving Street	\$ 16,275.00	\$ 16,275.00	\$ 17,500.00		\$ 50,050.00
Roofing	\$ 5,625.00	\$ 5,625.00	\$ 4,500.00		\$ 15,750.00
HVAC	\$ 12,787.50	\$ 12,787.50	\$ 13,750.00		\$ 39,325.00
Drywall/Insulation	\$ 9,393.00	\$ 9,393.00	\$ 10,100.00		\$ 28,886.00
Paint/Stain Interior/Exerior)	\$ 13,299.00	\$ 13,299.00	\$ 14,300.00		\$ 40,898.00
Windows/Doors	\$ 10,602.00	\$ 10,602.00	\$ 11,400.00		\$ 32,604.00
Floor Coverings	\$ 11,346.00	\$ 11,346.00	\$ 12,200.00		\$ 34,892.00
Wall Tile	\$ 4,371.00	\$ 4,371.00	\$ 4,700.00		\$ 13,442.00
Cabinets/Countertops	\$ 15,624.00	\$ 15,624.00	\$ 16,800.00		\$ 48,048.00
Interior Trim	\$ 5,115.00	\$ 5,115.00	\$ 5,500.00		\$ 15,730.00
Hardware	\$ 3,255.00	\$ 3,255.00	\$ 3,500.00		\$ 10,010.00
Exterior Trim/ Siding	\$ 15,717.00	\$ 15,717.00	\$ 16,900.00		\$ 48,334.00
Gutters	\$ 1,581.00	\$ 1,581.00	\$ 1,700.00		\$ 4,862.00
Flat Work (Driveways)	\$ 4,800.00	\$ 4,800.00	\$ 4,800.00		\$ 14,400.00
Fencing	\$ 3,500.00	\$ 5,500.00	\$ 4,000.00		\$ 13,000.00
Grading	\$ 1,400.00	\$ 1,800.00	\$ 2,000.00		\$ 5,200.00
Trash Removal	\$ 2,400.00	\$ 2,400.00	\$ 2,400.00		\$ 7,200.00
		\$ -		\$ -	
Sub-Total	\$ 204,646.00	\$ 207,046.00	\$ 221,301.00	\$ -	\$ 632,993.00
Other					
Appliances	\$ 4,000.00	\$ 4,000.00	\$ 4,000.00		\$ 12,000.00
Decks/Porches	\$ 590.00	\$ 590.00	\$ 984.00		\$ 2,164.00
Flat Work (Side Walks)	\$ 2,800.00	\$ 4,200.00	\$ 3,710.00		\$ 10,710.00
Landscaping	\$ 2,500.00	\$ 2,500.00	\$ 2,650.00		\$ 7,650.00
Utility Hookups	\$ 1,275.00	\$ 1,275.00	\$ 1,275.00		\$ 3,825.00
Building Permits/Fees	\$ 1,268.82	\$ 1,268.82	\$ 1,268.82		\$ 3,806.46
Tap Fees/Site Work (Tree Removal)	\$ 6,000.00	\$ 6,000.00	\$ 6,000.00		\$ 18,000.00
Detached Carport	\$ -	\$ 20,400.00	\$ 20,400.00		\$ 40,800.00
Contractor Profit	\$ 34,181.85	\$ 34,181.85	\$ 34,181.85		\$ 102,545.55
Sub-Total	\$ 52,615.67	\$ 74,415.67	\$ 74,469.67	\$ -	\$ 201,501.01

PROJECT BUDGET

6% Increase over previous 60 day start date	\$ -	\$ -	\$ -	\$ -	
Construction Contingency	\$ 25,726.17	\$ 28,146.17	\$ 29,577.07	\$ -	
3% Increase over previous 60 day start date (COVID-19 Material Surge)	\$ 7,717.85	\$ 8,443.85	\$ 8,873.12	\$ -	
Sub-Total	\$ 33,444.02	\$ 36,590.02	\$ 38,450.19	\$ -	\$ 108,484.22
Total Construction Cost	\$ 312,249.81	\$ 339,595.81	\$ 359,426.90	\$ -	\$ 1,011,272.51
Total Cost per Unit	\$ 312,249.81	\$ 339,595.81	\$ 359,426.90	\$ -	
Barnes Developer Fee	\$ 11,000.00	\$ 11,000.00	\$ 11,000.00	\$ -	
Other Developer Fees	\$ 18,000.00	\$ 18,000.00	\$ 18,000.00		
Total Cost/Unit	\$ 341,249.81	\$ 368,595.81	\$ 388,426.90	\$ -	
Total Project Cost (including Land Cost)	\$ 341,249.81	\$ 368,595.81	\$ 388,426.90	\$ -	\$ 1,098,272.51

BARNES HOUSING TRUST FUND RENTAL OPERATING PROFORMA

Property Address: 0, 65, 101 Robertson St	Annual Inflation Rate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
REVENUE	103										
Gross Rent	3%	41256.00	42493.68	43768.49	45081.55	46433.99	47827.01	49261.82	50739.68	52261.87	53829.72
Vacancy Rate	3%		1274.81	1313.05	1352.45	1393.02	1434.81	1477.85	1522.19	1567.86	1614.89
Adjusted Gross Income		41256.00	41218.87	42455.44	43729.10	45040.97	46392.20	47783.97	49217.49	50694.01	52214.83
Other Income	3%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Operational Subsidies	3%		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gross Income		41256.00	41218.87	42455.44	43729.10	45040.97	46392.20	47783.97	49217.49	50694.01	52214.83
Operating Expenses											
Administrative	0.40%	4125.60	4142.10	4158.67	4175.31	4192.01	4208.77	4225.61	4242.51	4259.48	4276.52
Maintenance/Upkeep	0.40%	1500.00	1506.00	1512.02	1518.07	1524.14	1530.24	1536.36	1542.51	1548.68	1554.87
Utilities/Trash	0.40%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Taxes	0.40%	8535.00	8569.14	8603.42	8637.83	8672.38	8707.07	8741.90	8776.87	8811.97	8847.22
Insurance	0.40%	2070.00	2078.28	2086.59	2094.94	2103.32	2111.73	2120.18	2128.66	2137.17	2145.72
Legal	0.40%	750.00	753.00	756.01	759.04	762.07	765.12	768.18	771.25	774.34	777.44
Advertising	0.40%	787.50	790.65	793.81	796.99	800.18	803.38	806.59	809.82	813.06	816.31
Supplies	0.40%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Exterminating	0.40%	450.00	451.80	453.61	455.42	457.24	459.07	460.91	462.75	464.60	466.46
Mowing/Lawn Care	0.40%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Operating Expense		18218.10	18290.97	18364.14	18437.59	18511.34	18585.39	18659.73	18734.37	18809.31	18884.54
Reserve for Replacement	0.04	1500.00	1560.00	1622.40	1687.30	1754.79	1824.98	1897.98	1973.90	2052.85	2134.97
Net Operating Income		21537.90	21367.90	22468.90	23604.21	24774.84	25981.83	27226.26	28509.22	29831.85	31195.32
DEBT SERVICE - Sources											
CITC (15 Year Variable) \$270,000		18000.00	18000.00	18000.00	18000.00	18000.00	18000.00	18000.00	18000.00	18000.00	18000.00
4% under prime -currently 3.25%											
Lending rate .0%											
Total Debt Service		18000	18000	18000	18000	18000	18000	18000	18000	18000	18000
Debt Coverage Ratio		1.20	1.19	1.25	1.31	1.38	1.44	1.51	1.58	1.66	1.73
Operating Reserve	0.04	1500.00	1560.00	1622.40	1687.30	1754.79	1824.98	1897.98	1973.90	2052.85	2134.97
TOTAL CASH FLOW		2037.90	1807.90	2846.50	3916.91	5020.05	6156.85	7328.28	8535.32	9779.00	11060.35

BARNES HOUSING TRUST FUND RENTAL OPERATING PROFORMA

	Annual Inflation Rate	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
REVENUE											
Gross Rent	3%	55444.61	57107.95	58821.19	60585.83	62403.40	64275.50	66203.77	68189.88	70235.58	72342.65
Vacancy Rate		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Adjusted Gross Income		55444.61	57107.95	58821.19	60585.83	62403.40	64275.50	66203.77	68189.88	70235.58	72342.65
Other Income	3%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Operational Subsidies	3%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gross Income		55444.61	57107.95	58821.19	60585.83	62403.40	64275.50	66203.77	68189.88	70235.58	72342.65
Operating Expenses											
Administrative	0.40%	4293.63	4310.80	4328.04	4345.36	4362.74	4380.19	4397.71	4415.30	4432.96	4450.69
Maintenance/Upkeep	0.40%	1561.09	1567.34	1573.61	1579.90	1586.22	1592.56	1598.93	1605.33	1611.75	1618.20
Utilities/Trash	0.40%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Taxes	0.40%	8882.61	8918.14	8953.81	8989.63	9025.59	9061.69	9097.94	9134.33	9170.87	9207.55
Insurance	0.40%	2154.31	2162.92	2171.58	2180.26	2188.98	2197.74	2206.53	2215.36	2224.22	2233.11
Legal	0.40%	780.55	783.67	786.80	789.95	793.11	796.28	799.47	802.67	805.88	809.10
Advertising	0.40%	819.57	822.85	826.14	829.45	832.77	836.10	839.44	842.80	846.17	849.55
Supplies	0.40%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Exterminating	0.40%	468.33	470.20	472.08	473.97	475.87	477.77	479.68	481.60	483.53	485.46
Other	0.40%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Operating Expense		18960.08	19035.92	19112.07	19188.51	19265.27	19342.33	19419.70	19497.38	19575.37	19653.67
Reserve for Replacement	0.40%	2199.02	2207.81	2216.64	2225.51	2234.41	2243.35	2252.32	2261.33	2270.38	2279.46
Net Operating Income		34285.52	35864.22	37492.48	39171.80	40903.72	42689.82	44531.75	46431.17	48389.83	50409.52
DEBT SERVICE - Sources											
CITC (15 Year Variable)		18000.00	18000.00	18000.00	18000.00	18000.00	0.00	0.00	0.00	0.00	0.00
4% under prime -currently 3.25%											
Lending rate .0%											
Total Debt Service		18000.00	18000.00	18000.00	18000.00	18000.00	0.00	0.00	0.00	0.00	0.00
Debt Coverage Ratio		1.90	1.99	2.08	2.18	2.27	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Operating Reserve	0.40%	2143.51	2152.08	2160.69	2169.33	2178.01	2186.72	2195.47	2204.25	2213.07	2221.92
TOTAL CASH FLOW		14142.01	15712.14	17331.79	19002.47	20725.71	40503.10	42336.28	44226.92	46176.77	48187.60

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Of

Be A Helping Hand

Foundation

ARTICLE I

Be A Helping Hand Foundation

The name of the Corporation is Be A Helping Hand Foundation. It is intended that the Corporation shall have the status of Corporation which is exempt from federal income taxation under Section 501 (a) of the Internal Revenue Code of 1986, as amended, or any corresponding provisions of any future federal tax laws not for profit, as an organization described in Section 501 (c) (3) of the Code.

ARTICLE II

OFFICES

Section 2.1 Corporate Office. The principal office of the Corporation shall be located at 827 West McKennie Avenue, Nashville, Tennessee, 37206. In addition to its registered and principal offices the corporation may have other offices and/or facilities at such other places as the Board of Trustees may from time to time determine and as the business of the Corporation may require. The address of the principal office may be changed by the Board of Trustees by amendment to the Corporation's Charter.

Section 2.2 Registered Office: The registered office of the Corporation required to be maintained in the State of Tennessee Nonprofit Corporation Act, as amended from time to time may, but need not, be identical with the principal office in the State of Tennessee; and the address of the registered office may be changed from time to time by Board of Trustees.

ARTICLE III

PURPOSE AND USE OF FUNDS

Section 3.1 Purposes. The purpose of the Corporation is to provide training and education to young men and women in the construction industry as well as assist with finding employment. The Corporation is to build homes including affordable homes for low and medium income families. The Corporation is organized exclusively for religious, charitable, scientific, literary, and educational purposes within the meaning of Section 501 © (3) of the Code, including the receipt and acceptance of property, whether real, personal, or mixed, by gift or bequest from any person or entity; the retention, administration and investment of such property in accordance with the terms of the Corporation's Charter and these By-Laws; and the distribution of such property for the Charitable Purposes as herein delineated and/or (a) one or more organizations described in Section 501 (c) (3) of the Code and either Section 509 (a) (1) or Section 509 (a) (2) of the Code, Contributions to which are deductible under Section 170 (c) (2), Section 2055 (a) and Section 2522 (a) of the Code, or (b) A State, a possession of the United States, or any political subdivision of any of the forgoing, or the United States or the District of Columbia, contribution to which are deductible under Section 170 (c) (1), Section 2055 (a) and Section 2522 (a) gift or bequest of property be received or accepted in such a manner as to require the disposition of its income or principal to any person, governmental unit or organization, other than a Qualified Beneficiary or for other than Charitable Purposes.

Section 3.2 Use of Funds. In making distribution to effectuate the religious, charitable, scientific, literacy and educational purposes of the Corporation, as delineated in Section 3.1 above, the Board of Trustees shall have the authority to make distributions if both income and principal in such promotions and amounts as the Board of Trustees, in its discretion, determines advisable, provided that all such distributions are consistent with all applicable federal tax laws and regulations as herein provide. The Corporation is not formed for financial or pecuniary gain; and no part of the assets, income, nonprofits of the Corporation shall be distributable to, or inure to; the benefit of its trustees or officers or any other private person, except as provided in Section 5.11. Section 6.10 and Article XI as reimbursement for expenses or reasonable compensation for services rendered to the Corporation, as set forth in the Charter and Section 3.1 above. No substantial part of the activities of the Corporation shall be the carrying on of propaganda, or be the participation in, or intervention in (including the publishing or distribution of statements), any political campaign on behalf of (or in opposition to) any candidate for public office.

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Section 3.3 Administration of Funds. In the event the Corporation is a private foundation within the meaning of Section 509 of the Code for a taxable year, the Corporation (a) tax on undistributed its income for each tax year in such manner so that it will not become subject to the tax on undistributed income for each tax year in such a manner so that it will not become subject to the of self-dealing, as defined in Section 4941 (d) of the Code (c) shall not retain any excess business holdings, as defined in Section 4943 (c) of the Code; (d) shall not make any investments in a manner expenditures, as defined in Section 4945 (d) of the Code. In order to fully effectuate the provisions of these Sections the Corporation shall adopt such procedures, and shall otherwise adhere to such administrative requirements as may from time to time be necessary, in order to fully comply with all applicable federal tax laws and regulations.

Section 3.4 Termination of Corporation. The Board of Trustees shall have the authority to terminate the Corporation at any time that, by a unanimous vote, it deems such termination appropriate appropriate or advisable. In such event, after paying, or making provision for the payment of all liabilities of the Corporation exclusively for Charitable Purposes, any assets not so distributed shall be distributed to one or more Qualified Beneficiaries, as the Board of Trustees shall determine. Any assets not so disposed of by the Board of Trustees shall be disposed of by the court having equity jurisdiction in the county in which the principal; office of the Corporation is then located, with the distribution of assets to be made for such Charitable Purposes, or to such Qualified Beneficiaries, as such court shall determine.

ARTICLE IV

MEMBERS

Section 4.1 Non-Members. The Corporation shall have members with no voting rights, no meeting requirements, and no compensations. Memberships are given to donors who contribute between \$500.00 or more to the organization. Recognition of membership will be distributed in publication.

Be A Helping Hand Foundation shall maintain at least one-third of its governing board's membership for residents of low-income neighborhoods, other low-income community residents, or elected representatives of low-income neighborhood organizations.

Section 4.2 Low-Income Program Beneficiaries. For any housing project undertaken by this organization there shall be a formal process by which we gather input from intended beneficiaries, low-income residents of the proposed area, and other community member. This process will include temporarily expanding our governing board to include neighbors during the planning and development of the housing project.

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ARTICLE V

BOARD OF TRUSTEES

Section 5.1 General Powers. The business and affairs of the Corporation shall be supervised by its Board of Trustees, which shall exercise in the name of and behalf of the Corporation all of the rights and privileged legally exercisable by the Corporation as a corporate entity, except as many otherwise be provided by law, the Charter, or these By-laws. The Board of Trustees, as the governing body of the Corporation, shall have the authority to receive, administer, invest and distribute property on behalf of the Corporation in accordance with the provisions set forth in these By-laws. May serve as committee members and give advice or make recommendations.

Section 5.2 Number, Tenure and Qualifications. The number of the members of the Board of Trustees shall be not less than three (3) not more than nine (9). However, the number of trustees may be increased or decreased from time to time by the Board of Trustees by amendment of these By-laws, but no decrease shall have the effect of shortening the term of an incumbent trustee or reducing the number of trustees below three (3). The initial members of the Board of Trustees shall be appointed by the Incorporate(s) for staggered terms of approximately one, two and three years, in order properly to stagger the terms thereafter and permit expiration of terms immediately following the annual meeting.

In the event additional members are added to the Board of Trustees, the initial terms of office of such additional trustees shall be staggered in such a manner to assure that the terms of office of not more than one-half (1/2) of all of the trustees will expire in any one year. The initial members of the Boards of Trustees shall be appointed by the Incorporate(s) to serve until after the first annual meeting of the Board of Trustees and until his or her successor shall have been elected and qualified. At its annual meeting, the Board of Trustees shall elect individuals to serve on the Board of Trustees for a term that does not exceed a period of five (5) years. Each trustee shall hold office until his or her term shall have expired and his or her successor shall have been elected and qualified, or until his or her earlier resignation, removal from office, or death. A retiring trustee may succeed himself or herself. Trustees shall be natural persons who have attained the age of twenty-one (21) years, but need not be residents of the State of Tennessee.

Section 5.3 Advisor Members. The Board of Trustees may elect advisory members from time to time, who may attend, without vote, all meetings of the Board of Trustees. Advisory members shall serve at the pleasure of Board of Trustees and shall advise and Counsel the Board of Trustees on appropriate matters.

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Section 5.4 Annual Meeting. The annual meeting of the Board of Trustees shall be held within or without the State of Tennessee on the last business day of the fifth (5th) month following the close of the Corporation's fiscal year, or at such other time and date prior thereto and following the close of the Corporation's fiscal year as shall be determined by the Board of Trustees. The purpose of the annual meeting shall be to elect trustees and officers and transact such other business as may properly be brought before the meeting. If the election of trustees and officers shall not be held on the day herein designated for any annual meeting of the Board of Trustees, or at any adjournment thereof, the Board of Trustees shall cause the election to be held at a special meeting of the Board of Trustees as soon thereafter as may be convenient.

Section 5.5 Special Meetings. Special meetings of the Board of Trustees may be called by the President, or at the request of any trustee. The President shall fix the time and place, either within or without the State of Tennessee, of any special meeting.

Section 5.6 Notices. Notice of any special meeting shall be given at least five (5) business day's prior thereto. The attendance of a trustee at a meeting shall constitute a waiver of notice of such meeting, except where a trustee attends a meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called or convened. The business to be transacted at, or the purpose of, any special meeting of the Board of Trustees must be specified in the notice of such meeting and no other business shall be transacted at that meeting.

Section 5.7 Quorum. A majority of the total number of Trustees in office shall constitute a quorum for the transaction of business at any meeting of the Board of Trustees.

Section 5.8 Participation in Meetings. Each Trustee other than an advisory member shall be entitled to one (1) vote upon any matter properly submitted for a vote to the Board of Trustees. The affirmative vote of a majority of the Trustees present at a meeting at which a quorum is present shall be the act of the Board of Trustees, except as may otherwise be specifically provided by law, by the Charter, or by these By-laws. Members of the Board of Trustees absent from any meetings shall be permitted to vote at such meetings by written proxies. The members of the Board of Trustees or any committee designated by the Board of Trustees, may participate in a meeting of the Board of Trustees, or of such committee, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear one another; and participation in a meeting pursuant to this provision shall constitute in person at such meeting. The Trustees shall be promptly furnished a copy of the minutes of the meetings of the Board of Trustees.

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Section 5.9 Actions Without A Meeting. Any action required or permitted to be taken at a meeting by the Board of trustees, or by any committee, as the case may be, consent in writing to taking such action without a meeting. If all members entitled to vote on the action shall consent in writing to taking such action without a meeting, the affirmative vote of the number of votes that would be necessary to authorize or take such action at a meeting shall be the act of the Board of Trustees. The action must be evidenced by the one (1) or more counterparts signed by each members entitled to vote on the action indicating each signing member's vote or abstention on the action taken. All such written consents and actions shall be filed with the minutes of the proceedings of the Board of Trustees or committee.

A consent signed under this Section shall have the same force and effect as a meeting vote of the Board of Trustees, or any committee thereof, and may be described as such in any document.

Section 5.10 Vacancies. Any vacancy occurring in the Board of Trustees including vacancies created by the removal of trustees without cause or for cause may be filled by the affirmative vote of a majority of the remaining trustees in office, so long as the requirements of Section 5.2 are satisfied. A Trustee elected to fill a vacancy shall serve for the unexpired term of his or her predecessor in office, or if there is no predecessor until the next election of Trustees. If a vacancy is not filled within ninety (90) days of the event which resulted in there being fewer Trustees than required by the Charter of By-laws, any Trustee may apply to a court having equity jurisdiction in the county in which the Corporation has it's principal office to have such court appoint a sufficient number of Trustees so that the Corporation will have the number of Trustees required by its Charter or By-laws, whichever number is greater. Any trusteeship to be filled by reason of an increase in the number of trustees may be filled by election by the Board of Trustees for a term of office continuing only until the next election of trustees.

Section 5.11 Compensation and Reimbursement of Expenses. Each trustee shall be entitled to receive reasonable compensation, as may from time to time be set by the Board of Trustees for services rendered to the Corporation. In addition, each trustee may be paid his or her reasonable expenses incurred by the trustee directly related to the affairs of the Corporation upon prior approval by the Board of Trustees and proper substantiation of such expenses. No such payments shall preclude any trustee from serving the Corporation in any capacity and receiving compensation therefore.

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Section 5.12 Presumption of Assent. A trustee of the Corporation who is present at a meeting of the Board of Trustees at which action on any Corporation matter is taken shall be presumed to have assented to the action taken, unless his or her dissent shall be presumed to have assented to the action taken, unless his or dissent shall be entered in the minutes of the meeting, or unless he or she shall file his or her written dissent to such action with the person acting as the secretary of the meeting before the adjournment thereof, or forward such dissent by registered mail to the Secretary of the Corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to a trustee who voted in favor of such action.

Section 5.14 Registration. A trustee may resign his or her membership at any time by tendering his or her resignation in writing to the President or, in the case of the resignation of the President, to the Secretary. A resignation shall become effective upon the date specified in such notice or, if no date is specified, upon receipt of the resignation by the Corporation at its principal place of business.

ARTICLE VI

OFFICERS

Section 6.1 Number. There shall be a resident and a Secretary of the Corporation, each of whom shall be elected in accordance with the provisions of this Article. The Board of Trustees may also elect one (1) or more Vice-Presidents, a Treasurer, and such other assistant officers, as the Board of Trustees may from time to time deem necessary or appropriate. Any two or more offices may be held by the same person, except for the offices of President and Secretary.

Section 6.2 Election and Term of Office. The initial officers of the Corporation shall be elected by the incorporator(s) for a term of office expiring immediately following the first annual meeting of the Corporation. The Board of Trustees at its annual meeting shall elect the officers of the Corporation annually. If the election of the officers shall not be held at such meeting, such election shall not be held at such meeting, such election shall be held, as soon thereafter as may be convenient. Each officer shall hold office for a term of one (1) year expiring immediately following the annual meeting at which he or she was elected and until his or her successor shall have been duly elected and qualified, or until his or her earlier death, resignation, or removal from office in the manner hereinafter provided. A retiring officer may not succeed himself or herself in office, but may be eligible for election to another office or to the Board of Trustees.

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Section 6.3 President. The President shall be the principal executive officer of the Corporation. He or she shall, when present, preside at all meetings of the Board of Trustees and the Executive Committee, and shall in general perform all of the duties, and have all of the authority, incident to the office of the chief executive officer of a corporation, and such other duties as may from time be prescribed by the Board of Trustees. The President may sign, with the Secretary or any officer thereunto authorized by the Board of Trustees deeds, mortgages, bonds, contracts, or other instruments which the Board of Trustees has authorized to be executed to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board if Trustees or these By-Laws to some other officer or agent of the Corporation or shall be required by law to be otherwise signed or executed.

Section 6.4 Vice-President. In the absence of the President or in the event of his or her death, inability, or refusal to act, the Vice President (or in the event there be more than one Vice President, the Vice President in the order designated at the time of the election) shall perform the duties of the President (pending election, if necessary, of a successor pursuant to Section 6.8 below) and when so acting, shall have all the powers of, and be subject to all the restrictions upon, the President. Any Vice-President shall perform such duties as may from time to time be assigned to him or her by the Board of Trustees.

Section 6.5 Secretary. The Secretary will keep the minutes of the proceedings of the Board of Trustees in one or more books provided for that purpose: see that all notices are duly given in accordance with the provisions of these By-laws or as required by the law: be custodians of the corporate records and of the seal, if any, of the Corporation and see that the seal is affixed to all documents, the execution of which address shall be furnished to the Secretary by each trustee: and in general perform all duties incident to the office of Secretary and such other duties as may from time to time be assigned to him or her by the President of the Board of Trustees.

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Section 6.6 Treasurer. The Treasurer shall have charge and custody of, and be responsible for, all funds and securities of all the Corporations; received and give receipts for monies due and payable to the Corporation from any source whatsoever, and deposit all such monies in the name of the Corporation in such banks, trust companies, or other depositories as shall be select in accordance with the provisions of Article VIII of these By-laws; disburse the funds of the Corporation in accordance with the directives of the Board of Trustees, taking proper vouchers for such disbursements, and render to the Board of Trustees, and accounting and all the transactions of the Treasurer and of the financial conditions of the Corporation; and in general perform all duties incident to the office of Treasurer and such other duties as may from time to time be assigned to him or her by the President or other Board of Trustees.

Section 6.7 Removal. Any member of the Board of Trustees removed from office pursuant to Section 513 shall be automatically removed as an officer, The Board of Trustees may by a two-thirds (2/3) vote remove any officer when in its judgment, the best interests of the Corporation will be served thereby. Chairperson serves 5 years a 2/3 vote must carry for two consecutive meeting for the removal.

Section 6.8 Vacancies. A vacancy in any office because of death, resignation, removal, disqualification, or otherwise, may be filled by the affirmative vote of a majority of the Board of Trustees for the un-expired portion of the term.

Section 6.9 Resignations. An officer may resign his or her office at any time by tendering his or her resignation in writing to the President, or in the case of the resignation of the President, to the Secretary. A resignation shall become effective upon the date specified in such n, or if no date is specified, upon receipt of the resignation by the Corporation at its principal place of business.

Section 6.10 Salaries Expenses. The officers of the Corporation shall be entitled to reasonable compensation, as may be set by the Board of Trustees from time to time for services rendered to the Corporation. Reasonable expenses incurred by all of the officers of the Board of Trustees in the course of coordination shall be reimbursed by the Corporation upon proper substantiation. No officer shall be prevented from receiving receiving reasonable compensation by reason of the fact that he also is a member of the Board of Trustees.

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ARTICLE VII

EXECUTIVE COMMITTEE AND OTHER COMMITTEES

Section 7.1 Appointment of Executive Committee. The Board of Trustees by resolution adopted by a majority of its voting members, may designate three (3) or more of its members to constitute an Executive Committee and shall hold office until the next annual meeting of the Board of Trustees following his or her designation and until his or successor has been appointed and qualified. The designation of the Executive Committee and the delegation of authority thereto shall not operate to relieve the Board of Trustees, or any member thereto, of any responsibility by law.

Section 7.2 Authority of Executive Committee. The Executive Committee. The Executive Committee, when the Board of Trustees is not in session, shall have and may exercise all the authority of the Board of Trustees except to the extent, if any that such authority shall be limited by the resolution appointing to the Executive Committee or by these By-Laws. All action taken by the Executive Committee shall be subject to ratification by the Board of Trustees. However, the Executive Committee shall not have the authority of the Board of Trustees with respect to filling any vacancy on the Board of Trustees; amending or repealing any resolution of the Board of Trustees which by its express terms is not so amendable or repealable; amending or repealing the Charter or the By-laws of the Corporation; adopting a plan of merger or consolidation, selling, leasing, or otherwise disposing of all or substantially all the property and assets of the Corporation other than in the usual and regular course of its business; or voluntarily dissolving the Corporation or revoking a voluntary dissolution.

Section 7.3 Meeting of Executive Committee. Regular meetings of the Executive Committee may be held at such times and places as the Executive Committee may from time to time fix by resolution. Special meetings of the Executive Committee may be called by any member upon concurrence of a majority of the members of the Executive Committee upon not less than three (3) business days' notice prior thereto. The notices provided for in this Section shall state the place, date, and hour of the meeting, and the business proposed to be transacted at the meeting.

Section 7.4 Quorum of Executive Committee. A majority of the voting members of the Executive Committee shall constitute a quorum for the transaction of business at any meeting thereof. Action of the Executive Committee must be authorized by the affirmative vote of a majority of all voting members present at a meeting at which a quorum is present.

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Section 7.5 Action of Executive Committee. *Without a Meeting.* Any action required or permitted to be taken by the Executive Committee without a meeting may be taken without a meeting in accordance with the revisions of Section 5.9 of these By-Laws.

Section 7.6 Executive Committee Procedures. The Executive Committee shall fix its own rules of procedure, provided such rules are not inconsistent with these By-Laws. The Executive Committee shall keep regular minutes of its proceedings and report its proceedings to the Board of Trustees for its information at the next meeting of the Board of Trustees held after such proceedings.

Section 7.7 Vacancies, Resignations and Removal. Any vacancy in the Executive Committee may be filled by a resolution adopted by a majority of the voting members of the Board of Trustees. Any member of the Executive Committee may be removed at any time with or without cause by resolution adopted by a majority of the voting members of the Board of Trustees. Any member of the Executive Committee may resign from the Executive Committee at any time by giving written notice to the President or Secretary of the Corporation, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 7.8 Standing Committees. The Board of Trustees may maintain such standing committees as it may determine from time to time to be necessary or desirable for its proper functioning. Such committees shall consist of three (3) or more members, shall be under the control and the control and serve at the pleasure of the Board of Trustees of these By-Laws shall maintain a permanent record of actions and proceeding and shall regularly submit a report of their action actions to the Boards of Trustees which shall ratify the actions of each committee. The President, or his or her designee shall serve on each Committee as and ex-officio member. Such standing committees shall have such authority as the Board of Trustees may stipulate, except that no committee shall have the authority of the Board of Trustees with respect to those matters delineated in Section 5.2 above.

Section 7.9 Ad Hoc Committee. The President, with the approval of the Board of Trustees as evidenced by resolution, may from time to time create such ad hoc committees, as the President believes necessary or desirable to investigate matters or advise the Board of Trustees. Ad Hoc Committees shall limit their activities to the accomplishment of the tasks for which created and shall have no power to act except as specifically conferred by resolution of the Board of Trustees. Such committees shall operate until their tasks have been accomplished or until discharged by the Board of Trustees.

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**ARTICLE VIII
CONTRACTS, LOANS, CHECKS, DEPOSITS, INVESTMENTS**

Sections 8.1 Contracts and Employment of Agents. The Board of Trustees may authorize any trustee, officer or agent to enter into any contract, or execute and deliver any instrument, in the name of and on behalf of the Corporation. The Board of Trustees shall be specifically authorized, in its sole discretion, to employ and to pay the compensation of such agents, accountants, custodians, experts, consultants, and other counsel, legal, investment, or otherwise, as the Board of Trustees shall deem advisable, and to delegate discretionary powers to, and rely upon information furnished by such individuals or entities. Such authority may be general or confined to specific instances.

Section 8.2 Loans. No loans shall be contracted on behalf of the corporation, and no evidences of indebtedness shall be issued in its names, unless authorized by a resolution of the Board of Trustees. Such authority may be general or confined to specific instances.

Section 8.3 Checks, Drafts, and Etc. All checks, drafts, or other orders for the payment of money, notes, or other evidences or indebtedness issued in the name of the Corporation shall be signed by such officer or officers, agent or agents of the Corporation and in such manner, as shall from time to time be determined by resolution of the Board of Trustees.

Section 8.4 Deposits. All funds of the Corporation nor otherwise employed shall be deposited from time to time to the credits of the Corporation with such banks, trust companies, brokerage accounts, investment managers, or other depositaries as the Board of Trustees may from time to time select.

Section 8.5 Investment Authority. The Board of Trustees shall be authorized to retain assets distributed to the Corporation, even though such assets may constitute an over concentration in one of more similar investments. Further, the Board of Trustees shall have the authority to make investments in unproductive property, or to hold unproductive property to the extent necessary until it can be converted into productive property at an appropriate time, provided the retention of such property is in the best interest of the Corporation and does not in any way jeopardize the tax-exempt status of the Corporation.

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ARTICLE IX

STANDARDS OF CONDUCT

Section 9.1 Standards of Conduct. A trustee or an officer of the Corporation shall discharge his or her duties as a trustee or as an officer, including duties as a member of a committee:

- (a) In good faith;
- (b) With the care of an ordinarily prudent person in a like position would exercise under similar circumstances; and
- (c) In a manner he or she reasonably believes to be in the best interest of the Corporation.

Section 9.2 Reliance on Third Parties. In discharging his or her duties a trustee or officer is entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data if prepared or presented by:

- (a) One or more officers or employees of the Corporation whom the Trustee or officer reasonably believes to be reliable and competent in the matters presented;
- (b) Legal counsel, public accountants other persons as matters the trustees or officer reasonably believes are within the persons professional or expert competence; or
- (c) With respect to a trustee, a committee of the Board of Boards of which the trustee is not a member, as top matters within its Jurisdiction, if the trustee or officer reasonably believes the committee merits confidence.

Section 9.3 Bad Faith. A trustee or officer is not acting in good faith if he or she has knowledge concerning the matter in question that makes reliance otherwise permitted by Section 9.2 unwarranted.

Section 9.4 No Liability. A trustee or officer is not liable for any action taken, or any failure to take action, as a trustee or officer, if he or she performs the duties of his or her office in compliance with the provisions of this Article, or if he or she is immune from suit under the provisions of Section 48-58-601 of the Act. No repeal or modification of the provisions of this section 9.4, either directly or by the adoption of a provision inconsistent with the provisions of this Section shall adversely affect any right or protection, as set forth herein, existing in favor of a particular individual at the time such repeal or medication.

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Section 9.5 No Fiduciary. No trustee or officer shall be deemed to be a fiduciary with respect to the Corporation or with respect to any property held or administered by the Corporation, including, without limitation, property that may be subject to restrictions imposed by the donor or transferor of such property.

Section 9.6 Prohibition on Loans. No loans or guarantees shall be made by the Corporation to its trustees or officers. Any trustee who assents to or participates in the making of such loan shall be liable to the Corporation for the amount of such loan until the repayment thereof.

ARTICLE X

CONFLICTS OF INTEREST

Section 10.1 General. A conflict of interest transaction is a transaction with the Corporation which a trustee or officer of the Corporation has a direct or indirect interest. A trustee or officer of the Corporation has an indirect interest in a transaction if, but not only if, a party to the transaction is another entity in which the trustee or officer has a material interest, or of which the trustee or officer is a general partner, director, officer, or trustee. A conflict of interest transaction is not voidable, or the basis for imposing liability on the trustee or officer, if the transaction was fair at the time it was entered into, or if the transaction is approved as provided in Section 10.2.

Section 10.2 Manner of Approval. A transaction in which a trustee or officer of the Corporation has a conflict of interest may be approved if:

- (a) The material facts of the transaction and the interest of the Trustee or Officer were disclosed or known to the Board of Trustees or to committee consisting entirely of members of the Board of Trustees, and the Board of Trustees or such committee authorized, approved, or ratified the transaction; or
- (b) Approval is obtained from the Attorney General of the State of Tennessee, or from a court of record having equity jurisdiction in an action in which the Attorney General is joined as a party.

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Section 10.3 Quorum Requirements. For purposes of Section 10.2, a conflict of interest transaction is authorized, approved or ratified if it receives the affirmative vote of majority of the member of the Board of Trustees, or of a committee consisting entirely of members of the Board of Trustees, who have no direct or indirect interest in the transaction; but a transaction may not be authorized, approved, or ratified under this Article by a single trustee. A quorum is present for the purpose of taking action under this article if a majority of the members of the Board of Trustees who have no direct or indirect interest in the transaction vote authorized, approve, or ratify the transaction. The presence of, or vote cast by, a trustee with a direct or indirect interest in the transaction does not affect the validity of any action taken under subsection 10.2 (a) if the transaction is otherwise approved as provided in Section 10.2.

ARTICLE XI

INDEMNIFICATION AND ADVANCEMENT OF EXPENSES

Section 11.1 Mandatory Indemnification of Trustees and Officers. To the maximum extent permitted by the provision of Section 48-58-501, et.seq., of the act, as amended from time to time (provided, however, that if an amendment to the Act in any way limits or restricts the indemnification rights permitted by law as of the date hereof, such amendment shall apply only to the extent mandated by law and only to activities of persons subject to the indemnification under this section which occur subsequent to the effective date of such amendment), the Corporation shall indemnify and advance expenses to any person who is or was a trustee or officer of the Corporation, or to such person's, heirs, executors, administrators and legal representatives for the defense of any threatened, pending, or completed action, suit or proceeding, whether civil, criminal, administrative, or investigative, and whether formal or informal (any such action, suit or proceeding being hereinafter referred to as the "Proceeding"), to which such person was, is or is threatened to be made a named defendant or respondent which indemnification and advancement of expenses shall include counsel fees actually incurred as a result of the proceeding or any appeal thereof reasonable expenses actually incurred with respect to the Proceeding, all fines, judgments, penalties and amounts paid in settlement thereof, subject to the following conditions:

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- (a) The Proceeding was instituted by reason of the fact that such person is or was a trustee of the Corporation; and
- (b) The trustee or officer conducted himself or herself in good faith, and he or she reasonably believed (i) in the case of conduct in his or her official capacity with the Corporation, that his or her conduct was in its best interest; (ii) in all other cases, that his or her conduct was at least not opposed to the best interests of the Corporation; and (iii) in the case of any criminal proceeding, that he or she had no reasonable cause to believe his or conduct was unlawful. The termination of a proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent is not, of itself, determinative that the trustee or officer did not meet the standard of conduct herein described.

Section 11.2 Permissive Indemnification Of Employee and Agents. The Corporation may, to the maximum extent permitted by the provisions of Section 48-58-501 et seq. of the Act as amended from time to time (provided however, that if an amendment to the act in any way limits or restrict the indemnification rights permitted by law as of the date hereof, such amendment shall apply only to the extent mandated by law and only to activities of persons subject to indemnification under this Section which occur subsequent to the effective date of such amendment), indemnify and advance expenses in a Proceeding to any person who is or was an employee or agent of the Corporation, or to such person, heirs, executors, administrators and legal representatives, to the same extent as set forth in Section 11.1 above, provided that the Proceeding was instituted by reason of the fact that such person is or was an employee or agent of the Corporation to the extent, consistent with public policy, as may be provided by the Charter, by these By-laws, by contract, or by contract, or by general or specific action of the Board of Trustees.

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Section 11.3 Non-Exclusive Application. The rights to indemnification and advancement Of expenses set forth in Sections 11.1 and 11.2 above are contractual between the Corporation and the person being indemnified, and his or her heirs, executors, administrators and legal representatives, and are not exclusive of other similar rights of indemnification or advancement of expenses to which such person may be entitled, whether by contract, by law, by the Charter, by a resolution of the Board of Trustees, by these By-laws, by the purchase and maintenance by the Corporation of insurance on behalf of a trustee, officer, employee, or agent of the Corporation, or by an agreement with the Corporation providing such indemnification all of which means of indemnification and advancement of expenses are hereby specifically authorized.

Section 11.4 Non-Limiting Application. The provision of this Article XI shall not limit the power of the Corporation to pay or reimburse expenses incurred by a trustee, officer, employee, or agent of the Corporation in connection with such person's appearing as a witness in a Proceeding at a time when he or she has not been made a named defendant or respondent to the Proceeding.

Section 11.5 Prohibited Indemnification. Notwithstanding any other provision of this Article XI. The Corporation shall not indemnify or advance expenses to or on behalf of any trustee, officer, employee, or agent OF THE Corporation, or such person's heir, executors, administrators or legal representatives:

- (a) If a judgment or other final adjudication adverse to such person establishes his or her liability for any breach of the duty of loyalty to the Corporation for act or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, or under Section 48-58-304 of the Act; or
- (b) In connection with a Proceeding by or in the right of the Corporation in which such person was adjudged liable to the Corporation; or
- (c) In connection with any other Proceeding charging improper personal benefit to such person, whether or not involving action in his or her official capacity, in which he or she was adjudged liable on the basis that personal benefit, was improperly received by him or her.

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Section 11.6 Repeal or Modification Not Retroactive. No repeal or modification of the provisions of this Article XI, either directly or by the adoption of a provision inconsistent with the provisions of this Article, shall adversely affect any right or protection, as set forth herein, existing in favor of a particular individual at the time of such repeal or modification.

ARTICLE XII

NOTICES AND WAIVER OF NOTICE

The notices provided for in these By-laws shall be communicated in person, telegraph, telegraph, teletype, or by mail (including e-mail) or private carrier. Written notice is effective at the earliest of (a) receipt; (b) five (5) days after its deposit in the United States mail, if mailed correctly addressed and with first class postage affixed hereon; (c) on the date shown on the return receipt. If sent by registered mail, return receipt requested, and the receipt signed by or on behalf of the addressee; or (d) twenty (20) days after its deposit in the United States mail, if mail correctly, addressed, and with other than first class, registered, or committee member of the Corporation under the Provisions of the Charter, these By-laws, or the Act, a waiver thereof in writing signed by the person or persons entitled to such notice whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE XIII

FISCAL YEAR

The fiscal year of the Corporation shall end on the last day of December, or on such other date as may be fixed from time to time by the Board of Trustees.

ARTICLE XIV

AMENDMENTS

These By-laws and the Charter may be altered, amended, or repealed, and a new Charter or By-laws adopted, upon the affirmative vote of two-thirds (2/3) of the Board of Trustees at any annual or special meeting, except to the extent that such alteration, amendment, or repeal is inconsistent with Article XV hereof.

ARTICLE XV

CODE OF ETHICS

Section 1. *Board Ethics.* It is imperative to the success of the Organization that there be a fully informed, responsive, and reasonable Executive Committee and Board. To this end, each Board Member shall conduct themselves at all times in the best interest of the Organization. In this regard, each Board Member shall abide by the following "Code of Ethics". No code or set of rules can be framed which will particularize all of the duties of a Board Member. The following code of ethics is to be considered a general guide, yet the enumeration of particular duties should not be construed as a denial of the existence of other equally imperative duties, though not specifically mentioned.

Section 2. *Attendance.* Board Members shall put forth their best effort to attend all meetings and constructively participate in those meetings.

Section 3. *Business Judgment.* Board Members shall exercise good judgment in the control and use of confidential information that may from time to time come into their possession.

Section 4. *Public Relations.* Each Board Member shall serve as a public relations agent for the Organization and therefore shall work diligently and properly to promote its goals and objectives while keeping abreast with its overall progress.

Section 5. *Board Interference with Operations.* Except for voting at properly called meetings of the Board of Directors, Board Members shall refrain from entering into the direct day-to-day administration of the program unless they are doing so upon express authority given to them by a properly adopted Resolution of the Board of Directors.

Section 6. *Conflicts of Interest and Nepotism.* Board Members shall fully disclose at a meeting of the Board any and all family and/or financial relationships in regard to any matter which is recommended to the Board or upon which the Board must vote. Board Members with a potential conflict of interest shall not participate in formal Board discussions or vote on any matter involving a conflict of interest. "Any matter" includes, but is not limited to, (a) the purchase or rental of goods; (b) providing direct or indirect financial assistance through investments, grants, loans or loan guarantees; and (c) providing employment to a family member. "Financial relationship" includes, but is not limited to, (a) any direct or indirect financial interest in a specific sale or transaction, including a commission or fee, or share of the proceeds; (b) the prospect of promotion, a profit, repayment of funds owed the individual by an assisted business; and (c) any other form of financial remuneration. Board members must sign a conflict interest statement upon election to the board.

Section 7. *Alleged Violations.* The Executive Committee shall be charged with the responsibility of reviewing any allegations of Board Members violating this code or acting in any way which is detrimental to the success of the Organization and make recommendations to the full Board for final action.

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Section 8. *Document Destruction and Whistleblowing.* The Organization shall adhere to the policies and positions set forth in Exhibit A attached hereto.

ARTICLE XVI

EXEMPT STATUS

The Corporation has been organized and will be operated exclusively for exempt from federal income tax under Section 501 (a) of the Internal Revenue Code as an organization described in Section 501 (c) (3).

These By-Laws are adopted and shall be effective this 8th day of

March, 2011.


Incorporator's Printed Name and Title



Incorporator's Signature

EXHIBIT A

Document Destruction and Whistle-Blower/Code of Conduct Policy

The Sarbanes-Oxley Act ("SOX Act") which was signed into law on July 30, 2002, was designed to add new governance standards for the corporate sector to rebuild public trust in publicly held companies. While the majority of the SOX Act deals directly with for profit corporations, two standards in the act, document destruction and whistle-blower protection, apply to non-profit corporations. This Document Destruction and Whistle-Blower/Code of Conduct Policy ("WBCC Policy") shall set forth the internal policies and standards of Be a Helping Hand Foundation, a Tennessee nonprofit corporation (hereinafter referred to as "Organization"), with respect to document destruction and whistle-blower protection. Any capitalized terms not otherwise defined in this WBCC Policy shall have the meaning set forth in the Organization's Bylaws.

Document Destruction Policy

Organization acknowledges its responsibility to preserve information relating to litigation, audits and investigations. The SOX Act makes it a crime to alter, cover up, falsify, or destroy any document to prevent its use in an official proceeding. Failure on the part of employees to follow this policy can result in possible civil and criminal sanctions against Organization and its employees and possible disciplinary action against responsible individuals (up to and including termination of employment). Each employee has an obligation to contact the Chairman of the Organization or any member of the Organization's Executive Committee of a potential or actual litigation, external audit, investigation or similar proceeding involving Organization that may have an impact as well on the approved records retention schedule.

Whistle-Blower/Code of Conduct Policy

In keeping with the policy of maintaining the highest standards of conduct and ethics, Organization will investigate any suspected fraudulent or dishonest use or misuse of Organization's resources or property by officers, board members, employees, consultants and volunteers. Organization is committed to maintaining the highest standards of conduct and ethical behavior and promotes a working environment that values respect, fairness and integrity. All staff, board members and volunteers shall act with honesty, integrity and openness in all their dealings as representatives for the organization. Failure to follow these standards will result in disciplinary action including possible termination of employment, dismissal from one's board or volunteer duties and possible civil or criminal prosecution if warranted.

Officers, board members, employees, consultants and volunteers are encouraged to report suspected fraudulent or dishonest conduct (i.e., to act as "whistle-blower"), pursuant to the procedures set forth below.

Reporting

A person's concerns about possible fraudulent or dishonest use or misuse of resources or property should be reported to his or her supervisor or, if suspected by a volunteer, to the staff member supporting the volunteer's work. If for any reason a person finds it difficult to report his or her concerns to a supervisor or staff member supporting the volunteer's work, the person may report the concerns directly to the Chairman of the Organization or any member of the Organization's Executive Committee. Alternately, to facilitate reporting of suspected violations where the reporter wishes to remain anonymous, a written statement may be submitted to one of the individuals listed above.

Definitions

Baseless Allegations: Allegations made with reckless disregard for their truth or falsity. People making such allegations may be subject to disciplinary action by Organization, and/or legal claims by individuals accused of such conduct.

Fraudulent or Dishonest Conduct: A deliberate act or failure to act with the intention of obtaining an unauthorized benefit. Examples of such conduct include, but are not limited to:

- forgery or alteration of documents;
- unauthorized alteration or manipulation of computer files;
- fraudulent financial reporting;
- pursuit of a benefit or advantage in violation of Organization's *Code of Ethics* set forth in Article XV of the Organization's Bylaws.
- misappropriation or misuse of Organization resources, such as funds, supplies, or other assets;
- authorizing or receiving compensation for goods not received or services not performed; and
- authorizing or receiving compensation for hours not worked

Supervisors: Organization employees, officers, consultants or volunteers who have supervisory authority over any other such persons.

Whistle-Blower: An employee, consultant or volunteer who informs a supervisor, the Chairman of the Organization, or any member of the Organization's Executive Committee, about an activity relating to Organization which that person believes to be fraudulent or dishonest.

Rights and Responsibilities

Supervisors

Supervisors are required to report suspected fraudulent or dishonest conduct to the Chairman of the Organization or any member of the Organization's Executive Committee.

Reasonable care should be taken in dealing with suspected misconduct to avoid:

- baseless allegations;
- premature notice to persons suspected of misconduct and/or disclosure of suspected misconduct to others not involved with the investigation; and
- violations of a person's rights under law.

Due to the important yet sensitive nature of the suspected violations, effective professional follow-up is critical. Supervisors, while appropriately concerned about "getting to the bottom" of such issues, should not in any circumstances perform any investigative or other follow up steps on their own. Accordingly, a supervisor who becomes aware of suspected misconduct:

- should not contact the person suspected to further investigate the matter or demand restitution.
- should not discuss the case with attorneys, the media or anyone other than the Chairman of the Organization or any member of the Organization's Executive Committee.
- should not report the case to an authorized law enforcement officer without first discussing the case with the Chairman of the Organization or any member of the Organization's Executive Committee.

Investigation

All relevant matters, including suspected but unproved matters, will be reviewed and analyzed, with documentation of the receipt, retention, investigation and treatment of the complaint. Appropriate corrective action will be taken, if necessary, and findings will be communicated back to the reporting person and his or her supervisor. Investigations may warrant investigation by an independent person such as auditors and/or attorneys.

Whistle-Blower Protection

Organization will protect whistle-blowers as defined below.

- Organization will use its best efforts to protect whistle-blowers against retaliation. Whistle-blowing complaints will be handled with sensitivity, discretion and confidentiality to the extent allowed by the circumstances and the law. Generally this means that whistle-blower complaints will only be shared with those who have a need to know so that Organization can conduct an effective investigation, determine what action to take based on the results of any such investigation, and in appropriate cases, with law enforcement personnel. (Should disciplinary or legal action be taken against a person or persons as a result of a whistle-blower complaint, such persons may also have right to know the identity of the whistle-blower).

- Officers, directors, employees, consultants and volunteers of Organization may not retaliate against a whistle-blower for informing management about an activity which that person believes to be fraudulent or dishonest with the intent or effect of adversely affecting the terms or conditions of the whistle-blower's employment, including but not limited to, threats of physical harm, loss of job, punitive work assignments, or impact on salary or fees. Whistle-blowers who believe that they have been retaliated against may file a written complaint with the Chairman of the Organization or any member of the Organization's Executive Committee. Any complaint of retaliation will be promptly.

investigated and appropriate corrective measures taken if allegations of retaliation are substantiated. This protection from retaliation is not intended to prohibit supervisors from taking action, including disciplinary action, in the usual scope of their duties and based on valid performance-related factors.

- Whistle-blowers must be cautious to avoid baseless allegations (as described earlier in the definitions section of this policy).

INTERNAL REVENUE SERVICE
P. O. BOX 2508
CINCINNATI, OH 45201

DEPARTMENT OF THE TREASURY

Date:

JUN 29 2006

BE A HELPING HAND FOUNDATION
827 W MCKENNIE AVE
NASHVILLE, TN 37206

Employer Identification Number:
62-1853537
DLN:
17053133711026
Contact Person: WINNIE W LEE ID# 31208
Contact Telephone Number:
(877) 829-5500
Public Charity Status:
170(b)(1)(A)(vi)

Dear Applicant:

Our letter dated October 2001, stated you would be exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code, and you would be treated as a public charity, rather than as a private foundation, during an advance ruling period.

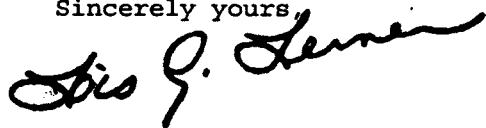
Based on the information you submitted, you are classified as a public charity under the Code section listed in the heading of this letter. Since your exempt status was not under consideration, you continue to be classified as an organization exempt from Federal income tax under section 501(c)(3) of the Code.

Publication 557, Tax-Exempt Status for Your Organization, provides detailed information about your rights and responsibilities as an exempt organization. You may request a copy by calling the toll-free number for forms, (800) 829-3676. Information is also available on our Internet Web Site at www.irs.gov.

If you have general questions about exempt organizations, please call our toll-free number shown in the heading.

Please keep this letter in your permanent records.

Sincerely yours,



Lois G. Lerner
Director, Exempt Organizations
Rulings and Agreements

Letter 1050 (DO/CG)

BAHH Vision, Mission, and Values

Vision

Creating sustainable communities and families through affordable housing

Mission

To provide affordable housing, education, and advocacy for low-income families

Values

We seek to be the positive change we want to see in the world.

We seek to create an environment of trust and integrity, in word and deed.

We aim to exceed expectations when encountering others regardless of the relationship

Our work is to create trust and respect for all people regardless of their circumstances.

We provide quality housing that we would be happy to live in.

Our work is to focus on improving communities.

**BE A HELPING HAND FOUNDATION
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**BE A HELPING HAND FOUNDATION
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
YEARS ENDED DECEMBER 31, 2021 AND 2020**

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Edmondson, Betzler & Dame
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Be a Helping Hand Foundation

Opinion

We have audited the accompanying financial statements of Be a Helping Hand Foundation (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Be a Helping Hand Foundation as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Be a Helping Hand Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Be a Helping Hand Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

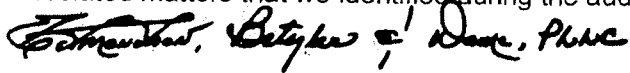
Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Be a Helping Hand Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Be a Helping Hand Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



Edmondson, Betzler, & Dame, PLLC
Brentwood, Tennessee

April 22, 2022

**BE A HELPING HAND FOUNDATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020**

ASSETS	2021	2020
Current assets:		
Cash and cash equivalents	\$ 117,065	\$ 317,346
Accounts receivable, net	17,011	18,826
Grants receivable	11,774	-
	145,850	361,020
Total current assets		
Property and equipment, net	4,072,407	3,921,462
Tenant security deposits	27,458	24,848
Other assets	15,000	-
	\$ 4,260,715	\$ 4,282,482
Total assets		
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 204,385	\$ 172,349
Accrued property taxes payable	58,952	47,668
Lines of credit	116,636	127,545
Current portion of notes payable	395,477	628,194
Tenant security deposits	28,400	26,400
Other current liabilities	33,277	11,182
	837,127	1,013,338
Total current liabilities:		
Long-term portion of notes payable	1,097,488	1,085,385
	1,934,615	2,098,723
Total liabilities		
Net assets:		
Without donor restrictions	2,326,100	2,183,759
	2,326,100	2,183,759
Total net assets		
Total liabilities and net assets	\$ 4,260,715	\$ 4,282,482

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

**BE A HELPING HAND FOUNDATION
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021	2020
SUPPORT AND REVENUE:		
Rental income and fees	\$ 426,218	\$ 392,804
Other income	342,413	9,336
Grant revenue	328,112	582,102
Insurance claims	120,209	198,798
Payroll Protection Program grant	38,200	-
Contributions	34	17,890
	<u>1,255,186</u>	<u>1,200,930</u>
EXPENSES:		
Program services	871,834	773,692
Management and general	241,011	221,745
	<u>1,112,845</u>	<u>995,437</u>
Change in net assets	142,341	205,493
Net assets, beginning of year	<u>2,183,759</u>	<u>1,978,266</u>
Net assets, end of year	<u>\$ 2,326,100</u>	<u>\$ 2,183,759</u>

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

BE A HELPING HAND FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021

	Program Services Low Income Housing	Support Services Management and General	Total
Salaries	\$ 167,882	\$ 71,950	\$ 239,832
Employee benefits	17,170	7,359	24,529
Payroll taxes	15,569	6,672	22,241
Total payroll and related expense	200,621	85,981	286,602
Construction costs for developers	231,235	-	231,235
Depreciation	159,696	-	159,696
Repairs and maintenance	81,590	4,069	85,659
Contract services	22,065	53,067	75,132
Property tax	58,952	-	58,952
Professional fees	27,888	17,863	45,751
Interest	34,537	9,497	44,034
Utilities	16,664	10,285	26,949
Insurance	23,426	657	24,083
Rent	-	23,400	23,400
Office expenses	-	18,046	18,046
Travel and meals	-	10,281	10,281
Contributions	8,539	-	8,539
Memberships and subscriptions	-	5,165	5,165
Property management fees	3,775	-	3,775
Security	2,599	349	2,948
Miscellaneous	-	2,335	2,335
Penalties and late fees	247	-	247
Advertising	-	16	16
	\$ 871,834	\$ 241,011	\$ 1,112,845

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

BE A HELPING HAND FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020

	<u>Program Services</u>	<u>Support Services</u>	
	Low Income Housing	Management and General	Total
Salaries	\$ 146,033	\$ 62,586	\$ 208,619
Payroll taxes	11,980	5,135	17,115
Employee benefits	8,035	3,444	11,479
Total payroll and related expense	166,048	71,165	237,213
Repairs and maintenance	253,641	5,513	259,154
Depreciation	131,397	-	131,397
Interest	48,753	17,249	66,002
Contract services	16,516	42,267	58,783
Property tax	47,665	-	47,665
Property management fees	36,050	-	36,050
Utilities	16,472	13,970	30,442
Insurance	25,818	549	26,367
Professional fees	164	21,251	21,415
Rent	-	21,400	21,400
Miscellaneous	15,448	4,833	20,281
Office expenses	-	13,009	13,009
Contributions	9,794	-	9,794
Travel and meals	-	5,948	5,948
Security	3,481	701	4,182
Memberships and subscriptions	-	2,762	2,762
Bank charges and recording fees	1,925	754	2,679
Penalties and late fees	520	-	520
Advertising	-	374	374
	\$ 773,692	\$ 221,745	\$ 995,437

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

BE A HELPING HAND FOUNDATION
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
Cash flows from operating activities:		
Increase in net assets	\$ 142,341	\$ 205,493
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	152,848	131,397
Amortization of deferred loan costs	6,848	-
Changes in operating assets and liabilities:		
Decrease in accounts receivable	1,815	30,149
(Increase) decrease in grants receivable	(11,774)	16,063
Increase in tenant security deposits	(2,610)	-
(Increase) decrease in other assets	(15,000)	5,400
Increase in accounts payable	32,036	9,644
Increase in accrued property taxes payable	11,284	15,507
Increase (decrease) in other current liabilities	22,095	(186)
Increase in refundable security deposits	2,000	6,515
	<u>341,883</u>	<u>419,982</u>
Net cash provided by operating activities		
Cash flows from investing activities:		
Purchase of property and equipment	(2,366)	(804,856)
Additions to construction in progress	(301,427)	(24,503)
	<u>(303,793)</u>	<u>(829,359)</u>
Net cash used in investing activities		
Cash flows from financing activities:		
Payments on lines of credit	(10,909)	(10,261)
Proceeds from notes payable	110,000	888,200
Payments on notes payable	(328,286)	(303,639)
Deferred loan costs incurred	(9,176)	-
	<u>(238,371)</u>	<u>574,300</u>
Net cash provided by (used in) financing activities		
Net increase (decrease) in cash, cash equivalents	(200,281)	164,923
Cash, cash equivalents, and restricted cash, beginning of year	<u>317,346</u>	<u>152,423</u>
Cash, cash equivalents, and restricted cash, end of year	<u>\$ 117,065</u>	<u>\$ 317,346</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	<u>\$ 44,034</u>	<u>\$ 59,678</u>

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

**BE A HELPING HAND FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Be A Helping Hand Foundation (the Foundation), a non-profit organization, was established in April 2001. The Foundation's mission is to provide affordable housing, free education, job training, and job placement assistance in the construction industry. Properties have been purchased and rehabilitated in low-income neighborhoods to be made available for renters and home buyers in need of safe, clean, family homes.

Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and accordingly reflect all significant receivables, payables, and other liabilities.

Financial Statement Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. The Foundation reports information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions. The Foundation reported no net assets with donor restrictions at December 31, 2021 and 2020.

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

Revenue Recognition

All donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), donor restricted net assets are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

**BE A HELPING HAND FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grant Revenue

Grant revenue is recognized when the qualifying costs are incurred for cost reimbursement grants or contract or when services are provided for performance grants. Grant revenue is subject to review by grantor agencies. The review could result in the disallowance of expenditures under the terms of the grant or reductions of future grant funds. Based on prior experience, management believes if any costs are disallowed, they would not materially affect the financial position of the Foundation.

Cash and Cash Equivalents

For the purposes of the statements of cash flows, the Foundation considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. Cash and cash equivalents during the year may exceed Federal Deposit Insurance Corporation ("FDIC") limits.

Accounts Receivable

The Foundation uses the allowance method to determine uncollectible receivables. Management's estimate of doubtful accounts is based on historical collection experience and a review of the current composition of the receivables. At December 31, 2021 and 2020, there was an allowance for doubtful accounts of \$2,861. It is reasonably possible that management's estimate of the allowance for doubtful accounts may change. Receivables are charged against the allowance when collection is considered unlikely due to historic or current experience. No bad debt expense was recorded for 2021 and 2020. Receivables are considered past due after 30 days, however, it is not the policy of the Foundation to assess a late fee, or apply interest to past due accounts.

Property and Equipment

Purchased property and equipment is recorded at cost, and donated property and equipment is recorded at fair market value. Contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulation regarding how long those donated assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Depreciation is provided over the estimated useful lives of 5 – 27.5 years on a straight-line basis. The Foundation capitalizes other items that are greater than or equal to \$1,000 and expenses items below \$1,000.

BE A HELPING HAND FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment (continued)

The Foundation reviews the carrying value of property and equipment for impairment if events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than carrying value, the Foundation recognizes an impairment loss equal to the amount by which the carrying value exceeds the fair market value of the asset. The factors considered by management in performing this assessment include current operating results, trends, and prospects, and the effects of obsolescence, demand, competition, and other economic factors. Based on management's assessment, there is no impairment required at December 31, 2021 and 2020.

Property Held for Sale

Real estate held for sale is recorded at the lower of cost or fair value less cost to sell. No property was held for sale at December 31, 2021 and 2020.

Deferred Loan Costs

Loan costs related to obtaining notes payable are capitalized and amortized on a straight-line basis over the life of the related debt. When the debt is paid in full, any unamortized financing costs are removed from the related accounts and charged to operations. Unamortized loan costs are offset against the related debt in the Statement of Financial Position, with the amortization being reported as interest expense.

Advertising Costs

The Foundation expenses all advertising costs as incurred. Total advertising expense amounted to \$16 and \$374 in 2021 and 2020, respectively.

Income Tax Status

The Foundation is exempt from federal income tax under Internal Revenue Code section 501(c)(3). Accordingly, no provision for income taxes has been made in the accompanying financial statements.

The Foundation has adopted ASC Topic 740-10, *Accounting for Uncertainty in Income Taxes*, which prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return, including the position that the Foundation continues to qualify to be treated as a tax-exempt entity for both federal and state income tax purposes.

**BE A HELPING HAND FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Tax Status (continued)

For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. For the year ended December 31, 2021, the Foundation has no material uncertain tax positions to be accounted for in the financial statements under these rules. The Foundation has exempt organization tax filings open to Internal Revenue Service audit, generally, for three years after they are filed.

Functional Classification of Expenses

The Foundation's program service expense includes low-income housing. The costs of providing the program and other activities have been summarized on a functional basis in the Statements of Functional Expenses. Accordingly, salaries, employee benefits, and payroll tax expenses have been allocated among the programs and supporting services benefited, based on time and effort of staff as determined by management. All other expenses were directly assigned.

Contributed Services

The Foundation receives a significant amount of donated services from unpaid volunteers. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition set forth by accounting principles generally accepted in the United States of America.

Events Occurring After Reporting Date

The Foundation has evaluated events and transactions that occurred after December 31, 2021, through the date of the issued financial statements for possible recognition or disclosure in the financial statements. The Foundation had no subsequent events to disclose at the date of auditor's report.

NOTE 2 - LIQUIDITY AND AVAILABILITY OF RESOURCES

The Foundation has \$145,850 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures. Cash and cash equivalents of \$117,065, accounts receivable of \$17,011 and grant receivable of \$11,774. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date.

The Foundation has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 90 days of normal operating expense, which are, on average, approximately, \$260,000.

**BE A HELPING HAND FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER, 2021 AND 2020**

NOTE 3 - TENANT SECURITY DEPOSITS

The tenant security deposit liability was \$28,400 and \$26,400 at December 31, 2021 and 2020, respectively. The Foundation is required to maintain a restricted cash account for these deposits. The tenant security deposit account was underfunded by \$942, as the related cash account had a balance of \$27,458 at December 31, 2021. The tenant security deposit account was underfunded by \$1,552, with a balance of \$24,848 at December 31, 2020.

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	2021	2020
Property held for lease	\$ 4,043,729	\$ 4,043,729
Land held for lease	600,865	600,865
Construction in progress	325,930	24,503
Computers and equipment	44,600	42,233
Leasehold improvements	4,403	4,403
	5,019,527	4,715,733
Less: accumulated depreciation	(947,120)	(794,271)
	\$ 4,072,407	\$ 3,921,462

Depreciation expense for the years ended December 31, 2021 and 2020 totaled \$159,696 and \$131,397, respectively.

At December 31, 2021 and 2020, the Foundation executed operating leases for their properties that were held for lease. None of the aforementioned leases were for more than one year. Rental income and fees from property held for lease totaled \$426,218 and \$392,804 for the years ended December 31, 2021 and 2020, respectively. As of December 31, 2021 and 2020, accumulated depreciation for property held for lease was \$917,855 and \$770,842, respectively.

NOTE 5 - GRANTS

The Foundation has entered into a significant number of grant agreements to purchase and rehabilitate homes for affordable rental housing. Additionally, the Foundation has entered into numerous agreements for land and funding for new construction of affordable rental homes. Under the terms of these agreements, the Foundation has agreed to repay certain funds if they violate certain terms or sale the home during the "affordability period," which is from five to twenty years from the date of the project completion. The Foundation has classified these properties as available for lease and does not anticipate that the homes will be available for sale in the "affordability period." Therefore, no liability is recorded in these financial statements for the years ended December 31, 2021 and 2020.

**BE A HELPING HAND FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 5 - GRANTS (CONTINUED)

In August 2017, the Foundation was awarded \$428,110 from the Barnes Fund for Affordable Housing. This funding was used to construct two townhomes containing four units for families with monthly initial rents of \$644 each and serve families at 30% - 60% of Area Median Income. Construction for this project began in 2019. Of the initial \$428,110 award, \$254,012 was received as of December 31, 2019. The remaining \$174,098 was received in 2020, as well as an additional \$87,738 due to amendments to the grant. Costs incurred were included in construction in progress, all of which was completed and reclassified as property held for lease as of December 31, 2020.

In November 2018, the Foundation was awarded \$395,937 by Metropolitan Development and Housing Agency (MDHA) under the Community Housing Development Organization – HOME Program. The funding provided by this agreement was used to construct two townhomes containing four units for families under 60% of Area Median Income. Monthly initial rents will be \$1,038 each. Construction for this project began in 2019. Of the initial \$395,937 award, \$317,742 was received as of December 31, 2019. The remaining \$78,195 was received in 2020, as well as an additional \$3,036 due to amendments to the grant. Costs incurred were included in construction in progress, all of which was completed and reclassified as property held for lease as of December 31, 2020.

In September 2019, the Foundation was awarded \$155,092 by Metropolitan Development and Housing Agency (MDHA) under the Community Housing Development Organization – HOME Program. The funding provided by this agreement was used to construct a single family home for families under 60% of Area Median Income. Monthly initial rent will be \$1,109. Construction for this project began in 2019. The full amount was received in 2020. Costs incurred are included in construction in progress, all of which was completed and reclassified as property held for lease as of December 31, 2020.

In March 2021, the Foundation was awarded \$50,000 by Metropolitan Development and Housing Agency (MDHA). The funding provided by this agreement was used to rehabilitate a single family home for families under 80% of Area Median Income. Construction for this project began in 2021. The \$50,000 award was fully received as of December 31, 2021.

In March 2021, the Foundation was awarded \$595,387 by Metropolitan Development and Housing Agency (MDHA) under the Community Housing Development Organization – HOME Program. The funding provided by this agreement is to be used to construct two single family homes for families under 60% of Area Median Income. Monthly initial rents will be \$1,108. Construction for this project began in 2021. Of the initial \$595,387 award, \$95,365 has been received as of December 31, 2021.

**BE A HELPING HAND FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 5 - GRANTS (CONTINUED)

In March 2021, the Foundation was awarded \$375,000 by Metropolitan Development and Housing Agency (MDHA) under the Community Housing Development Organization – HOME Program. The funding provided by this agreement is to be used to construct two single family homes for families under 60% of Area Median Income. Monthly initial rents will be \$1,108. Construction for this project began in 2021. Of the initial \$375,000 award, \$95,365 has been received as of December 31, 2021.

In October 2021, the Foundation was awarded \$534,652 by Metropolitan Development and Housing Agency (MDHA) under the Community Development Block Grant – Declared Disaster Recovery Fund Program. The funding provided by this agreement is to be used to rehabilitate a single family home for families under 80% of Area Median Income. Construction for this project began in 2021. Of the initial \$534,652 award, \$5,000 has been received as of December 31, 2021.

While entering into these agreements, the Foundation also received parcels of land from MDHA. These parcels are recognized as contributions received. Appraised value of these contributions was \$62,325 at December 31, 2020. No contribution of land was received in 2021.

In September 2021, the Foundation was awarded \$11,850 by the Housing Fund for tornado recovery. This grant was received in the form of debt reduction.

The Foundation was awarded \$11,774 by the Housing Fund to assist with the increase in 2021 property taxes. This grant was received in the form of direct payment to Metro Nashville for the portion of taxes they covered.

NOTE 6 - LINES OF CREDIT

The Foundation established a revolving line of credit with Pinnacle National Bank, that matures at October 3, 2034. Interest, at the Bank's Prime Rate plus 1%, which was 4.25% at December 31, 2021 and 2020, is due monthly. At December 2021 and 2020, the line of credit had an outstanding balance of \$71,617 and \$75,273, respectively, and is secured by a house and real property, which had a carrying value of \$124,027 at December 31, 2021 and 2020, and is personally guaranteed by the Executive Director and his spouse.

The Foundation has established a \$90,000 revolving line of credit at SunTrust Bank, which is due on demand. Interest, at the Bank's Prime Rate plus 1%, which was 4.25% and 4.25%, at December 31, 2021 and 2020, is due monthly. At December 31, 2021 and 2020, the line of credit had an outstanding balance of \$45,019 and \$52,272, respectively, and is secured by a lien on the Foundation's assets.

**BE A HELPING HAND FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 7 - OTHER CURRENT LIABILITIES

As of December 31, other current liabilities consist of the following:

	<u>2021</u>	<u>2020</u>
Accrued payroll and related liabilities	\$ 20,752	\$ 6,486
Contract liabilities	7,830	-
Other deposits payable	4,000	4,000
Accrued interest payable	695	696
	<u>33,277</u>	<u>11,182</u>

NOTE 8 - NOTES PAYABLE

Notes payable secured by low income rental properties at December 31, 2021 and 2020 consist of the following:

	<u>2021</u>	<u>2020</u>
Secured promissory note payable to Pinnacle National Bank in 120 monthly installments of \$871 beginning in February 2019, secured by a house and real property with a carrying value of approximately \$91,646, at December 31, 2021 and 2020, with an interest rate of 5.50% until February 2023, when a variable rate applies.	\$ 54,580	\$ 61,803
Secured promissory note payable to Pinnacle National Bank in 120 monthly installments of \$370 beginning in February 2019, secured by a house and real property with a carrying value of approximately \$83,513, at December 31, 2021 and 2020, including a variable interest rate which is 4% below the Index (0% at December 31, 2021 and 2020.)	26,804	31,242

**BE A HELPING HAND FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 8 - NOTES PAYABLE (CONTINUED)

	<u>2021</u>	<u>2020</u>
Secured promissory note payable to Pinnacle National Bank in 120 monthly installments of \$855 beginning October 2016, secured by a house and real property with a carrying value of approximately \$83,665, at December 31, 2021 and 2020, including a fixed interest rate of 5.50% at December 31, 2021 and 2020, until September 2021 when a variable rate applies.	\$ 44,268	\$ 51,914
Secured promissory note payable to Pinnacle National Bank in 120 monthly installments of \$871 beginning in February 2019, secured by a house and real property with a carrying value of approximately \$91,646, at December 31, 2021 and 2020, with an interest rate of 5.50% until February 2023, when a variable rate applies.	25,373	30,250
Secured promissory note payable to Pinnacle National Bank in 120 monthly installments of \$370 beginning in February 2019, secured by a house and real property with a carrying value of approximately \$83,513, at December 31, 2021 and 2020, including a variable interest rate which is 4% below the Index (0% at December 31, 2021 and 2020.)	68,157	70,920
Secured promissory note payable to Truxton Trust in 59 monthly installments of \$2,776 refinanced January 2021, secured by 13 houses and real properties with a carrying value of approximately \$1,249,919 at December 31, 2021 and 2020, including interest at Prime less 4% (0% at December 31, 2021 and 2020), maturing in December 2025, with final balloon payment.	466,573	499,887

**BE A HELPING HAND FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 8 - NOTES PAYABLE (CONTINUED)

	<u>2021</u>	<u>2020</u>
Secured promissory note payable to Truxton Trust in 59 monthly installments of \$2,500 beginning December 2020, secured by 13 houses and real properties with a carrying value of approximately \$1,249,919 at December 31, 2021 and 2020, including interest at Prime less 4% (0% at December 31, 2021 and 2020), maturing in November 2025, with final balloon payment.	\$ 417,500	\$ 447,500
Secured promissory note payable to The Housing Fund, interest only payments beginning April 2020 with interest at 3.75% at December 31, 2021 and 2020, secured by real property with a carrying value of \$993,038 at December 31, 2021 and 2020.	288,150	300,000
Secured promissory note payable to Pinnacle Bank in 180 monthly installments of \$611 beginning March 2021, secured by a house and real property with a carrying value of approximately \$232,116 at December 31, 2021, including interest at Prime less 4% (0% at December 31, 2021), maturing in February 2036.	103,889	-
Paid-off loans	-	228,200
Total notes payable	1,495,294	1,721,716
Less: current portion	(395,477)	(628,194)
Less: unamortized issuance costs, net	(2,329)	(8,137)
Long-term debt portion	<u>\$1,097,488</u>	<u>\$1,085,385</u>

**BE A HELPING HAND FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 8 - NOTES PAYABLE (CONTINUED)

Maturities of notes payable as of December 31, 2021 are summarized as follows:

<u>Year</u>	<u>Amount</u>
2022	\$ 395,477
2023	107,327
2024	107,327
2025	738,142
2026	37,965
2027 and thereafter	<u>109,056</u>
	<u>\$ 1,495,294</u>

NOTE 9 - RELATED PARTY TRANSACTIONS

The Foundation leases office space from the Executive Director under a lease agreement ending in April 2022. Total rent expense under this lease in 2021 and 2020 was \$23,400 and \$21,400, respectively. Future minimum lease commitments for the lease agreement are \$7,800 for 2022.

The Foundation subleased some of its office space to Life Choice Management, a company owned by the Executive Director's spouse. The sublease was \$500 a month beginning October 1, 2019. Total sublease income was \$6,000 in 2020, which was included in rental income. This sublease was terminated in December 2020 by Life Choice Management.

The Foundation is also in an agreement with Life Choice Management for rental property management services. Management fees paid to Life Choice Management were \$3,775 and \$36,050 in 2021 and 2020, respectively. The property management agreement with Life Choice Management ended in January 2021.

The Foundation advanced employees approximately \$7,300 and \$12,000 in 2021 and 2020, respectively. Additionally, the Foundation allowed employees' personal use of Foundation credit cards amounting to approximately \$1,504 and \$4,977 in 2021 and 2020, respectively. The total unpaid balance of these employee loans as of December 31, 2021 and 2020 was \$16,602 and \$17,726, respectively, and is recorded in accounts receivable.

**GRANT CONTRACT
 BETWEEN THE METROPOLITAN GOVERNMENT
 OF NASHVILLE AND DAVIDSON COUNTY, TENNESSEE
 BY AND THROUGH
 THE METROPOLITAN HOUSING TRUST FUND COMMISSION
 AND
 CROSSBRIDGE, INC.**

This Grant Contract issued and entered into by and between the Metropolitan Government of Nashville and Davidson County, a municipal corporation of the State of Tennessee hereinafter referred to as "Metro", and CrossBridge, Inc., hereinafter referred to as the "Recipient," is for the provision of the construction of affordable housing units and completion of onsite support service space as further defined in the "SCOPE OF PROGRAM." CrossBridge, Inc. will be adding 34 affordable housing units located at 31 and 39 Lindsley Avenue and completing onsite support services space located at 35 Lindsley Avenue. The recipient's budget request, financial statements or audit, 501(c)3 letter, and/or charter documents are incorporated herein. The Recipient is a nonprofit charitable or civic organization.

A. SCOPE OF PROGRAM:

- A.1. Each Property to which these grant funds are provided for shall be subject to a Declaration of Restrictive Covenants ("Declaration") imposing certain affordability requirements to encumber the Property and run with the land over a 30-year term. Terms defined in the Declaration shall have the same meanings when used in this Agreement.
- A.2. The Recipient shall use the funds under this grant in accordance with the affordable housing project submitted in the application and any of its amendments, which application is incorporated herein, and subject to the terms and conditions set forth herein.
- A.3. The Recipient, under this Grant Contract, will spend funds solely for the purposes set forth in their application or proposal for grant funding which is incorporated herein. These funds shall be expended consistent with the Grant Budget, included in Attachment A. Although some variation in line-item amounts for the Grant is consistent with the Grant Budget, any change greater than 20% of a line-item shall require the prior written approval of Metro. However, in no event will the total amount of the Grant funds provided to Recipient go above the awarded Grant amount of \$406,906.

Additional Conditions for Rental Properties:

- 1. Tenants must be income-eligible at the time of initial occupancy, and Recipient must certify all incomes annually and maintain a certified rent roll. In the event a tenant's income increases above the income-requirement for the unit, the tenant is not disqualified from remaining in the unit. However, the tenant's rent shall be adjusted to the corresponding AMI level for the next lease term.
- 2. The Recipient will provide Metro with a management plan program oversight which includes certification of the rents, utility allowances and tenant incomes. The Grantee shall also provide Metro an annual certification that Barnes rental requirements are being met throughout the compliance period.
- 3. The Grantee will allow Metro or a Metro-approved contractor to conduct on-site inspections of the grantee for compliance Barnes program requirements including, but not limited to, reviewing tenant income calculations, rent determinations and utility allowances.
- 4. Compliance restrictions on both tenant income and maximum rents shall apply for thirty (30) years from the date of issuance of the certificate of occupancy for the final building within the project. If a certificate of occupancy is not issued, the compliance period will begin on the date of recordation of the notice of completion for the project.

5. Recipient shall not increase rents during a lease term.

B. GRANT CONTRACT TERM:

B.1. Grant Contract Term. The term of this Grant shall be from execution of the grant agreement until Project completion, but in no way greater than 24 months from the execution of the grant agreement. Metro shall have no obligation for services rendered by the Recipient which are not performed within this term. Pursuant to Metropolitan Code of Laws § 2.149.040 (G), in the event the recipient fails to complete its obligations under this grant contract within twenty-four months from execution, Metro is authorized to rescind the contract and to reclaim previously appropriated funds from the organization.

C. PAYMENT TERMS AND CONDITIONS:

C.1. Maximum Liability. In no event shall the maximum liability of Metro under this Grant Contract exceed Four Hundred Six Thousand Nine Hundred Six Dollars (\$406,906). The Grant Budget, attached and incorporated herein as part of Attachment A, shall constitute the maximum amount to be provided to the Recipient by Metro for all of the Recipient's obligations hereunder. The Grant Budget line-items include, but are not limited to, all applicable taxes, fees, overhead, and all other direct and indirect costs incurred or to be incurred by the Recipient.

This amount shall constitute the Grant Amount and the entire compensation to be provided to the Recipient by Metro.

C.2. Compensation Firm. The maximum liability of Metro is not subject to escalation for any reason. The Grant Budget amount is firm for the duration of the Grant Contract and is not subject to escalation for any reason unless the grant contract is amended.

C.3. Payment Methodology. The Recipient shall be compensated for actual costs based upon the Grant Budget, not to exceed the maximum liability established in Section C.1. Upon execution of the Grant Contract and receipt of a request for payment, the Recipient may be eligible to receive reimbursement for milestones as completed based upon the Grant Budget.

a. Grant Draws

Before a draw can be made, there must be a physical inspection of the property by Metro or an approved designee. The inspection must confirm appropriate completion of the project.

1) Construction Grant Draw Schedule (% based on grant amount)

- 12.5% - upon receipt of the Building Permit (check property address and contractors name) and Builder's Risk Insurance sufficient to cover cost of construction and confirmation of acquisition (make sure Metro is listed as lien holder)
- 25% - footing framing and foundation completed (25% complete)
- 25% - roofing completed and the plumbing, electric and mechanical are roughed in and approved by local Codes (50% complete)
- 25% - cabinets, counters, drywall, trim and doors are installed (75% complete)

Balance of grant upon receipt of a Final Use & Occupancy from local Codes (100% complete).

All draw requests except for the first 12.5% draw must be inspected before funding.

The above is the preferred draw method. Metro may occasionally fund based on a true percentage of completion as noted in a Construction Inspection report or if the application requested funds for land acquisition, understanding that the initial 12.5% or acquisition draw may overfund the grant, requiring later draws to be reduced.

2) Construction Grant Draw Process

- Draw request is received from the Recipient. It should be requested by the contractor and approved by the Recipient.
- Complete property inspection
- Metro or approved designee approves the request.
- Payments should be made to the Recipient.

All invoices shall be sent to:

Barnes Housing Trust Fund
Planning Department – Housing Division
800 2nd Avenue South
Nashville, TN 37210
(615) 862-7190

Said payment shall not exceed the maximum liability of this Grant Contract.

Final invoices for the contract period should be received by Metro Payment Services by 24 months from the execution of the grant agreement. Any invoice not received by the deadline date will not be processed and all remaining grant funds will expire.

- C.4. Close-out Expenditure and Narrative Report. The Recipient must submit a final grant Close-out Expenditure and Narrative Report, to be received by the Metropolitan Housing Trust Fund Commission / Barnes Housing Trust Fund within 45 days of the end of the Grant Contract. Said report shall be in form and substance acceptable to Metro and shall be prepared by a Certified Public Accounting Firm or the Chief Financial Officer of the Recipient Organization.
- C.5. Payment of Invoice. The payment of any invoice by Metro shall not prejudice Metro's right to object to the invoice or any matter in relation thereto. Such payment by Metro shall neither be construed as acceptance of any part of the work or service provided nor as an approval of any of the costs included therein.
- C.6. Unallowable Costs. The Recipient's invoice shall be subject to reduction for amounts included in any invoice or payment theretofore made which are determined by Metro, on the basis of audits or monitoring conducted in accordance with the terms of this Grant Contract, to constitute unallowable costs.
- C.7. Deductions. Metro reserves the right to adjust any amounts which are or shall become due and payable to the Recipient by Metro under this or any Contract by deducting any amounts which are or shall become due and payable to Metro by the Recipient under this or any Contract.
- C.8. Electronic Payment. Metro requires as a condition of this contract that the Recipient shall complete and sign Metro's form authorizing electronic payments to the Recipient. Recipients who have not already submitted the form to Metro will have thirty (30) days to complete, sign, and return the form. Thereafter, all payments to the Recipient, under this or any other contract the Recipient has with Metro, must be made electronically.
- C. 9. Recipient agrees and understands that procurement of goods and services for the grant project must comply with state and local law and regulations, including the Metropolitan Procurement Code. Recipient will provide Metro with all plans and specifications needed for these procurement purposes. Recipient will promptly review, and either approve or disapprove, in good

faith and with reasonable grounds all estimates, amendments to scope of work, and all work performed by a contractor prior to payment.

- C. 10. Public Meetings. At the reasonable request of Metro, Recipient agrees to attend public meetings, neighborhood meetings, and other events regarding this Project.
- C. 11. Recognition. Any signage, printed materials, or online publications erected at the applicable Project site or elsewhere regarding the Project shall include the following language or language acceptable by Metro acknowledging that the Project is partially funded with a grant from the Barnes Fund for Affordable Housing of the Metropolitan Government of Nashville and Davidson County:

This project funded in part by the Barnes Affordable Housing Trust Fund of the
Metropolitan Government of Nashville & Davidson County.

Metropolitan Housing Trust Fund Commission

John Cooper, Mayor

Metropolitan Council of Nashville and Davidson County

D. STANDARD TERMS AND CONDITIONS:

- D.1. Required Approvals. Metro is not bound by this Grant Contract until it is approved by the appropriate Metro representatives as indicated on the signature page of this Grant.
- D.2. Modification and Amendment. This Grant Contract may be modified only by a written amendment that has been approved in accordance with all Metro procedures and by appropriate legislation of the Metropolitan Council.
- D.3. Default and Termination for Cause. Any failure by Owner to perform any term or provision of this Grant Contract shall constitute a "Default" (1) if such failure is curable within 30 days and Recipient does not cure such failure within 30 days following written notice of default from Metro, or (2) if such failure is not of a nature which cannot reasonably be cured within such 30-day period and Recipient does not within such 30-day period commence substantial efforts to cure such failure or thereafter does not within a reasonable time prosecute to completion with diligence and continuity the curing of such failure. Should the Recipient Default under this Grant Contract or if the Recipient violates any terms of this Grant Contract, Metro shall have the right to immediately terminate the Grant Contract and the Recipient shall return to Metro any and all grant monies for services or projects under the grant not performed as of the termination date. The Recipient shall also return to Metro any and all funds expended for purposes contrary to the terms of the Grant. Such termination shall not relieve the Recipient of any liability to Metro for damages sustained by virtue of any breach by the Recipient.
- D.4. Subcontracting. The Recipient shall not assign this Grant Contract or enter into a subcontract for any of the services performed under this Grant Contract without obtaining the prior written approval of Metro. Notwithstanding any use of approved subcontractors, the Recipient shall be considered the prime Recipient and shall be responsible for all work performed.
- D.5. Conflicts of Interest. The Recipient warrants that no part of the total Grant Amount shall be paid directly or indirectly to an employee or official of Metro as wages, compensation, or gifts in exchange for acting as an officer, agent, employee, subcontractor, or consultant to the Recipient in connection with any work contemplated or performed relative to this Grant Contract.

The Grantee also recognizes that no person identified as a Covered Person below may obtain a financial interest or benefit from a Metro Housing Trust Fund Competitive Grant assisted activity, or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds thereunder, either for themselves or those whom they have family or business ties, during their tenure or for one year thereafter.

Covered Persons include immediate family members of any employee or board member of the Grantee. Covered Persons are ineligible to receive benefits through the Metro Housing Trust Fund Competitive Grant program. Immediate family ties include (whether by blood, marriage or adoption) a spouse, parent (including stepparent), child (including a stepbrother or stepsister), sister, brother, grandparent, grandchild, and in-laws of a Covered Person.

D.6. Nondiscrimination. The Recipient hereby agrees, warrants, and assures that no person shall be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination in the performance of this Grant Contract or in the employment practices of the Recipient on the grounds of disability, age, race, color, religion, sex, national origin, or any other classification which is in violation of applicable laws. The Recipient shall, upon request, show proof of such nondiscrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination.

D.7. Records. All documents relating in any manner whatsoever to the grant project, or any designated portion thereof, which are in the possession of Recipient, or any subcontractor of Recipient shall be made available to the Metropolitan Government for inspection and copying upon written request by the Metropolitan Government. Furthermore, said documents shall be made available, upon request by the Metropolitan Government, to any state, federal or other regulatory authority and any such authority may review, inspect and copy such records. Said records include, but are not limited to, all drawings, plans, specifications, submittals, correspondence, minutes, memoranda, tape recordings, videos or other writings or things which document the grant project, its design and its construction. Said records expressly include those documents reflecting the cost of construction, including all subcontracts and payroll records of Recipient.

Recipient shall maintain documentation for all funds provided under this grant contract. The books, records, and documents of Recipient, insofar as they relate to funds provided under this grant contract, shall be maintained for a period of three (3) full years from the date of the final payment. The books, records, and documents of Recipient, insofar as they relate to funds provided under this grant contract, shall be subject to audit at any reasonable time and upon reasonable notice by Metro or its duly appointed representatives. Records shall be maintained in accordance with the standards outlined in the Metro Grants Manual. The financial statements shall be prepared in accordance with generally accepted accounting principles.

D.8. Monitoring. The Recipient's activities conducted and records maintained pursuant to this Grant Contract shall be subject to monitoring and evaluation by Metro or Metro's duly appointed representatives. The Recipient shall make all audit, accounting, or financial records, notes, and other documents pertinent to this grant available for review by the Metropolitan Office of Financial Accountability, Internal Audit or Metro's representatives, upon request, during normal working hours.

D.9. Reporting. The Recipient must submit an Interim Program Report, to be received by the Metropolitan Housing Trust Commission / Barnes Housing Trust Fund, by no later than September 1, 2023 and a Final Program Report, to be received by the Metropolitan Housing Trust Fund Commission within 45 [forty-five] days of the end of the Grant Contract. Said reports shall detail the outcome of the activities funded under this Grant Contract in the form required by Metro.

D.10. Strict Performance. Failure by Metro to insist in any one or more cases upon the strict performance of any of the terms, covenants, conditions, or provisions of this agreement shall not

be construed as a waiver or relinquishment of any such term, covenant, condition, or provision. No term or condition of this Grant Contract shall be held to be waived, modified, or deleted except by a written amendment by the appropriate parties as indicated on the signature page of this Grant.

- D.11. Insurance. The Recipient shall maintain adequate public liability and other appropriate forms of insurance, including other appropriate forms of insurance on the Recipient's employees, and to pay all applicable taxes incident to this Grant Contract.
- D.12. Metro Liability. Metro shall have no liability except as specifically provided in this Grant Contract.
- D.13. Independent Contractor. Nothing herein shall in any way be construed or intended to create a partnership or joint venture between the Recipient and Metro or to create the relationship of principal and agent between or among the Recipient and Metro. The Recipient shall not hold itself out in a manner contrary to the terms of this paragraph. Metro shall not become liable for any representation, act, or omission of any other party contrary to the terms of this paragraph.
- D.14. Indemnification and Hold Harmless.
- (a) Recipient shall indemnify, defend, and hold harmless Metro, its officers, agents and employees from any claims, damages, penalties, costs and attorney fees for injuries or damages arising, in part or in whole, from the negligent or intentional acts or omissions of Recipient, its officers, employees and/or agents, including its sub or independent contractors, in connection with the performance of the contract, and any claims, damages, penalties, costs and attorney fees arising from any failure of Recipient, its officers, employees and/or agents, including its sub or independent contractors, to observe applicable laws, including, but not limited to, labor laws and minimum wage laws.
- (b) Metro will not indemnify, defend or hold harmless in any fashion the Recipient from any claims, regardless of any language in any attachment or other document that the Recipient may provide.
- (c) Recipient shall pay Metro any expenses incurred as a result of Recipient's failure to fulfill any obligation in a professional and timely manner under this Contract.
- (d) Grantee's duties under this section shall survive the termination or expiration of the grant.
- D.15. Force Majeure. The obligations of the parties to this Grant Contract are subject to prevention by causes beyond the parties' control that could not be avoided by the exercise of due care including, but not limited to, acts of God, riots, wars, strikes, epidemics or any other similar cause.
- D.16. State, Local and Federal Compliance. The Recipient agrees to comply with all applicable federal, state and local laws and regulations in the performance of this Grant Contract.
- D.17. Governing Law and Venue. The validity, construction and effect of this Grant Contract and any and all extensions and/or modifications thereof shall be governed by and construed in accordance with the laws of the State of Tennessee. The venue for legal action concerning this Grant Contract shall be in the courts of Davidson County, Tennessee.
- D.18. Attorney Fees. Recipient agrees that, in the event either party deems it necessary to take legal action to enforce any provision of the Grant Contract, and in the event Metro prevails, Recipient shall pay all expenses of such action including Metro's attorney fees and costs at all stages of the litigation.
- D.19. Completeness. This Grant Contract is complete and contains the entire understanding between the parties relating to the subject matter contained herein, including all the terms and conditions of the parties' agreement. This Grant Contract supersedes any and all prior understandings,

representations, negotiations, and agreements between the parties relating hereto, whether written or oral.

- D. 20. Headings. Section headings are for reference purposes only and shall not be construed as part of this Grant Contract.
- D. 21. Licensure. The Recipient and its employees and all sub-grantees shall be licensed pursuant to all applicable federal, state, and local laws, ordinances, rules, and regulations and shall upon request provide proof of all licenses. Recipient will obtain all permits, licenses, and permissions necessary for the grant project.
- D. 22. Waiver. No waiver of any provision of this contract shall affect the right of any party thereafter to enforce such provision or to exercise any right or remedy available to it in the event of any other default.
- D. 23. Inspection. The Grantee agrees to permit inspection of the project and/or services provided for herein, without any charge, by members of the Grantor and its representatives.
- D. 24. Assignment—Consent Required. The provisions of this contract shall inure to the benefit of and shall be binding upon the respective successors and assignees of the parties hereto. Except for the rights of money due to Recipient under this contract, neither this contract nor any of the rights and obligations of Recipient hereunder shall be assigned or transferred in whole or in part without the prior written consent of Metro. Any such assignment or transfer shall not release Recipient from its obligations hereunder. Notice of assignment of any rights to money due to Recipient under this Contract must be sent to the attention of the Metro Department of Finance.
- D.25. Gratuities and Kickbacks. It shall be a breach of ethical standards for any person to offer, give or agree to give any employee or former employee, or for any employee or former employee to solicit, demand, accept or agree to accept from another person, a gratuity or an offer of employment in connection with any decision, approval, disapproval, recommendation, preparations of any part of a program requirement or a purchase request, influencing the content of any specification or procurement standard, rendering of advice, investigation, auditing or in any other advisory capacity in any proceeding or application, request for ruling, determination, claim or controversy in any proceeding or application, request for ruling, determination, claim or controversy or other particular matter, pertaining to any program requirement of a contract or subcontract or to any solicitation or proposal therefore. It shall be a breach of ethical standards for any payment, gratuity or offer of employment to be made by or on behalf of a subcontractor under a contract to the prime contractor or higher tier subcontractor or a person associated therewith, as an inducement for the award of a subcontract or order. Breach of the provisions of this paragraph is, in addition to a breach of this contract, a breach of ethical standards which may result in civil or criminal sanction and/or debarment or suspension from participation in Metropolitan Government contracts.
- D.26. Communications and Contacts. All instructions, notices, consents, demands, or other communications from the Recipient required or contemplated by this Grant Contract shall be in writing and shall be made by facsimile transmission, email, or by first class mail, addressed to the respective party at the appropriate facsimile number or address as set forth below or to such other party, facsimile number, or address as may be hereafter specified by written notice.

Metro:

For contract-related matters and enquiries regarding invoices:

Metropolitan Housing Trust Fund Commission / Barnes Housing Trust Fund
Planning Department – Housing Division
800 2nd Avenue South
Nashville, TN 37210
(615) 862-7190
Ashley.Brown2@Nashville.Gov

Recipient:

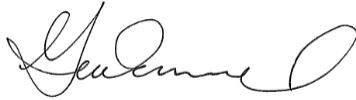
CrossBridge, Inc.
Tina Mitchell
35 Lindsley Ave.
Nashville, TN 37210
615-491-5850
tmitchell@crossbridgeinc.org

- D.27. Lobbying. The Recipient certifies, to the best of its knowledge and belief, that:
- a. No federally appropriated funds have been paid or will be paid, by or on behalf of the Recipient, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, and entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement.
 - b. If any funds other than federally appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this grant, loan, or cooperative agreement, the Recipient shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.
 - c. The Recipient shall require that the language of this certification be included in the award documents for all sub-awards at all tiers (including sub-grants, subcontracts, and contracts under grants, loans, and cooperative agreements) and that all subcontractors of federally appropriated funds shall certify and disclose accordingly.
- D. 28 Effective Date. This contract shall not be binding upon the parties until it has been signed first by the Recipient and then by the authorized representatives of the Metropolitan Government and has been filed in the office of the Metropolitan Clerk. When it has been so signed and filed, this contract shall be effective as of the date first written above.

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THE METROPOLITAN GOVERNMENT
OF NASHVILLE AND DAVIDSON
COUNTY:

APPROVED AS TO PROGRAM SCOPE:



Gina Emmanuel, Chair,
Metropolitan Housing Trust Fund
Commission

APPROVED AS TO AVAILABILITY OF
FUNDS:

Kelly Flannery

Kelly Flannery, Director
Department of Finance

tje

APPROVED AS TO FORM AND
LEGALITY:

Macy Amos

Assistant Metropolitan Attorney

APPROVED AS TO RISK AND
INSURANCE:

Balogun Cobb

Director of Risk Management Services

APPROVED BY METROPOLITAN
GOVERNMENT OF NASHVILLE AND
DAVIDSON COUNTY:

Metropolitan Clerk

RECIPIENT:

CrossBridge, Inc.

By:



Title: Executive Director

Sworn to and subscribed to before me a
Notary Public, this 24 day of

August, 2022.

Notary Public

John R. Miller



My Commission
expires _____



BARNES HOUSING TRUST FUND RENTAL BUDGET

Unit Address	31-39 Lindsley Avenue				
Development Type	Rental Development				
Accessible Bus Line Routes	Routes: 6, 15, 25, 27, 33, 34, 36, 37, 38, 44, 52, 55, 84, 86, 96	All routes within .2 miles of project			
Number of Studios	34 Housing Units				
Number of 1 Bedrooms					
Number of 2+ Bedrooms					
Square Feet	Total Project: 16,000 sf Housing: 10,500 sf Support ServicesSpace: 5,500 sf				
Number of Stories	3				
Acquisition Costs					
Vacant Land	\$0				
Land with Structure	\$0				
Title & Recording	\$0				
Legal	\$0				
Total	\$0				
Predevelopment Costs					
Appraisal	\$5,500				
Survey	\$2,500				
Security Lighting	\$23,000				
Insurance	\$26,000				
Architect	\$120,000				
Engineering	\$65,000				
Planning/Zoning	\$0				
Irrigation	\$23,000				
Total	\$265,000				
Construction Costs					

BARNES HOUSING TRUST FUND RENTAL BUDGET

Structure					
Footer/Foundation	\$54,000				
Framing	\$119,000				
Electrical	\$93,000				
Plumbing	\$188,000				
Roofing	\$78,000				
HVAC	\$183,000				
Drywall/Insulation	\$93,000				
Paint/Stain	\$91,000				
Windows/Doors	\$86,000				
Floor Coverings	\$153,000				
Cabinets	\$112,000				
Sub-Total	\$1,250,000				
Other					
Fencing	\$139,000				
Appliances	\$112,000				
A/V-Technology-Security-CCTV	\$175,000				
Side Walks/Driveways	\$54,000				
Landscaping	\$24,000				
Furnishings	\$147,000				
Building Permits/Fees	\$35,000				
Demolition	\$32,000				
Materials and Labor Market Contingency Cost Overrun	\$125,000				
Sub-Total	\$843,000				
Construction Contingency	\$62,500				
Profit (if organization has own construction crew)	\$0				
Sub-Total	\$62,500				
Total Construction Cost	\$2,155,500				

BARNES HOUSING TRUST FUND RENTAL BUDGET

Total Project Cost	\$2,420,500				
Total Housing Cost	\$1,597,530	66% of Total Project Cost			
Cost per Unit	\$46,986				
Developer's Fee (capped at 20%)	\$37,000	10% of Barnes Request			
Total Cost/Unit	\$48,074	Barnes Cost/Unit \$11,968			

BARNES HOUSING TRUST FUND RENTAL OPERATING PROFORMA

	Annual Inflation Rate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9
REVENUE										
Gross Rent	0.015	81600	82824	84066	85327	86607	87906	89225	90563	91922
Vacancy Rate 7%		5712	5798	5885	5973	6063	6153	6246	6339	6435
Adjusted Gross Income		75888	77026	78182	79354	80545	81753	82979	84224	85487
Other Income	0.05	164647	172879	181523	190599	200129	210136	220643	231675	243259
Operational Subsidies										
Gross Income		240535	249906	259705	269954	280674	291889	303622	315899	328746
Operating Expenses										
Administrative	0.03	78940	81308	83747	86260	88848	91513	94258	97086	99999
Maintenance/Upkeep		20000	20000	20000	20000	20000	20000	20000	20000	20000
Utilities/Trash	0.03	67000	69010	71080	73213	75409	77671	80002	82402	84874
Taxes		0	0	0	0	0	0	0	0	0
Insurance	0.03	17000	17510	18035	18576	19134	19708	20299	20908	21535
Legal		5000	5000	5000	5000	5000	5000	5000	5000	5000
Advertising		0	0	0	0	0	0	0	0	0
Supplies	0.03	11000	11330	11670	12020	12381	12752	13135	13529	13934
Exterminating	0.02	6000	6120	6242	6367	6495	6624	6757	6892	7030
Other		10000	10000	10000	10000	10000	10000	10000	10000	10000
Total Operating Expense		214940	220278	225775	231436	237266	243269	249450	255816	262372
Reserve for Replacement	0.02	10000	10200	10404	10612	10824	11041	11262	11487	11717
Net Operating Income		15595	19427	23526	27906	32584	37579	42910	48596	54657
DEBT SERVICE - Sources										
No Debt										
Total Debt Service		0								
Debt Coverage Ratio										
Operating Reserve		10000	10000	10000	10000	10000	10000	12000	15000	15000
TOTAL CASH FLOW		5595	9427	13526	17906	22584	27579	30910	33596	39657

BARNES HOUSING TRUST FUND RENTAL OPERATING PROFORMA

	Annual Inflation Rate	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19
REVENUE										
Gross Rent	0.015	94700	96121	97562	99026	100511	102019	103549	105102	106679
Vacancy Rate	0.07	6629	6728	6829	6932	7036	7141	7248	7357	7468
Adjusted Gross Income		88071	89392	90733	92094	93475	94878	96301	97745	99211
Other Income	0.05	268193	281602	295682	310466	325990	342289	359404	377374	396243
Operational Subsidies										
Gross Income		356264	370994	386415	402561	419465	437167	455705	475119	495454
Operating Expenses										
Administrative	0.03	106089	109271	112550	115926	119404	122986	126676	130476	134390
Maintenance/Upkeep		33000	33000	33000	33000	33000	33000	33000	33000	33000
Utilities/Trash	0.03	90042	92744	95526	98392	101344	104384	107515	110741	114063
Taxes		0	0	0	0	0	0	0	0	0
Insurance	0.03	22847	23532	24238	24965	25714	26485	27280	28098	28941
Legal		5000	5000	5000	5000	5000	5000	5000	5000	5000
Advertising		0	0	0	0	0	0	0	0	0
Supplies	0.03	14783	15227	15683	16154	16638	17138	17652	18181	18727
Exterminating	0.02	7314	7460	7609	7762	7917	8075	8237	8401	8569
Other		10000	10000	10000	10000	10000	10000	10000	10000	10000
Total Operating Expense		289075	296234	303606	311198	319017	327068	335359	343898	352691
Reserve for Replacement	0.02	12190	12434	12682	12936	13195	13459	13728	14002	14282
Net Operating Income		54999	62327	70127	78426	87254	96640	106617	117219	128481
DEBT SERVICE - Sources										
No Debt										
Total Debt Service										
Debt Coverage Ratio										
Operating Reserve		20000	20000	20000	20000	20000	20000	20000	20000	20000
TOTAL CASH FLOW		34999	42327	50127	58426	67254	76640	86617	97219	108481

BARNES HOUSING TRUST FUND RENTAL OPERATING PROFORMA

Year 10
93301
6531
86770
255422
342191
102999
20000
87420
0
22181
5000
0
14353
7171
10000
269123
11951
61117
20000
41117

BARNES HOUSING TRUST FUND RENTAL OPERATING PROFORMA

Year 20
108279
7580
100700
416055
516754
138422
33000
117485
0
29810
5000
0
19289
8741
10000
361746
14568
140441
20000
120441

CHARTER
OF
Crossbridges, Inc.

FILED
2006 MAR -1 PM 2:29
SECRETARY OF STATE

01
04
08
12
16
20

The undersigned, acting as the incorporator of a corporation under the Tennessee Nonprofit Corporation Act, adopts the following Charter for such corporation:

1. The name of the corporation is Crossbridges, Inc.
2. The corporation is a public benefit corporation.
3. The street address of the initial registered office of the corporation is 335 Murfreesboro Road, Nashville, Davidson County, Tennessee 37210, and the initial registered agent for the corporation at that office is Tina Mitchell.

4. The name and address of the incorporator is:

Tina Mitchell
335 Murfreesboro Road
Nashville, Tennessee 37210

5. The street address of the initial principal office of the corporation is:

335 Murfreesboro Road
Nashville, Tennessee 37210

6. The corporation is not for profit.
7. The corporation will not have members.
8. To the extent allowed by the laws of the State of Tennessee, no present or future director of the corporation (or his or her estate, heirs and personal representatives) shall be liable to the corporation for monetary damages for breach of fiduciary duty as a

director of the corporation. Any liability of a director (or his or her estate, heirs and personal representatives) shall be further eliminated or limited to the fullest extent allowed by the laws of the State of Tennessee, as may hereafter be adopted or amended.

9. With respect to claims or liabilities arising out of service as a director or officer of the corporation, the corporation shall indemnify and advance expenses to each present and future director and officer (and his or her estate, heirs and personal representatives) to the fullest extent allowed by the laws of the State of Tennessee, both as now in effect and as hereafter adopted or amended.

10. The purposes for which the corporation is organized are: to operate exclusively for charitable and educational purposes within the meaning of Section 501(c) of the Internal Revenue Code of 1986, or corresponding section of any future federal tax code, and generally to engage in any other lawful endeavor or activity in furtherance of any of the foregoing purposes.

11. No part of the net earnings of the corporation shall inure to the benefit of, or be distributable to, its directors, officers, or other private individuals or persons, except that the corporation shall be authorized and empowered to pay reasonable compensation for goods and services rendered and to make payments in furtherance of the purposes set forth in the paragraph just above. Notwithstanding any other provision of this Charter, the corporation shall not carry on any endeavors or activities not permitted to be carried on by a corporation exempt from federal income tax under Section 501(c) of the Internal Revenue Code of 1986, or corresponding section of any future federal tax code, or by a corporation, contributions to which are deductible under Section 170(c)(2) of the Internal Revenue Code of 1986, or corresponding section of any future federal tax code.

12. Upon dissolution, after all creditors of the corporation have been paid, its assets shall be distributed to one or more organizations that qualify as exempt organizations under Section 501(c) of the Internal Revenue Code of 1986, or corresponding section of any future federal tax code, or shall be distributed to the federal government, or to a state or local government, for exclusively public purposes.

DATED the 25th day of February, 2006.

A handwritten signature in blue ink that reads "Gina Mitchell". The signature is written in a cursive style and is positioned above a solid horizontal line.

Incorporator

0700.1120

Secretary of State
Division of Business Services
312 Eighth Avenue North
6th Floor, William R. Snodgrass Tower
Nashville, Tennessee 37243

DATE: 08/25/06
REQUEST NUMBER: 5824-0003
TELEPHONE CONTACT: (615) 741-2286
FILE DATE/TIME: 08/25/06 1228
EFFECTIVE DATE/TIME: 08/25/06 1630
CONTROL NUMBER: 0514704

TO:
CROSSBRIDGE, INC.
335 MURFREESBORO
ROAD
NASHVILLE, TN 37210

RE:
CROSSBRIDGE, INC.
ARTICLES OF AMENDMENT TO THE CHARTER

THIS WILL ACKNOWLEDGE THE FILING OF THE ATTACHED DOCUMENT WITH AN EFFECTIVE DATE AS INDICATED ABOVE.

WHEN CORRESPONDING WITH THIS OFFICE OR SUBMITTING DOCUMENTS FOR FILING, PLEASE REFER TO THE CORPORATION CONTROL NUMBER GIVEN ABOVE.

PLEASE BE ADVISED THAT THIS DOCUMENT MUST ALSO BE FILED IN THE OFFICE OF THE REGISTER OF DEEDS IN THE COUNTY WHEREIN A CORPORATION HAS ITS PRINCIPAL OFFICE IF SUCH PRINCIPAL OFFICE IS IN TENNESSEE.

FOR: ARTICLES OF AMENDMENT TO THE CHARTER

ON DATE: 08/25/06

FROM:
DAVID L KING, ATTORNEY (144 2ND AVE N)
144 SECOND AVE NORTH
STE 300
NASHVILLE, TN 37201-0000

RECEIVED: FEES \$0.00
TOTAL PAYMENT RECEIVED: \$20.00

RECEIPT NUMBER: 00004018808
ACCOUNT NUMBER: 00404612



Riley C. Darnell

RILEY C. DARNELL
SECRETARY OF STATE

State of Tennessee



Department of State
Corporate Filings
312 Eighth Avenue North
6th Floor, William R. Snodgrass Tower
Nashville, TN 37243

ARTICLES OF AMENDMENT
TO THE CHARTER
(Nonprofit)

RECEIVED
STATE OF TENNESSEE
For Office Use Only
2006 AUG 25 PM 12:28
RILEY
SECRETARY OF STATE
FILED

CORPORATE CONTROL NUMBER (IF KNOWN) 0514704
PURSUANT TO THE PROVISIONS OF SECTION 48-60-105 OF THE TENNESSEE NONPROFIT CORPORATION ACT, THE UNDERSIGNED CORPORATION ADOPTS THE FOLLOWING ARTICLES OF AMENDMENT TO ITS CHARTER:

1. PLEASE INSERT THE NAME OF THE CORPORATION AS IT APPEARS OF RECORD:

Crossbridges, Inc.
IF CHANGING THE NAME, INSERT THE NEW NAME ON THE LINE BELOW:

Crossbridge, Inc.

2. PLEASE MARK THE BLOCK THAT APPLIES:

- AMENDMENT IS TO BE EFFECTIVE WHEN FILED BY THE SECRETARY OF STATE.
- AMENDMENT IS TO BE EFFECTIVE, _____ (MONTH, DAY, YEAR)
(NOT TO BE LATER THAN THE 90TH DAY AFTER THE DATE THIS DOCUMENT IS FILED.) IF NEITHER BLOCK IS CHECKED, THE AMENDMENT WILL BE EFFECTIVE AT THE TIME OF FILING

3. PLEASE INSERT ANY CHANGES THAT APPLY:

- A. PRINCIPAL ADDRESS: _____ STREET ADDRESS
_____ CITY _____ STATE / COUNTY _____ ZIP CODE
- B. REGISTERED AGENT: _____
- C. REGISTERED ADDRESS: _____ STREET ADDRESS
_____ TN _____ STATE _____ ZIP CODE _____ COUNTY
- D. OTHER CHANGES: _____

4. THE CORPORATION IS A NONPROFIT CORPORATION.

5. THE MANNER (IF NOT SET FORTH IN THE AMENDMENT) FOR IMPLEMENTATION OF ANY EXCHANGE, RECLASSIFICATION, OR CANCELLATION OF MEMBERSHIPS IS AS FOLLOWS:

6. THE AMENDMENT WAS DULY ADOPTED ON August 25, 2006 (MONTH, DAY, YEAR)
BY (Please mark the block that applies):

- THE INCORPORATORS WITHOUT MEMBER APPROVAL, AS SUCH WAS NOT REQUIRED.
- THE BOARD OF DIRECTORS WITHOUT MEMBER APPROVAL, AS SUCH WAS NOT REQUIRED.
- THE MEMBERS

7. INDICATE WHICH OF THE FOLLOWING STATEMENTS APPLIES BY MARKING THE APPLICABLE BLOCK:

- ADDITIONAL APPROVAL FOR THE AMENDMENT (AS PERMITTED BY §48-60-301 OF THE TENNESSEE NONPROFIT CORPORATION ACT) WAS NOT REQUIRED.
- ADDITIONAL APPROVAL FOR THE AMENDMENT WAS REQUIRED BY THE CHARTER AND WAS OBTAINED.

Officer
SIGNER'S CAPACITY

8-25-06
DATE

Tina Mitchell
SIGNATURE

Tina Mitchell
NAME OF SIGNER (TYPED OR PRINTED)

INTERNAL REVENUE SERVICE
P. O. BOX 2508
CINCINNATI, OH 45201

DEPARTMENT OF THE TREASURY

Date:

JUL 31 2012

CROSSBRIDGE INC
335 MURFREESBORO RD
NASHVILLE, TN 37210

Employer Identification Number:
16-1755991
DLN:
17053301390001
Contact Person:
DAVID L. SLAUGHTER ID# 31188
Contact Telephone Number:
(877) 829-5500
Accounting Period Ending:
May 31
Public Charity Status:
170(b)(1)(A)(vi)
Form 990 Required:
Yes
Effective Date of Exemption:
October 26, 2011
Contribution Deductibility:
Yes
Addendum Applies:
Yes

Dear Applicant:

We are pleased to inform you that upon review of your application for tax exempt status we have determined that you are exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code. Contributions to you are deductible under section 170 of the Code. You are also qualified to receive tax deductible bequests, devises, transfers or gifts under section 2055, 2106 or 2522 of the Code. Because this letter could help resolve any questions regarding your exempt status, you should keep it in your permanent records.

Organizations exempt under section 501(c)(3) of the Code are further classified as either public charities or private foundations. We determined that you are a public charity under the Code section(s) listed in the heading of this letter.

Please see enclosed Publication 4221-PC, Compliance Guide for 501(c)(3) Public Charities, for some helpful information about your responsibilities as an exempt organization.

Letter 947 (DO/CG)

CROSSBRIDGE INC

Sincerely,

A handwritten signature in black ink, appearing to read "Holly O. Paz". The signature is written in a cursive, slightly slanted style.

Holly O. Paz
Director, Exempt Organizations
Rulings and Agreements

Enclosure: Publication 4221-PC

CROSSBRIDGE INC

We approved your request for reinstatement under Notice 2011-44 and you agreed to the postmark date of your application as the effective date for reinstatement.

CrossBRIDGE was created to disrupt destructive cycles.

CrossBRIDGE connects those trapped in destructive cycles with effective solutions for comprehensive transformation, responsible freedom and expanded opportunity.

The CrossBRIDGE Mission is built upon six core purposes:

Building future leaders;

Restoring lives impacted by addiction;

Inviting people into healthy relationships;

Developing life skills;

Giving back through community reinvestment/service;

Expanding opportunities.

We employ a three-pronged approach to accomplish our mission. Our flagship programs are *restorative* (Restoration House), *preventative* (KidPOWER), and *supportive* (CrossBRIDGE Catering).

Restoration House and KidPOWER provide multi-faceted preventative and restorative programming to break destructive cycles of addiction, incarceration, and generational poverty.

CrossBRIDGE Catering provides a revenue stream other than donations and grants to diversify support for our programming.

Restoration House is our residential recovery support services program offering men and women the opportunity to leave a life ruled by destructive behavior and lead responsible, productive lives.

KidPOWER is our afterschool mentoring program for children and youth in the Napier-Sudekum community. Designed to counter the devastating combination of Adverse Childhood Experiences (ACEs) multiplied by generational poverty, addiction, and incarceration, KidPOWER creates hope and real opportunity for an altogether different future.

CrossBRIDGE Catering expands organizational funding diversity while offering Restoration House participants opportunities to earn additional income and learn marketable skills.

CROSSBRIDGE, INC.
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
YEAR ENDED MAY 31, 2021

CROSSBRIDGE, INC.
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITORS' REPORT
YEAR ENDED MAY 31, 2021

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Statement of functional expenses.....	6
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2715 Bransford Avenue, Nashville, TN 37204 | 615-242-0067
 701 West 7th Street, Columbia, TN 38401 | 931-388-3008
 3050 Business Park Circle Ste. 501, Goodlettsville, TN 37072 | 615-851-6160

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
 CrossBridge, Inc.

We have audited the accompanying financial statements of CrossBridge, Inc. (a nonprofit organization) (the "Organization"), which comprise the statement of financial position as of May 31, 2021, and the related statements of activities, functional expenses and cash flows for the year 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 audit. We conducted our audit 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 auditors' 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 the Organization as of May 31, 2021, and the changes in its net assets, functional expenses and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Brown & Maguire CPAs, PLLC

Brown & Maguire CPAs, PLLC
 October 22, 2021

CROSSBRIDGE, INC.
STATEMENT OF FINANCIAL POSITION
AS OF MAY 31, 2021

ASSETS

Current Assets:

Cash – operating	\$ 330,756
Cash – internally restricted by Board resolution	1,230,215
Grant receivables	41,311
Deposits and other current assets	<u>6,715</u>
Total current assets	<u>1,608,997</u>

Property and Vehicles:

Land	282,575
Building	213,868
Vehicles	154,348
Construction in progress	3,284,556
Less: accumulated depreciation	<u>(99,992)</u>
Total property and vehicles, net	<u>3,835,355</u>

Total assets	<u>\$ 5,444,352</u>
--------------	---------------------

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable	\$ 234,584
Second PPP loan	91,100
Deposits payable	<u>190</u>
Total current liabilities	325,874

Construction loan	<u>2,544,230</u>
-------------------	------------------

Total liabilities	<u>2,870,104</u>
-------------------	------------------

Net Assets:

Without donor restrictions	2,435,727
With donor restrictions	<u>138,521</u>
Total net assets	<u>2,574,248</u>

Total liabilities and net assets	<u>\$ 5,444,352</u>
----------------------------------	---------------------

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

CROSSBRIDGE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MAY 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue:			
Building funds	\$ 1,406,742	\$ -	\$ 1,406,742
Restoration House	294,571	-	294,571
Special events, net of direct costs of \$2,362	144,569	96,234	240,803
Grants	125,481	40,000	165,481
First PPP loan forgiveness.....	91,100	-	91,100
Contributions.....	70,198	-	70,198
Catering	4,300	-	4,300
Interest income	1,018	-	1,018
Net assets released from restrictions	78,384	(78,384)	-
Total support and revenue.....	<u>2,216,363</u>	<u>57,850</u>	<u>2,274,213</u>
Expenses:			
Program services	519,491	-	519,491
Management and general	172,013	-	172,013
Fundraising.....	43,526	-	43,526
Total expenses.....	<u>735,030</u>	<u>-</u>	<u>735,030</u>
Change in net assets.....	1,481,333	57,850	1,539,183
Net assets at beginning of year	954,394	80,671	1,035,065
Net assets at end of year	<u>\$ 2,435,727</u>	<u>\$ 138,521</u>	<u>\$ 2,574,248</u>

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

CROSSBRIDGE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED MAY 31, 2021

	Supporting Services			
	Program Services	Management and General	Fundraising	Total
Staff	\$ 251,532	\$ 134,267	\$ 34,089	\$ 419,888
Building	174,020	-	-	174,020
Insurance	14,010	11,208	2,802	28,020
Depreciation	25,673	-	-	25,673
Communications	21,611	1,718	430	23,759
Program	11,559	9,248	2,312	23,119
Office	11,240	8,553	2,138	21,931
Other	3,728	2,982	745	7,455
Vehicle	1,918	1,534	384	3,836
Professional	1,600	1,280	320	3,200
Assistance	1,056	845	211	2,112
Advertising	585	378	95	1,058
Catering	959	-	-	959
	\$ 519,491	\$ 172,013	\$ 43,526	\$ 735,030
Total expenses	\$ 519,491	\$ 172,013	\$ 43,526	\$ 735,030

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

CROSSBRIDGE, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MAY 31, 2021

Cash flows from operating activities:	
Increase in net assets	\$ 1,539,183
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	25,673
Increase in grant receivables	(34,661)
Increase in deposits and other current assets	(1,023)
Increase in accounts payable	234,584
Decrease in deposits payable	<u>(846)</u>
Net cash provided by operating activities	<u>1,762,910</u>
Cash flows from investing activities:	
Investment in construction in progress	(2,809,622)
Purchase of a vehicle	<u>(20,200)</u>
Net cash used in investing activities	<u>(2,829,822)</u>
Cash flows from financing activities:	
Proceeds from second PPP loan	91,100
Forgiveness of first PPP loan	(91,100)
Borrowings under construction loan, net of repayments	<u>2,106,534</u>
Net cash provided by financing activities	<u>2,106,534</u>
Net increase in cash and cash equivalents	1,039,622
Cash and cash equivalents, at beginning of the period	<u>521,349</u>
Cash and cash equivalents, at end of the period	<u>\$ 1,560,971</u>
Cash paid for interest	<u>\$ -</u>
Cash paid for taxes	<u>\$ -</u>
Supplemental noncash activities:	
Forgiveness of first PPP loan	<u>\$ 91,100</u>

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

CROSSBRIDGE, INC.
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED MAY 31, 2021

1. Description of the Organization and Summary of Significant Accounting Policies

CrossBridge, Inc. (the “Organization”) serves a Nashville, Tennessee community struggling with the devastating effects of generational poverty. Drugs, prostitution and violent crime make the Organization’s south Nashville service area a toxic neighborhood of single-parent households, whose children encounter real dangers in and out of their homes on a continual basis. The Organization was created to break this destructive cycle with effective, real-world solutions via programs such as Restoration House and KidPower.

Restoration House provides recovery housing, healthy boundaries and integrated programming for adults trapped in the bondage of addiction. KidPower is designed to give at-risk children the tools needed to avoid that bondage altogether. The Organization’s goal is to help them remain drug-free, learn healthy conflict resolution skills, delay parenthood until marriage, graduate from high school, earn a post-secondary degree and become servant leaders giving back to their community.

Basis of Presentation

The accompanying financial statements were prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all cash funds and cash bank accounts with an original maturity of three months or less to be cash and cash equivalents.

Fair Values of Financial Instruments

Financial instruments of the Organization include cash, short-term program accounts receivable, and program accounts payable. Management estimates that the fair value of all financial instruments at fiscal year-end does not differ materially from the carrying values of the financial instruments recorded in the accompanying financial statement of financial position.

Contributions and Support

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor restrictions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

CROSSBRIDGE, INC.
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED MAY 31, 2021

Property and Depreciation

Property and equipment are recorded at cost or at fair value as of the date purchased or contributed. Costs of maintenance and repairs are charged to expense as incurred. Depreciation is provided on the straight-line method over the estimated lives of the respective assets. Vehicles are depreciated over seven years.

Financial Statement Presentation

The Organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Donated Materials and Services

Donated materials and equipment, if any, are reflected as contributions in the accompanying statements at their estimated values at the date of receipt. Contributions of donated services that create or enhance nonfinancial assets, or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Additionally, a number of unpaid volunteers have made significant contributions of their time to assist in tutoring, fund-raising and special projects. However, these services do not meet the requirements above and have not been recorded.

Income Taxes

The Organization, which is not a private foundation, is exempt from federal and state income taxes under section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made. Additionally, as of May 31, 2021, the Organization has accrued no interest and no penalties related to uncertain tax positions. It is the Organization's policy to recognize interest and/or penalties related to income tax matters in income tax expense.

Program and Supporting Services

The following program and supporting services were included in the accompanying financial statements.

Program Services—Includes activities carried out to fulfill the Organization's goals as they related to Restoration House and KidPower.

Management and General—Includes the functions necessary to ensure an adequate working environment and costs not identifiable with a single program. Includes costs associated with providing coordination and articulation of the Organization's program strategy, business management, general record keeping, budgeting and related purposes.

CROSSBRIDGE, INC.
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED MAY 31, 2021

Fundraising—Includes costs of activities directed toward appeals for financial support, including special events. Other activities include the cost of solicitation and creation and distribution of fundraising materials.

Allocation of Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis as program, management or fundraising in the statement of functional expenses. Additionally, the statement of activities and functional expense reports certain expenses as being attributable to program, management and fundraising functions. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses are allocated on the basis of estimates of time and effort.

Advertising Costs

Advertising costs are expensed as incurred. Advertising costs for the year ended May 31, 2021 were \$1,058.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States requires management of the Organization to make estimates and assumptions that affect the reported assets and liabilities and contingency disclosures at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

2. Construction In Progress / Construction Loan

During April 2020 the Organization officially broke ground on the construction of 50 affordable housing units at 35 Lindsley Avenue in Nashville, TN (the “Lindsley Building”). The construction project is expected to take approximately one year to complete. The total cost incurred as of May 31, 2021 was \$3,284,556 and has been capitalized in the accompanying state of financial position as construction in progress.

The Organization has received two grants to assist with the construction cost of the Lindsley Building. The Organization was notified of a \$500,000 grant in May 2020 from the State of Tennessee, Tennessee Housing Development Agency (“THDA”) to cover certain cost incurred between June 1, 2020 and May 31, 2023 related to the construction of the Lindsley Building. Additionally, the Organization was notified in June 2019 of a \$1,800,000 grant from the Metropolitan Government of Nashville and Davidson County (“Metro”) to cover certain cost related to the construction of the Lindsley Building incurred within 24 months from the execution date of the agreement with Metro.

CROSSBRIDGE, INC.
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED MAY 31, 2021

Both the THDA and Metro grants have specific requirements and guidelines that must be met before funds are available under the grants. As of May 31, 2021, the Organization has requested and received funding of \$1,375,000 under the terms of the THDA and Metro grants, collectively.

In addition to being awarded the THDA and Metro grants, the Organization obtained a construction loan with Regions Bank in August 2019 to cover any additional cost related to the Lindsley Building (the “Construction Loan”). Under the terms of the Construction Loan, the Organization can borrow up to \$2,646,000 but not to exceed 50% of the loan to value of the Lindsley Building. The Construction Loan is secured by the land and building related to the Lindsley Building. On or before August 2022, the Construction Loan must be converted to a term loan with monthly installment payments of principal and interest to be paid over 240 months. Upon conversion of the Construction Loan, the maturity date of the new term loan will be 60 months from the conversion date. Interest on the Construction Loan is prime minus 4%. As of May 31, 2021 the interest rate on the Construction Loan was zero. As of May 31, 2021, \$2,544,230 was outstanding under the Construction Loan.

3. PPP Loan

On April 22, 2020, the Organization was granted a loan (the “First Loan”) from Regions Bank. in the aggregate amount of \$91,100, pursuant to the Paycheck Protection Program (the “PPP”) under Division A, Title I of the CARES Act, which was enacted March 27, 2020.

The Loan, which was in the form of a note entered into in April 2020 issued to the Organization, matured in April 2022 and bore interest at a rate of 1% per annum, payable monthly commencing in November 2020. The Loan could have been prepaid by the Organization at any time prior to maturity with no prepayment penalties. Proceeds from the First Loan were available to be used for payroll costs, costs used to continue group health care benefits, mortgage payments, rent, utilities, and interest on other debt obligations incurred before February 15, 2020. Under the terms of the PPP, certain amounts of the Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. In December 2020, the Organization was granted forgiveness on the entire amount of the First Loan. The First Loan forgiveness was reflected in the Organization’s Statement of Activities for the year ended May 31, 2021.

In March 2021, the Organization was granted a Second Draw PPP Loan (the “Second Loan”), in the aggregate amount of \$91,100, with the same general terms as the First Loan. The Second Loan matured in March 2023 and bore interest at a rate of 1% per annum, payable monthly commencing November 2021. Like the First Loan, the full amount of the Second Loan was forgiven in August 2021, which was subsequent to year end. The Second Loan forgiveness will be reflected in the Organization’s Statement of Activities for the year ended May 31, 2022.

CROSSBRIDGE, INC.
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED MAY 31, 2021

4. Long-Term Debt

As of May 31, 2021 long-term debt obligations consisted of the following:

Construction loan, see terms in Note 2	\$ 2,544,230
Second PPP loan, see terms in Note 3	91,100
	2,635,330
Less: current portion.....	(91,100)
Long-term debt.....	\$ 2,544,230

Future maturities of long-term debt obligations are as follows for the years ending May 31:

2022	\$ 91,100
2023	-
2024	-
2025	-
2026	-
Thereafter.....	2,544,230
	2,635,330
Current portion of long-term debt.....	(91,100)
Long-term debt	\$ 2,544,230

5. Net Assets With Donor Restrictions

Changes in net assets with donor restrictions for the year ended May 31, 2021 were as follows:

	Beginning of Year	Contributions With Donor Restrictions	Released Contributions with Donor Restrictions	End of Year
Annual Fundraiser ...	\$ 45,684	\$ 96,234	\$ (45,684)	\$ 96,234
Program Services.....	34,987	40,000	(32,700)	42,287
	\$ 80,671	\$ 136,234	\$ (78,384)	\$ 138,521

Additionally, by prior resolution of the Board of Directors, a portion of the net assets were designated as a reserve for program services, including the construction of a building. As of May 31, 2021, the program reserve was \$1,230,215. The Board of Directors reserves the right to assign amounts as needed.

CROSSBRIDGE, INC.
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED MAY 31, 2021

6. Operating Lease Commitments

The Organization leases certain one group home under non-cancelable operating lease. Future minimum lease commitments under this lease agreement are as follows:

2022	\$ 8,500
2023	-
2024	-
2025	-
2026	-
Thereafter	-
	\$ 8,500

All other group homes leased by the Organization as of May 31, 2021 were on a month-to-month term.

7. Liquidity and Availability of Financial Assets

The following reflects the Organization’s financial assets as of May 31, 2021, reduced by any amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date:

Financial assets	\$ 1,560,971
Financial assets available to meet cash needs for general expenditures within one year.....	\$ 330,756

As part of the Organization’s liquidity management, the Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

8. Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (“FASB”) issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this Accounting Standards Update (“ASU”) supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. The Organization is currently evaluating the impact of the pending adoption of the new standard on the financial statements.

CROSSBRIDGE, INC.
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED MAY 31, 2021

9. Uncertainties

In March 2020, the novel coronavirus (or “COVID-19”) was deemed a global pandemic by the World Health Organization. COVID-19 has adversely affected, and may continue to adversely affect economic activity globally, nationally and locally. The resulting regulations instituted across the United States to curb COVID-19 have resulted in restrictions on the operations of businesses and has directly impacted operations of the Organization. The implications of COVID-19 to the Organization’s operations are still being evaluated and the duration and intensity of its impact is uncertain.

10. Subsequent Events

The Organization has evaluated all events or transactions that occurred after May 31, 2021, through October 22, 2021, the date these financial statements were issued. During this period the Organization did not have any material recognizable events that required recognition in the disclosures to the May 31, 2021 financial statements.

**GRANT CONTRACT
BETWEEN THE METROPOLITAN GOVERNMENT
OF NASHVILLE AND DAVIDSON COUNTY, TENNESSEE
BY AND THROUGH
THE METROPOLITAN HOUSING TRUST FUND COMMISSION
AND
HABITAT FOR HUMANITY OF GREATER NASHVILLE**

This Grant Contract issued and entered into by and between the Metropolitan Government of Nashville and Davidson County, a municipal corporation of the State of Tennessee hereinafter referred to as "Metro", and Habitat for Humanity of Greater Nashville, hereinafter referred to as the "Recipient," is for the provision of the construction of affordable housing units as further defined in the "SCOPE OF PROGRAM." Habitat for Humanity of Greater Nashville will be adding 14 affordable housing units located at Map/Parcel No. 06000007000. The recipient's budget request, financial statements or audit, 501(c)3 letter, and/or charter documents are incorporated herein. The Recipient is a nonprofit charitable or civic organization.

A. SCOPE OF PROGRAM:

- A.1. Each Property to which these grant funds are provided for shall be subject to a Declaration of Restrictive Covenants ("Declaration") imposing certain affordability requirements to encumber the Property and run with the land over a 30-year term. Terms defined in the Declaration shall have the same meanings when used in this Agreement.
- A.2. The Recipient shall use the funds under this grant in accordance with the affordable housing project submitted in the application and any of its amendments, which application is incorporated herein, and subject to the terms and conditions set forth herein.
- A.3. The Recipient, under this Grant Contract, will spend funds solely for the purposes set forth in their application or proposal for grant funding which is incorporated herein. These funds shall be expended consistent with the Grant Budget, included in Attachment A. Although some variation in line-item amounts for the Grant is consistent with the Grant Budget, any change greater than 20% of a line-item shall require the prior written approval of Metro. However, in no event will the total amount of the Grant funds provided to Recipient go above the awarded Grant amount of \$1,980,000.

Additional Conditions for Rental Properties (Not Applicable):

1. Tenants must be income-eligible at the time of initial occupancy, and Recipient must certify all incomes annually and maintain a certified rent roll. In the event a tenant's income increases above the income-requirement for the unit, the tenant is not disqualified from remaining in the unit. However, the tenant's rent shall be adjusted to the corresponding AMI level for the next lease term.
2. The Recipient will provide Metro with a management plan program oversight which includes certification of the rents, utility allowances and tenant incomes. The Grantee shall also provide Metro an annual certification that Barnes rental requirements are being met throughout the compliance period.
3. The Grantee will allow Metro or a Metro-approved contractor to conduct on-site inspections of the grantee for compliance Barnes program requirements including, but not limited to, reviewing tenant income calculations, rent determinations and utility allowances.
4. Compliance restrictions on both tenant income and maximum rents shall apply for thirty (30) years from the date of issuance of the certificate of occupancy for the final building within the project. If a certificate of occupancy is not issued, the compliance period will begin on the date of recordation of the notice of completion for the project.

5. Recipient shall not increase rents during a lease term.

B. GRANT CONTRACT TERM:

B.1. Grant Contract Term. The term of this Grant shall be from execution of the grant agreement until Project completion, but in no way greater than 24 months from the execution of the grant agreement. Metro shall have no obligation for services rendered by the Recipient which are not performed within this term. Pursuant to Metropolitan Code of Laws § 2.149.040 (G), in the event the recipient fails to complete its obligations under this grant contract within twenty-four months from execution, Metro is authorized to rescind the contract and to reclaim previously appropriated funds from the organization.

C. PAYMENT TERMS AND CONDITIONS:

C.1. Maximum Liability. In no event shall the maximum liability of Metro under this Grant Contract exceed one million nine hundred eighty thousand Dollars (\$1,980,000). The Grant Budget, attached and incorporated herein as part of Attachment A, shall constitute the maximum amount to be provided to the Recipient by Metro for all of the Recipient's obligations hereunder. The Grant Budget line-items include, but are not limited to, all applicable taxes, fees, overhead, and all other direct and indirect costs incurred or to be incurred by the Recipient.

This amount shall constitute the Grant Amount and the entire compensation to be provided to the Recipient by Metro.

C.2. Compensation Firm. The maximum liability of Metro is not subject to escalation for any reason. The Grant Budget amount is firm for the duration of the Grant Contract and is not subject to escalation for any reason unless the grant contract is amended.

C.3. Payment Methodology. The Recipient shall be compensated for actual costs based upon the Grant Budget, not to exceed the maximum liability established in Section C.1. Upon execution of the Grant Contract and receipt of a request for payment, the Recipient may be eligible to receive reimbursement for milestones as completed based upon the Grant Budget.

a. **Grant Draws**

Before a draw can be made, there must be a physical inspection of the property by Metro or an approved designee. The inspection must confirm appropriate completion of the project.

1) **Construction Grant Draw Schedule (% based on grant amount)**

- Site Work/Infrastructure Costs (Category Total \$897,000 – 45.3%)
 - To be drawn upon invoice documentation of costs incurred.
- Construction Costs (Category Total: \$742,000 – 37.5%)
 - To be drawn upon Building Permits and invoice documentation of costs incurred.
- Homebuyer Down-payment Assistance (Category Total: \$161,000 – 8.1%)
 - To be drawn upon sale of properties, documented by homebuyer closing disclosures and Certificate of Eligibility.
- Developer Fee (Category Total: \$180,000 – 9.1%)
 - To be drawn upon receipt of a Final Use & Occupancy letter from Metro Codes for each of the 14 properties (100% complete).

All draw requests except for third Down-payment Assistance Category must be inspected before funding.

The above is the preferred draw method. Metro may occasionally fund based on a true percentage of completion as noted in a Construction Inspection report or if

the application requested funds for land acquisition, understanding that the initial draw or acquisition draw may overfund the grant, requiring later draws to be reduced.

2) **Construction Grant Draw Process**

- Draw request is received from the Recipient. It should be requested by the contractor and approved by the Recipient.
- Complete property inspection
- Metro or approved designee approves the request.
- Payments should be made to the Recipient.

All invoices shall be sent to:

Barnes Housing Trust Fund
Planning Department – Housing Division
800 2nd Avenue South
Nashville, TN 37210
(615) 862-7190

Said payment shall not exceed the maximum liability of this Grant Contract.

Final invoices for the contract period should be received by Metro Payment Services by 24 months from the execution of the grant agreement. Any invoice not received by the deadline date will not be processed and all remaining grant funds will expire.

- C.4. Close-out Expenditure and Narrative Report. The Recipient must submit a final grant Close-out Expenditure and Narrative Report, to be received by the Metropolitan Housing Trust Fund Commission / Barnes Housing Trust Fund within 45 days of the end of the Grant Contract. Said report shall be in form and substance acceptable to Metro and shall be prepared by a Certified Public Accounting Firm or the Chief Financial Officer of the Recipient Organization.
- C.5. Payment of Invoice. The payment of any invoice by Metro shall not prejudice Metro's right to object to the invoice or any matter in relation thereto. Such payment by Metro shall neither be construed as acceptance of any part of the work or service provided nor as an approval of any of the costs included therein.
- C.6. Unallowable Costs. The Recipient's invoice shall be subject to reduction for amounts included in any invoice or payment theretofore made which are determined by Metro, on the basis of audits or monitoring conducted in accordance with the terms of this Grant Contract, to constitute unallowable costs.
- C.7. Deductions. Metro reserves the right to adjust any amounts which are or shall become due and payable to the Recipient by Metro under this or any Contract by deducting any amounts which are or shall become due and payable to Metro by the Recipient under this or any Contract.
- C.8. Electronic Payment. Metro requires as a condition of this contract that the Recipient shall complete and sign Metro's form authorizing electronic payments to the Recipient. Recipients who have not already submitted the form to Metro will have thirty (30) days to complete, sign, and return the form. Thereafter, all payments to the Recipient, under this or any other contract the Recipient has with Metro, must be made electronically.
- C. 9. Recipient agrees and understands that procurement of goods and services for the grant project must comply with state and local law and regulations, including the Metropolitan Procurement Code. Recipient will provide Metro with all plans and specifications needed for these procurement purposes. Recipient will promptly review, and either approve or disapprove, in good faith and with reasonable grounds all estimates, amendments to scope of work, and all work performed by a contractor prior to payment.

- C. 10. Public Meetings. At the reasonable request of Metro, Recipient agrees to attend public meetings, neighborhood meetings, and other events regarding this Project.
- C. 11. Recognition. Any signage, printed materials, or online publications erected at the applicable Project site or elsewhere regarding the Project shall include the following language or language acceptable by Metro acknowledging that the Project is partially funded with a grant from the Barnes Fund for Affordable Housing of the Metropolitan Government of Nashville and Davidson County:

This project funded in part by the Barnes Affordable Housing Trust Fund of the
Metropolitan Government of Nashville & Davidson County.

Metropolitan Housing Trust Fund Commission

John Cooper, Mayor

Metropolitan Council of Nashville and Davidson County

D. STANDARD TERMS AND CONDITIONS:

- D.1. Required Approvals. Metro is not bound by this Grant Contract until it is approved by the appropriate Metro representatives as indicated on the signature page of this Grant.
- D.2. Modification and Amendment. This Grant Contract may be modified only by a written amendment that has been approved in accordance with all Metro procedures and by appropriate legislation of the Metropolitan Council.
- D.3. Default and Termination for Cause. Any failure by Owner to perform any term or provision of this Grant Contract shall constitute a "Default" (1) if such failure is curable within 30 days and Recipient does not cure such failure within 30 days following written notice of default from Metro, or (2) if such failure is not of a nature which cannot reasonably be cured within such 30-day period and Recipient does not within such 30-day period commence substantial efforts to cure such failure or thereafter does not within a reasonable time prosecute to completion with diligence and continuity the curing of such failure. Should the Recipient Default under this Grant Contract or if the Recipient violates any terms of this Grant Contract, Metro shall have the right to immediately terminate the Grant Contract and the Recipient shall return to Metro any and all grant monies for services or projects under the grant not performed as of the termination date. The Recipient shall also return to Metro any and all funds expended for purposes contrary to the terms of the Grant. Such termination shall not relieve the Recipient of any liability to Metro for damages sustained by virtue of any breach by the Recipient.
- D.4. Subcontracting. The Recipient shall not assign this Grant Contract or enter into a subcontract for any of the services performed under this Grant Contract without obtaining the prior written approval of Metro. Notwithstanding any use of approved subcontractors, the Recipient shall be considered the prime Recipient and shall be responsible for all work performed.
- D.5. Conflicts of Interest. The Recipient warrants that no part of the total Grant Amount shall be paid directly or indirectly to an employee or official of Metro as wages, compensation, or gifts in exchange for acting as an officer, agent, employee, subcontractor, or consultant to the Recipient in connection with any work contemplated or performed relative to this Grant Contract.

The Grantee also recognizes that no person identified as a Covered Person below may obtain a financial interest or benefit from a Metro Housing Trust Fund Competitive Grant assisted activity, or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds thereunder, either

for themselves or those whom they have family or business ties, during their tenure or for one year thereafter.

Covered Persons include immediate family members of any employee or board member of the Grantee. Covered Persons are ineligible to receive benefits through the Metro Housing Trust Fund Competitive Grant program. Immediate family ties include (whether by blood, marriage or adoption) a spouse, parent (including stepparent), child (including a stepbrother or stepsister), sister, brother, grandparent, grandchild, and in-laws of a Covered Person.

D.6. Nondiscrimination. The Recipient hereby agrees, warrants, and assures that no person shall be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination in the performance of this Grant Contract or in the employment practices of the Recipient on the grounds of disability, age, race, color, religion, sex, national origin, or any other classification which is in violation of applicable laws. The Recipient shall, upon request, show proof of such nondiscrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination.

D.7. Records. All documents relating in any manner whatsoever to the grant project, or any designated portion thereof, which are in the possession of Recipient, or any subcontractor of Recipient shall be made available to the Metropolitan Government for inspection and copying upon written request by the Metropolitan Government. Furthermore, said documents shall be made available, upon request by the Metropolitan Government, to any state, federal or other regulatory authority and any such authority may review, inspect and copy such records. Said records include, but are not limited to, all drawings, plans, specifications, submittals, correspondence, minutes, memoranda, tape recordings, videos or other writings or things which document the grant project, its design and its construction. Said records expressly include those documents reflecting the cost of construction, including all subcontracts and payroll records of Recipient.

Recipient shall maintain documentation for all funds provided under this grant contract. The books, records, and documents of Recipient, insofar as they relate to funds provided under this grant contract, shall be maintained for a period of three (3) full years from the date of the final payment. The books, records, and documents of Recipient, insofar as they relate to funds provided under this grant contract, shall be subject to audit at any reasonable time and upon reasonable notice by Metro or its duly appointed representatives. Records shall be maintained in accordance with the standards outlined in the Metro Grants Manual. The financial statements shall be prepared in accordance with generally accepted accounting principles.

D.8. Monitoring. The Recipient's activities conducted and records maintained pursuant to this Grant Contract shall be subject to monitoring and evaluation by Metro or Metro's duly appointed representatives. The Recipient shall make all audit, accounting, or financial records, notes, and other documents pertinent to this grant available for review by the Metropolitan Office of Financial Accountability, Internal Audit or Metro's representatives, upon request, during normal working hours.

D.9. Reporting. The Recipient must submit an Interim Program Report, to be received by the Metropolitan Housing Trust Commission / Barnes Housing Trust Fund, by no later than September 1, 2023 and a Final Program Report, to be received by the Metropolitan Housing Trust Fund Commission within 45 [forty-five] days of the end of the Grant Contract. Said reports shall detail the outcome of the activities funded under this Grant Contract in the form required by Metro.

D.10. Strict Performance. Failure by Metro to insist in any one or more cases upon the strict performance of any of the terms, covenants, conditions, or provisions of this agreement shall not be construed as a waiver or relinquishment of any such term, covenant, condition, or provision. No term or condition of this Grant Contract shall be held to be waived, modified, or deleted except

by a written amendment by the appropriate parties as indicated on the signature page of this Grant.

- D.11. Insurance. The Recipient shall maintain adequate public liability and other appropriate forms of insurance, including other appropriate forms of insurance on the Recipient's employees, and to pay all applicable taxes incident to this Grant Contract.
- D.12. Metro Liability. Metro shall have no liability except as specifically provided in this Grant Contract.
- D. 13. Independent Contractor. Nothing herein shall in any way be construed or intended to create a partnership or joint venture between the Recipient and Metro or to create the relationship of principal and agent between or among the Recipient and Metro. The Recipient shall not hold itself out in a manner contrary to the terms of this paragraph. Metro shall not become liable for any representation, act, or omission of any other party contrary to the terms of this paragraph.
- D. 14. Indemnification and Hold Harmless.
- (a) Recipient shall indemnify, defend, and hold harmless Metro, its officers, agents and employees from any claims, damages, penalties, costs and attorney fees for injuries or damages arising, in part or in whole, from the negligent or intentional acts or omissions of Recipient, its officers, employees and/or agents, including its sub or independent contractors, in connection with the performance of the contract, and any claims, damages, penalties, costs and attorney fees arising from any failure of Recipient, its officers, employees and/or agents, including its sub or independent contractors, to observe applicable laws, including, but not limited to, labor laws and minimum wage laws.
- (b) Metro will not indemnify, defend or hold harmless in any fashion the Recipient from any claims, regardless of any language in any attachment or other document that the Recipient may provide.
- (c) Recipient shall pay Metro any expenses incurred as a result of Recipient's failure to fulfill any obligation in a professional and timely manner under this Contract.
- (d) Grantee's duties under this section shall survive the termination or expiration of the grant.
- D.15. Force Majeure. The obligations of the parties to this Grant Contract are subject to prevention by causes beyond the parties' control that could not be avoided by the exercise of due care including, but not limited to, acts of God, riots, wars, strikes, epidemics or any other similar cause.
- D.16. State, Local and Federal Compliance. The Recipient agrees to comply with all applicable federal, state and local laws and regulations in the performance of this Grant Contract.
- D.17. Governing Law and Venue. The validity, construction and effect of this Grant Contract and any and all extensions and/or modifications thereof shall be governed by and construed in accordance with the laws of the State of Tennessee. The venue for legal action concerning this Grant Contract shall be in the courts of Davidson County, Tennessee.
- D. 18 Attorney Fees. Recipient agrees that, in the event either party deems it necessary to take legal action to enforce any provision of the Grant Contract, and in the event Metro prevails, Recipient shall pay all expenses of such action including Metro's attorney fees and costs at all stages of the litigation.
- D.19. Completeness. This Grant Contract is complete and contains the entire understanding between the parties relating to the subject matter contained herein, including all the terms and conditions of the parties' agreement. This Grant Contract supersedes any and all prior understandings, representations, negotiations, and agreements between the parties relating hereto, whether written or oral.

- D. 20. Headings. Section headings are for reference purposes only and shall not be construed as part of this Grant Contract.
- D. 21. Licensure. The Recipient and its employees and all sub-grantees shall be licensed pursuant to all applicable federal, state, and local laws, ordinances, rules, and regulations and shall upon request provide proof of all licenses. Recipient will obtain all permits, licenses, and permissions necessary for the grant project.
- D. 22. Waiver. No waiver of any provision of this contract shall affect the right of any party thereafter to enforce such provision or to exercise any right or remedy available to it in the event of any other default.
- D. 23. Inspection. The Grantee agrees to permit inspection of the project and/or services provided for herein, without any charge, by members of the Grantor and its representatives.
- D. 24. Assignment—Consent Required. The provisions of this contract shall inure to the benefit of and shall be binding upon the respective successors and assignees of the parties hereto. Except for the rights of money due to Recipient under this contract, neither this contract nor any of the rights and obligations of Recipient hereunder shall be assigned or transferred in whole or in part without the prior written consent of Metro. Any such assignment or transfer shall not release Recipient from its obligations hereunder. Notice of assignment of any rights to money due to Recipient under this Contract must be sent to the attention of the Metro Department of Finance.
- D.25. Gratuities and Kickbacks. It shall be a breach of ethical standards for any person to offer, give or agree to give any employee or former employee, or for any employee or former employee to solicit, demand, accept or agree to accept from another person, a gratuity or an offer of employment in connection with any decision, approval, disapproval, recommendation, preparations of any part of a program requirement or a purchase request, influencing the content of any specification or procurement standard, rendering of advice, investigation, auditing or in any other advisory capacity in any proceeding or application, request for ruling, determination, claim or controversy in any proceeding or application, request for ruling, determination, claim or controversy or other particular matter, pertaining to any program requirement of a contract or subcontract or to any solicitation or proposal therefore. It shall be a breach of ethical standards for any payment, gratuity or offer of employment to be made by or on behalf of a subcontractor under a contract to the prime contractor or higher tier subcontractor or a person associated therewith, as an inducement for the award of a subcontract or order. Breach of the provisions of this paragraph is, in addition to a breach of this contract, a breach of ethical standards which may result in civil or criminal sanction and/or debarment or suspension from participation in Metropolitan Government contracts.
- D.26. Communications and Contacts. All instructions, notices, consents, demands, or other communications from the Recipient required or contemplated by this Grant Contract shall be in writing and shall be made by facsimile transmission, email, or by first class mail, addressed to the respective party at the appropriate facsimile number or address as set forth below or to such other party, facsimile number, or address as may be hereafter specified by written notice.

Metro:

For contract-related matters and enquiries regarding invoices:
 Metropolitan Housing Trust Fund Commission / Barnes Housing Trust Fund
 Planning Department – Housing Division
 800 2nd Avenue South
 Nashville, TN 37210
 (615) 862-7190
 Ashley.Brown2@Nashville.Gov

Recipient:

Habitat for Humanity of Greater Nashville
Danny Herron, President and Chief Executive Officer
414 Harding Place
Nashville, TN 37211
(615) 254-4663
dherron@habitatnashville.org

- D.27. Lobbying. The Recipient certifies, to the best of its knowledge and belief, that:
- a. No federally appropriated funds have been paid or will be paid, by or on behalf of the Recipient, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, and entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement.
 - b. If any funds other than federally appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this grant, loan, or cooperative agreement, the Recipient shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.
 - c. The Recipient shall require that the language of this certification be included in the award documents for all sub-awards at all tiers (including sub-grants, subcontracts, and contracts under grants, loans, and cooperative agreements) and that all subcontractors of federally appropriated funds shall certify and disclose accordingly.
- D. 28 Effective Date. This contract shall not be binding upon the parties until it has been signed first by the Recipient and then by the authorized representatives of the Metropolitan Government and has been filed in the office of the Metropolitan Clerk. When it has been so signed and filed, this contract shall be effective as of the date first written above.

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THE METROPOLITAN GOVERNMENT
OF NASHVILLE AND DAVIDSON
COUNTY:

APPROVED AS TO PROGRAM SCOPE:

Gina Emmanuel

Gina Emmanuel, Chair,
Metropolitan Housing Trust Fund
Commission

APPROVED AS TO AVAILABILITY OF
FUNDS:

Kelly Flannery

Kelly Flannery, Director
Department of Finance

tje

APPROVED AS TO FORM AND
LEGALITY:

Macy Amos

Assistant Metropolitan Attorney

APPROVED AS TO RISK AND
INSURANCE:

Balogun Cobb

Director of Risk Management Services

APPROVED BY METROPOLITAN
GOVERNMENT OF NASHVILLE AND
DAVIDSON COUNTY:

Metropolitan Clerk

RECIPIENT:

Habitat for Humanity of Greater Nashville

By: *[Signature]*

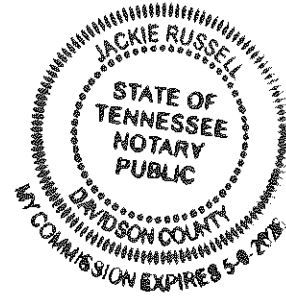
Title: President and Chief Executive
Officer

Sworn to and subscribed to before me a
Notary Public, this 2nd day
of August, 2022.

Notary Public

Jackie Russell

My Commission
expires 5/9/26



BARNES HOUSING TRUST FUND HOMEBUYER PROFORMA

Unit Address	North Nashville 37203 Sherwood Homes at Park Preserve (Addresses to be determined)			
Development Type	New Construction	New Construction		
Accessible Bus Line Routes	Yes, at Gwynnwood Dr & Ewing Drive	Yes, at Gwynnwood Dr & Ewing Drive		
Number of Bedrooms	3	4		
Number of Bathrooms	2	2		
Square Feet	1104	1257		
Number of Stories	1	1		
	Cost of 9 3-bedroom homes	Cost of 5 4-bedroom homes		Totals
Acquisition Costs				
Vacant Land	202,367	112,426		314,793
Land with Structure				
Title & Recording				
Legal				
Total	202,367	112,426		314,793
Predevelopment Costs				
Appraisal	1,440	800		2,240
Survey				-
Relocation (if applicable)				-
Insurance				-
Architect				-
Engineering	36,000	20,000		56,000
Planning/Zoning	4,500	2,500		7,000
Other: Homebuyer Education	90,000	50,000		140,000
Total	131,940	73,300		205,240
Construction Costs				
Structure				
Footer/Foundation	172,485	96,000		268,485
Framing	252,000	160,000		412,000
Electrical	99,000	59,500		158,500

BARNES HOUSING TRUST FUND HOMEBUYER PROFORMA

Plumbing	121,500	70,000		191,500
Roofing	81,000	47,500		128,500
HVAC	108,000	60,000		168,000
Drywall/Insulation	85,500	52,500		138,000
Paint/Stain	45,000	26,000		71,000
Windows/Doors	40,500	23,500		64,000
Floor Coverings	45,000	27,500		72,500
Cabinets	45,000	25,000		70,000
Brick/Siding	99,000	57,500		156,500
Sub-Total	1,193,985	705,000		1,898,985
Other				
Site Work	661,500	367,500		1,029,000
Appliances	27,000	15,000		42,000
Decks/Porches	14,400	8,000		22,400
Side Walks/Driveways	76,500	42,500		119,000
Landscaping	27,000	15,000		42,000
Utility Hookups	5,400	3,000		8,400
Building Permits/Fees	10,800	6,000		16,800
Demolition	-	-		-
Fees	18,000	10,000		28,000
Materials and Labor Market Contingency Cost Overrun	<i>Habitat monitors status of project expenses monthly, and in the event of substantial cost overruns, would re-evaluate organizational spending and fundraising strategy, adjust project plans (in consultation with funders), or draw on reserves. We typically do not budget cost overruns as a project line item, but have taken into account the volatility of the materials/labor market throughout other line items.</i>			
Sub-Total	840,600	467,000	-	1,307,600
Construction Contingency				
Profit (if organization has own construction crew)	270,000	150,000		420,000
Sub-Total	270,000	150,000		420,000
Total Construction Cost	2,304,585	1,322,000		3,626,585
Cost per Unit	293,210	301,545		

BARNES HOUSING TRUST FUND HOMEBUYER PROFORMA

Developer's Fee (capped at 20%)	12,857	12,857		180,000	<i>Less than 10% of Barnes request</i>
Total Cost/Unit	306,067	314,402			
Total Debt Service	Note: Debt Service Figures for Total Agency			161,000	<i>Downpayment Assistance</i>
Debt Coverage Ratio	8.43				
Operating Reserve	14.33			4,487,618	TOTAL PROJECT COST

**AMENDED AND RESTATED CHARTER
OF
NASHVILLE AREA HABITAT FOR HUMANITY, INC.**

Pursuant to the provisions of Section 48-60-106 of the Tennessee Nonprofit Corporation Act, the undersigned corporation hereby submits this Amended and Restated Charter and states as follows:

ARTICLE I

The name of the corporation is Nashville Area Habitat for Humanity, Inc.

ARTICLE II

The text of its Amended and Restated Charter is as follows:

1. The name of the corporation is **Habitat for Humanity of Greater Nashville**.
2. This corporation is a public benefit corporation.
3. The street address of the registered office of the corporation is 2950 Kraft Drive, Suite 100, Nashville, Davidson County, Tennessee 37204, and the registered agent for the corporation at that office is Danny J. Herron.
4. The street address of the principal office of the corporation is 2950 Kraft Drive, Suite 100, Nashville, Davidson County, Tennessee 37204.
5. The corporation is not for profit.
6. The corporation will not have members.
7. The purposes for which the corporation is organized are to operate exclusively for charitable, educational and religious purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, or corresponding section of any future federal tax code, by assisting families in the life-changing opportunity for purchasing and owning quality, affordable homes using a team of enthusiastic volunteers and staff guided by Christian values; and generally to engage in any other lawful endeavor or activity in furtherance of any of the foregoing purposes.
8. No part of the net earnings of the corporation shall inure to the benefit of, or be distributable to, its directors, officers, or other private individuals or persons, except that the corporation shall be authorized and empowered to pay reasonable compensation for goods and services rendered and to make

payments in furtherance of the purposes set forth in the paragraph just above. Notwithstanding any other provision of this Charter, the corporation shall not carry on any endeavors or activities not permitted to be carried on by a corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1986, or corresponding section of any future federal tax code, or by a corporation, contributions to which are deductible under Section 170 (c)(2) of the Internal Revenue Code of 1986, or corresponding section of any future federal tax code.

9. Upon dissolution, after all creditors of the corporation have been paid, its assets shall be distributed to one or more organizations that qualify as exempt organizations under Section 501(c)(3) of the Internal Revenue Code of 1986, or corresponding section of any future federal tax code, or shall be distributed to the federal government, or to a state or local government, for exclusively public purposes.

ARTICLE III

The Amended and Restated Charter itself was duly adopted by the Board of Directors of the corporation on November 29, 2011.

ARTICLE IV

This Amended and Restated Charter supersedes the corporation's original Charter, any Amended and Restated Charters of the corporation, and all prior amendments thereto.

DATED this **5th day of March, 2013**

NASHVILLE AREA HABITAT FOR HUMANITY, INC.

By: _____


Name: **Gil Fuqua**
Title: Chairman

AMENDED AND RESTATED

Bylaws
of
Habitat for Humanity of Greater Nashville, Inc.

ARTICLE I

NAME

Section 1. Name of Corporation. The affairs of the Corporation shall be conducted using the name *Habitat for Humanity of Greater Nashville, Inc.*, ("*Habitat*" or "*HFHGN*") or such other name or names as the Board of Directors may from time to time authorize.

ARTICLE II

PURPOSE

Section 1. Business Purpose. The purpose of Habitat for Humanity of Greater Nashville, Inc. is to assist families in need with the life-changing opportunity of buying decent, affordable housing using a team of enthusiastic volunteers and staff, guided by Christian values.

ARTICLE III

OFFICES

Section 1. Principal Office. The principal office of the Corporation shall be located at 414 Harding Place, Nashville, TN 37211. The Corporation may also maintain offices at such other places as the Board of Directors may from time to time designate or as the affairs of the Corporation may from time to time require.

ARTICLE IV

MEMBERS

Section 1. Members. The Corporation is to have no members.

ARTICLE V

BOARD OF DIRECTORS

Section 1. Management. All corporate powers shall be exercised by or under the authority of, and the affairs of the Corporation managed under the direction of the Board of Directors.

Section 2. Number. The number of Directors of the Corporation initially shall be twenty-one (21) and thereafter shall be as fixed from time to time by the Board of Directors. The number of Directors shall in no event be less than twelve (12).

Section 3. Selection and Term of Office. Successors to members of the Board of Directors shall be elected by the Board currently in office. The term of each director shall be three (3) years. The Directors shall be divided into three classes as equal in number as possible. Initially, one class of Directors shall serve for a period of one year, one class of Directors shall serve for a period of two years and one class of Directors shall serve for a period of three years. At each annual meeting of Directors, each Director elected to succeed a Director whose term expires shall be elected for a period of three years. Each Director shall hold office for the term for which the person was elected and until his or her successor has been elected. Members shall be eligible for re-election for one additional term of three (3) years. At the end of a second term as a member of the Board of Directors, a person shall not be eligible for re-election for a period of at least one (1) year. Any member elected to fill an unscheduled vacancy shall be elected for the remaining portion of the scheduled term of that vacancy. Should that period of time be less than 1.5 years, such partial term will not constitute a term of office for purposes of reelection to the Board. A Director's term of office shall not determine his or her term as Chairman of the Board or any other office to which the Board may elect him or her.

Section 4. Election. Persons nominated for the Board of Directors shall be elected by a majority vote of the then current members of the Board of Directors.

Section 5. Ex-Officio Members. The President and C.E.O. of HFHGN shall be an Ex-Officio member of the Board. The President and C.E.O. shall attend Board meetings at the discretion of the Board and the President and C.E.O. shall have a vote in the event the members of the Board present at any meeting of the Board shall reach a tie vote. The President and C.E.O. shall not constitute a member of the Board for determining the presence of a quorum and the President and C.E.O. shall not be present during the Board's discussion of matters related to the employment of the President and C.E.O.

Section 6. Removal of Directors. Any Director may be removed without cause by a vote of two-thirds of the Directors then in office.

Section 7. Resignation of a Director. A Director may resign by tendering notice in writing to the Board of Directors, Chairman or the President and C.E.O. A resignation shall be effective when notice thereof is so delivered, unless the notice specifies a later effective date.

Section 8. Vacancies and Newly Created Directorships. Any vacancy on the Board of Directors, whether occurring by reason of an increase in the number of Directors, a vacancy resulting from a removal with or without cause, or by any other reason, may be filled by a vote of the Directors then in office. If the Directors remaining in office constitute fewer than a quorum, they may fill the vacancy by the affirmative vote of all the Directors remaining in office. A Director shall be elected to hold office for the unexpired term of his or her predecessor, or if there is no predecessor, until the next regular or special meeting of the Board of Directors designated for the purpose of electing Directors.

Section 9. Reliance Upon Information, Opinions, Reports, or Statements. To the full extent allowed by law, a member of the Board of Directors, or a member of any committee of the Board of Directors, shall, in the performance of his or her duties, be protected in relying in good faith upon information, opinions, reports, or statements, including financial statements and other financial data, if prepared or presented by

- (a) one or more Officers or employees of the Corporation whom the Director reasonably believes to be reliable and competent in the matters presented;
- (b) legal counsel, public accountants, or other persons as to matters the Director reasonably believes are within the person's professional or expert competence; or
- (c) a committee of the Board of Directors of which he is not a member if the Director reasonably believes the committee merits confidence.

Section 10. Compensation. Directors, and members of any committee of the Board of Directors, shall not be entitled to any compensation for their services as Directors or members of any such committee. Directors and committee members may be reimbursed under special circumstances for expenses incurred in connection with their services as Directors or members of a committee. Such reimbursement shall be approved by a vote of the Board of Directors.

Section 11. Fidelity Bond. The Board of Directors may require any Officer, employee, or agent of the Corporation to give security for or to execute to the Corporation a bond in such sum, and with surety or sureties as the Board of Directors may direct conditioned upon the faithful performance of his or her duties to the Corporation, including responsibility for negligence and for the accounting for all property, funds, or securities of the Corporation which may come into his or her hands.

ARTICLE VI

MEETINGS

Section 1. Regular and Special Meetings. The Board of Directors may provide by resolution for the holding of regular meetings of the Board of Directors, and may fix the time and place thereof. Special meetings of the Board of Directors shall be held whenever called by the Chairman, Vice Chairman, or any three (3) Directors, at such place, date, and time as may be specified in the notice thereof. All meetings, whether regular or otherwise, of the Board of Directors shall be documented by minutes reflecting all business transactions of the Board. The last regular meeting scheduled in each calendar year shall be designated the annual meeting of the Board of Directors. Notice of the time and place for such meetings shall be given in accordance with Section 2, below.

Section 2. Notice. Except as provided below, regular meetings of the Board of Directors may be held without notice, and special meetings of the Board may be held upon at least two (2) days notice provided to each Director specifying the date, time, and place of the meeting. If the Board of Directors changes the place, date or time of a regular meeting, notice of such action shall be given to each Director who was not present at the meeting at which such action was taken. Any Board action to: remove a Director; amend the Bylaws; amend the Charter (other than a charter amendment to: (a) delete the name and address of the initial registered agent or registered office, if a statement of change is on file with the Secretary of State (b) change the address of the principal office of the Corporation; or (c) change the corporate name by substituting the word "corporation," "incorporated," "company," "limited," or the abbreviation "corp.," "inc.," or "ltd.," or a similar word or abbreviation in the name or by adding a geographical attribution to the name); approve a transaction in which a Director or Officer of the Corporation has a conflict of interest; authorize the indemnification of a Director, employee or agent of the Corporation; approve a plan of merger; approve a sale, lease, exchange or other disposition of all or substantially all of the Corporation's assets other than in the regular course of activities; or approve a dissolution of the Corporation requires that each Director be given at least seven (7) days written notice that the matter will be voted upon at a Directors' meeting. The notice of any meeting at which: a Bylaw amendment; charter amendment; plan of merger; plan for the sale, lease, exchange or other disposition of all or substantially all of the Corporation's assets; or plan of dissolution is to be voted upon, must state that the purpose, or one of the purposes, of the meeting is to consider such proposed amendment or plan and contain or be accompanied by a copy or summary of each amendment or plan.

Where reasonable under the circumstances, notice may be either written or oral, and may be communicated in person, by telephone, telegraph, teletype, or other form of wire or wireless communication, or by mail or private carrier. Written notice in a comprehensible form is effective at the earliest of the following:

- (a) when received;
- (b) five (5) days after its deposit in the United States mail, if mailed correctly addressed and with first-class postage affixed thereon;

- (c) one the date shown on the return receipt, if sent by registered or certified mail, return receipt requested, and if the receipt is signed by or on behalf of the addressee; or
- (d) twenty (20) days after its deposit in the United States mail, if mailed correctly addressed, and with other than first class, registered or certified postage affixed.

Notice of an adjourned meeting need not be given if the time and place to which such meeting is adjourned are fixed at the meeting at which the adjournment is taken and if the period of adjournment does not exceed one (1) month in any one (1) adjournment. At the adjourned meeting, the Board of Directors may transact any business which might have been transacted at the original meeting.

Section 3. Waiver of Notice. A Director may waive in writing any notice required by this Article VI, provided that the waiver must be signed by the Director entitled to the notice, and must be filed with the minutes or corporate records. A Director's attendance at or participation in a meeting waives any required notice to him or her of the meeting unless the Director at the beginning of the meeting (or promptly upon his or her arrival) objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting.

Section 4. Quorum and Vote. Except as otherwise provided in this Article VI, a majority of the number of Directors then in office shall constitute a quorum for the transaction of business of the Corporation, provided that at no time shall a quorum consist of fewer than fifty per cent (50%) of the Directors duly elected and then serving in office. If a quorum is present when a vote is taken, the affirmative vote of a majority of Directors present is the act of the Board of Directors, except where the vote of a greater number is required by these Bylaws or by the Tennessee Nonprofit Corporation Act in connection with transactions involving director and Officer conflicts of interest; Bylaw amendments; charter amendments; mergers; and the sale, lease, exchange or other disposition of all or substantially all of the Corporation's assets other than in the regular course of activities. When a quorum is once present to organize a meeting, it is not broken by the subsequent withdrawal of any of those present.

A Director who is present at a meeting of the Board of Directors when corporate action is taken is deemed to have assented to the action taken unless:

- (a) He or she objects at the beginning of the meeting (or promptly upon his or her arrival) to holding the meeting or transacting business at the meeting;
- (b) His or her dissent or abstention from the action taken is entered in the minutes of the meeting; or
- (c) He or she delivers written notice of his or her dissent or abstention to the presiding Officer of the meeting before its adjournment or to the Corporation immediately after adjournment of the meeting. The right of dissent or abstention is not available to a Director who votes in favor of the action taken.

Section 5. Executive Committee. There shall be an Executive Committee of the Board of Directors, consisting of the elective Officers of the Corporation and the Past Chairman. The membership of the Executive Committee must be approved by the Board of Directors at its annual meeting. In addition, four other existing members of the Board of Directors will be selected by the Past Chairman and the elective Officers of the Corporation as At-Large members of the Executive Committee for a one year term. These At-Large members, in addition to any member filling a vacancy on the Executive Committee, shall be approved at the next scheduled meeting of the Board of Directors. Subject to any specific directions or restrictions given by the Board of Directors, the Executive Committee may exercise all the authority of the Board of Directors between meetings of the Board of Directors and majority vote of the members shall control. A majority of the members of the Executive Committee shall constitute a quorum for the purpose of transacting business. Meetings of the Executive Committee may be held by conference telephone call as long as a quorum is participating simultaneously. Any action required or permitted to be taken at a meeting of the Executive Committee may be taken without a meeting by consent in writing, setting forth the action so taken. Written consents and signatures may be effected by electronic transmission. If all committee members consent to taking such action without a meeting, an affirmative vote of a majority of the Executive Committee, evidenced by their signatures on such written consent, shall have the same force and effect as a majority vote at a meeting of the Committee. Any action taken by the Executive Committee shall be reported to the Board of Directors at its next meeting. The Executive Committee shall not approve dissolution, merger or the sale, pledge, or transfer of all or substantially all of the Corporation's assets; elect, appoint, or remove Directors or fill vacancies on the Board of Directors or on any of its committees; or amend or repeal the charter of these bylaws or adopt new bylaws.

Section 6. Other Committees. The Board of Directors may create such other committees as may be determined to be helpful in discharging the Board's responsibilities. Each such committee shall be chaired by a Director, and consist of such persons, whether Directors or others, as may be approved by the Board of Directors, and each committee shall perform such functions as may be lawfully assigned to it by the Board of Directors.

Section 7. Committee Actions. So far as applicable, the provisions of this Article VI relating to meetings, notice and waiver of notice of meetings, and quorum voting requirements of the Board of Directors shall apply to the Executive Committee and other committees as well.

Section 8. Telephone Board and Committee Meetings. Members of the Board of Directors, or any committee of the Board of Directors, may participate in a meeting of such Board or committee by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting may simultaneously hear each other during the meeting, and participation in such a meeting shall constitute presence in Person at such a meeting.

Section 9. Consent of Directors in Lieu of Meeting. Any action required or permitted to be taken at a meeting of the Board of Directors or a committee thereof may be taken without a meeting via one of two methods.

In the first method, if all Directors or committee members consent to taking such action without a meeting, the affirmative vote of the number of Directors or committee members that would be necessary to authorize or take such action at a meeting is the act of the Board of Directors or committee thereof, as the case may be. Such action must be evidenced by one (1) or more written consents describing the action taken, signed by each Director or committee member, and indicating each signing person's vote or abstention on the action, and such written consent or consents shall be included in the minutes or filed with the corporate records reflecting the action taken. Written consents and signatures may be effected by electronic transmission. Any action taken under this Section 9 shall be effective when the last Director or committee member signs the consent, unless the consent specifies a different effective date. A consent signed under this Section 9 shall have the effect of a meeting vote and may be described as such in any document.

As a second method, action may be taken without a meeting if the corporation delivers a ballot to every member entitled to vote on the matter. The ballot must (1) be in the form of a document, which may be an electronic transmission including email; (2) set forth each proposed action; (3) provide an opportunity to vote for, or withhold a vote for, each candidate for election as a director; and, (4) provide an opportunity to vote for or against or abstain from each proposed action. Approval by ballot pursuant to this section is valid only when the number of votes cast by ballot equals or exceeds the quorum required to be present at a meeting authorizing the action, and the number of approvals equals or exceeds the number of votes that would be required to approve the matter at a meeting at which the total number of votes cast was the same as the number of votes cast by ballot. All solicitations for votes by ballot must (1) indicate the number of responses needed to meet the quorum requirements; (2) state the percentage of approvals necessary to approve each matter other than election of directors; and, (3) specify the time by which a ballot must be received in order to be counted. A ballot may not be revoked. A ballot cast under this Section 9 shall have the effect of a meeting vote and may be described as such in any document.

This Section 9 shall not be used to approve dissolution, merger or the sale, pledge, or transfer of all or substantially all of the Corporation's assets; or amend or repeal the charter of these Bylaws or adopt new Bylaws.

Section 10. Records. The Board of Directors shall keep permanent records of all their proceedings. The Corporation shall also maintain appropriate accounting records. These records and the principal books of the Corporation shall be kept at the principal office of the Corporation, with the necessary books and records being kept at such place or places as the Board of Directors may from time to time determine. All of these books and records shall be subject to the inspection of any Director at any reasonable time of day.

The Corporation shall keep a copy of the following records at its principal office: (a) the charter or restated charter and all amendments currently in effect; (b) these Bylaws; (c) a list of the names and businesses or home addresses of its current Directors and Officers; and (d) its most recent annual report delivered to the Secretary of State.

ARTICLE VII

OFFICERS

Section 1. Elective Officers. The Elective Officers of the Corporation shall be a Chairman, Vice Chairman, Secretary and Treasurer. The Chairman of the Administration Committee will serve as the Secretary and the Chairman of the Finance Committee will serve as the Treasurer. The elective Officers shall be elected at the annual meeting of the Board. Elective Officers shall be members of the Board of Directors. The elective Officers of the Corporation shall exercise such powers and perform such duties as are specified in these Bylaws or are from time to time conferred by the Board of Directors.

Section 2. Term of Office. Each Officer shall serve at the pleasure of the Board. The term of office shall be for a period of one year, or until a successor shall have been elected, or until his or her death, resignation or removal.

Section 3. Removal. Any Officer may be removed from office by the Board of Directors whenever in its judgment the best interests of the Corporation will be served thereby. Such removal shall not affect the contract rights, if any, of the person so removed. Appointment of an Officer shall not of itself create contract rights.

Section 4. Vacancies and Absences. Any vacancy in an office from any cause may be filled for the unexpired portion of the term by the Board of Directors. In the case of an absence of any Officer of the Corporation, or for any other reason that the Board may deem sufficient, the Board may delegate, for the time being, any of the powers and duties of such Officer to any other Officer or to any Director, provided a majority of the then current members of the Board concurs therein.

Section 5. Chairman. The Chairman shall serve as Chairman of the Board of Directors and the Executive Committee and shall preside at meetings of those bodies. The Chairman shall be an Ex-Officio member of all standing committees of the Board. The Chairman shall have general supervision over the active management of the affairs of the Corporation, and shall see that all orders and resolutions of the Board are carried into effect. The Chairman shall work closely with the President and C.E.O. in matters of policy, program and administration and shall perform such other duties as the Board of Directors may from time to time prescribe. The Chairman will become Past Chairman when the term as Chairman ends.

Section 6. Vice Chairman. The Vice Chairman, or Vice Chairmen in the order designated, in the event there be more than one Vice Chairman, shall assist the Chairman in the duties so assigned, perform the duties and possess and exercise the

powers of the Chairman in the event of the Chairman's absence or disability, and perform such other duties as the Board of Directors or the Chairman may from time to time prescribe. Upon completion of the term as Vice Chairman, the Vice Chairman will become Chairman for a one year term.

Section 7. Secretary and Assistant Secretaries. The Secretary shall attend all meetings of the Board of Directors and Executive Committee and record all votes, attendance at the meetings and the minutes of all proceedings in a book, which shall be the property of the Corporation, to be kept for that purpose. The Secretary shall give, or cause to be given, notice of all meetings of the Board of Directors and shall keep a record of all members of the Board of Directors and the address to be used for each member for purposes of giving notice of meetings. The Secretary shall perform such other duties as may be generally performed by a secretary of a Corporation and such duties as may be prescribed from time to time by the Board of Directors or the Chairman. Any Assistant Secretary may, in the absence of the Secretary or in the event of his or her inability or refusal to act, perform the duties of the Secretary, and when so acting shall have the powers and be subject to all the restrictions upon the Secretary.

Section 8. Treasurer and Assistant Treasurers. The Treasurer shall have custody of the Corporation's funds and securities, shall keep or cause to be kept full and accurate account of financial transactions in books belonging to the Corporation, and shall deposit or cause to be deposited all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. The Treasurer shall disburse or cause to be disbursed the funds of the Corporation as required in the ordinary course of business or as may be ordered by the Board, taking proper vouchers for such disbursements, and shall render to the Chairman and Directors at the regular meetings of the Board, or whenever they may require it, an account of all financial transactions and the financial condition of the Corporation. The Corporation shall procure a bond or bonds covering the Treasurer and others appropriate in amounts satisfactory to the Board of Directors.

The Treasurer shall also perform such other duties as are generally performed by a treasurer of a corporation and such duties as may be prescribed by the Board of Directors or the Chairman. Any Assistant Treasurer may, in the event of his or her inability or refusal to act, perform the duties of the Treasurer, and when so acting shall have the powers and be subject to all the restrictions upon the Treasurer.

Section 9. Appointive Officers. The Board of Directors shall appoint a President and C.E.O., who shall be the chief operating Officer of the organization, and who will serve at the pleasure of the Board. The President and C.E.O. shall be responsible to the Board and shall supervise the affairs of the organization on a day-to-day basis. The President and C.E.O. shall serve as advisor to the Chairman and Committees of the Board, and shall assemble information and data and cause to be prepared regular and special reports as directed. The President and C.E.O. shall be an Ex-Officio member of the Board of Directors, the Executive Committee and of all committees.

The President and C.E.O. shall be responsible for hiring, directing, discharging and supervision of all employees. The President and C.E.O. may assign titles such as Vice President to one or more employees. The President and C.E.O. shall be responsible for the preparation of regular reports covering all activities of the organization, subject to approval of the Board of Directors. The President and C.E.O. shall also be responsible for all expenditures with approved budget allocation. The President and C.E.O. and other HFHGN employees shall not be eligible to serve as an Officer of the Board.

ARTICLE VIII

INDEMNIFICATION

Section 1. General. The Corporation shall have the power to indemnify any person authorized by the Tennessee Nonprofit Corporation Act, as the same may be amended from time to time, in the manner prescribed therein, to the full extent allowed thereby.

Section 2. Indemnification. A Director of the Corporation shall not be liable to the Corporation for monetary damages for breach of fiduciary duty as a director; provided, however, that this provision does not eliminate or limit the liability of a Director for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law.

Section 3. Indemnification Not Exclusive. The Corporation shall indemnify each present and future Director and Officer of the Corporation, and his or her heirs, executors and administrators, to the full extent allowed by the laws of the State of Tennessee, both as now in effect and as hereafter adopted.

To the extent permitted by the Tennessee Nonprofit Corporation Act, as amended, the rights of indemnification provided in this Article VIII shall be in addition to any rights to which any such Director, Officer, employee, or other person may otherwise be entitled by contract or as a matter of law.

Section 4. Insurance. The Corporation shall have the power by action of the Board of Directors to purchase and maintain insurance on behalf of any person who is or was a Director, Officer, employee, or agent of the Corporation, or who, while a Director, Officer, employee, or agent of the Corporation, is or was serving at the request of the Corporation as a corporation, partnership, joint venture, trust, employee benefit plan, or other enterprise against any liability asserted against him or incurred by him in any such capacity or arising out of his status as a Director, Officer, employee, or agent, whether or not the Corporation would have the power to indemnify him or her against such liability.

ARTICLE IX

CORPORATE ACTIONS

Section 1. Contracts. Unless otherwise required by these Bylaws or the Board of Directors, the President and C.E.O. shall execute contracts or other instruments on behalf of and in the name of the Corporation. In the event that the President and C.E.O. is unavailable to execute contracts or other instruments, any of the Elective Officers of the Board, or the most recent Past Chairman of the Board, in conjunction with either the Chief Financial Officer or the Chief Administrative Officer of the Corporation, may execute contracts and instruments in the ordinary course of business. The Board of Directors may from time to time authorize any other Officer or Officers or agent or agents to enter into any contract or execute any instrument in the name of and on behalf of the Corporation as it may deem appropriate, and such authority may be general or confined to specific instances.

Section 2. Loans. No loans shall be contracted on behalf of the Corporation and no evidence of indebtedness shall be issued in its name unless authorized by the Board of Directors. Such authority may be general or confined to specific instances.

Section 3. Voting Securities Held by the Corporation. Unless otherwise required by the Board of Directors, the President and C.E.O. shall have full power and authority on behalf of the Corporation to attend any meeting of security holders, or to take action on written consent as a security holder, of other corporations in which the Corporation may hold securities. In connection therewith the President and C.E.O. shall possess and may exercise any and all rights and powers incident to the ownership of such securities which the Corporation possesses. The Board of Directors may, from time to time, confer like power upon any other person or persons and may revoke any such powers as granted at its pleasure.

ARTICLE X

FISCAL YEAR

Section 1. Fiscal Year and Leadership Year. The fiscal year of the Corporation shall be fixed by the Board of Directors from time to time, subject to applicable law. The leadership year of the Corporation shall be determined by the Board of Directors and in the absence of such determination shall be the calendar year.

ARTICLE XI

CORPORATE SEAL

Section 1. Corporate Seal. The corporate seal, if any, shall be in such form as shall be approved from time to time by the Board of Directors.

ARTICLE XII

DEPOSITORIES

Section 1. Depositories. The Board of Directors shall have the power to select depositories for the funds of the Corporation and power to direct the method and manner of signing checks, notes, and other instruments binding on the Corporation.

ARTICLE XIII

AMENDMENTS

Section 1. Amendments to Bylaws. Except as otherwise required by law, these Bylaws may be amended by a majority vote at any meeting of the Board of Directors, if notice of the proposed alteration is contained in the notice of the meeting.

ARTICLE XIV

INVALIDITY

Section 1. Invalidity. In the event any provision of these Bylaws is found invalid under the laws of the State of Tennessee or other competent jurisdiction, the invalid provision or provisions shall be deemed to be altered in such manner as is necessary to conform to the prevailing law. Notwithstanding such alterations, as may be necessary, all other provisions of these Bylaws shall remain in effect as written.

ARTICLE XV

AUTHORITY

Section 1. Authority. Roberts Rules of Order (latest revision) shall govern the meetings of the Board of Directors and committees of the Corporation in all cases in which they are applicable and in which they are not inconsistent with these Bylaws.

Adopted July 26, 2019

**By Habitat for Humanity of Greater Nashville, Inc. Board of Directors
Mendy Mazzo, Chair**

*Mendy Mazzo, Board Chair
7/26/19*



*Lucile Houseworth
7/26/19*



Department of the Treasury
Internal Revenue Service

P.O. Box 2508, Room 4010
Cincinnati OH 45201

In reply refer to: 4077350282
Nov. 06, 2017 LTR 4168C 0
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HABITAT FOR HUMANITY OF GREATER
NASHVILLE
% DANNY HERRON EXE
414 HARDING PL STE 100
NASHVILLE TN 37211-4581



041416

Employer ID Number: 58-1636286
Form 990 required: Yes

Dear Taxpayer:

This is in response to your request dated Oct. 09, 2017, regarding your tax-exempt status.

We issued you a determination letter in April 1995, recognizing you as tax-exempt under Internal Revenue Code (IRC) Section 501(c)(03).

Our records also indicate you're not a private foundation as defined under IRC Section 509(a) because you're described in IRC Sections 509(a)(1) and 170(b)(1)(A)(vi).

Donors can deduct contributions they make to you as provided in IRC Section 170. You're also qualified to receive tax deductible bequests, legacies, devises, transfers, or gifts under IRC Sections 2055, 2106, and 2522.

In the heading of this letter, we indicated whether you must file an annual information return. If a return is required, you must file Form 990, 990-EZ, 990-N, or 990-PF by the 15th day of the fifth month after the end of your annual accounting period. IRC Section 6033(j) provides that, if you don't file a required annual information return or notice for three consecutive years, your exempt status will be automatically revoked on the filing due date of the third required return or notice.

For tax forms, instructions, and publications, visit www.irs.gov or call 1-800-TAX-FORM (1-800-829-3676).

If you have questions, call 1-877-829-5500 between 8 a.m. and 5 p.m., local time, Monday through Friday (Alaska and Hawaii follow Pacific Time).

4077350282
Nov. 06, 2017 LTR 4168C 0
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HABITAT FOR HUMANITY OF GREATER
NASHVILLE
% DANNY HERRON EXE
414 HARDING PL STE 100
NASHVILLE TN 37211-4581

Sincerely yours,

Stephen A. Martin

Stephen A. Martin
Director, EO Rulings & Agreements

Habitat for Humanity of Greater Nashville builds new, quality, affordable homes for hardworking men and women in a five county area: Davidson, Wilson, Cheatham, Dickson and Robertson counties.

Habitat Homeowners

Future Habitat for Humanity homeowners qualify for Habitat's homeownership program, meet income qualifications, attend education classes and work with their sponsor(s) and volunteers to build their homes. **Habitat homes are not free.** Habitat homeowners pay an affordable mortgage made possible because of our funding partners.

Funding

Habitat relies on government, corporate, faith and individual partnerships to strengthen lives through the opportunity to purchase affordable homes. Homeownership builds thriving communities and makes it possible for people to live in the communities where they work. Since 1985, Habitat of Greater Nashville has built or recycled more than 1,363 homes, nearly 1,000 locally, and served more than 3,429 family members including 2,160 children.

Construction

Habitat of Greater Nashville has received numerous awards for neighborhood revitalization, green building practices, and sustainability, earning the **14th consecutive Environmental Protection Agency's ENERGY STAR® Award for Sustained Excellence in Affordable Housing.**

Social Enterprise | ReStore

Habitat for Humanity helps fund its mission through its social enterprise, the ReStore. The ReStore sells new and gently used office and household items at a fraction of the cost. Habitat of Greater Nashville operates ReStores in Davidson and Dickson counties, with the Wilson ReStore re-opening soon.

- ▼ Departments
- ▼ Board of Directors
- ▼ Advisory Council
- ▼ 2022 Emeritus Members
- ▼ Financials and policies

**HABITAT FOR HUMANITY
OF GREATER NASHVILLE**

FINANCIAL STATEMENTS

As of and for the Year Ended June 30, 2021

And Report of Independent Auditor

HABITAT FOR HUMANITY OF GREATER NASHVILLE

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Report of Independent Auditor

To the Board of Directors
Habitat for Humanity of Greater Nashville
Nashville, Tennessee

We have audited the accompanying financial statements of Habitat for Humanity of Greater Nashville (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for 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 audit. We conducted our audit 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 Habitat for Humanity of Greater Nashville, as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, management has elected to change its policy for recording in-kind contributions in 2021. Our opinion is not modified with respect to that matter.



Nashville, Tennessee
September 27, 2021

HABITAT FOR HUMANITY OF GREATER NASHVILLE
STATEMENT OF FINANCIAL POSITION

JUNE 30, 2021

ASSETS

Cash and cash equivalents, including escrow accounts of \$585,080	\$ 13,076,842
Grants receivable	401,506
Sponsor and other receivables, net of allowance of \$69,977	172,011
Inventory - ReStores and other	705,455
Construction-in-progress - new homes	2,572,831
Property and equipment, net	7,911,698
Land held for development	2,698,089
Mortgage notes receivable, net of discounts of \$26,791,831	34,381,745
New Markets Tax Credit intangible assets, net	159,213
New Markets Tax Credit joint venture investment	2,307,652
New Markets Tax Credit joint venture cash	76,115
Other assets	370,112
Total Assets	<u><u>\$ 64,833,269</u></u>

LIABILITIES AND NET ASSETS

Liabilities:

Accounts payable and accrued expenses	\$ 860,107
Deferred revenue	1,152,263
Escrow accounts	588,280
Deferred grant revenue - Paycheck Protection Program loan	746,625
Notes payable, secured by mortgages, net of unamortized discount	18,963,638
Note payable, secured by Harding Place property	3,142,475
Notes payable, unsecured	503,551
New Markets Tax Credit joint venture note payable, net of issuance costs	3,113,917
Unearned revenue on mortgage loans	3,985,314
Total Liabilities	<u><u>33,056,170</u></u>

Net Assets:

Net assets without donor restrictions	16,615,430
Net assets with donor restrictions	15,161,669
Total Net Assets	<u><u>31,777,099</u></u>
Total Liabilities and Net Assets	<u><u>\$ 64,833,269</u></u>

HABITAT FOR HUMANITY OF GREATER NASHVILLE
STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:			
Transfers to homeowners	\$ 5,651,380	\$ -	\$ 5,651,380
Grant income	3,126,595	-	3,126,595
Contributions	2,260,845	80,100	2,340,945
ReStore sales	2,874,435	-	2,874,435
Mortgage loan discount amortization	1,582,774	-	1,582,774
Interest contributions	-	2,137,256	2,137,256
Other income	430,291	-	430,291
In-kind contributions	3,073,267	-	3,073,267
Interest income	43,950	-	43,950
New Markets Tax Credit investment income	17,541	-	17,541
	<u>19,061,078</u>	<u>2,217,356</u>	<u>21,278,434</u>
Net assets released from restrictions	1,968,618	(1,968,618)	-
Total Support and Revenue	<u>21,029,696</u>	<u>248,738</u>	<u>21,278,434</u>
Expenses:			
Program services	16,681,210	-	16,681,210
Supporting services	2,120,704	-	2,120,704
Total Expenses	<u>18,801,914</u>	<u>-</u>	<u>18,801,914</u>
Change in net assets from operations	2,227,782	248,738	2,476,520
Contribution of net assets from Robertson County Habitat for Humanity, Inc.	<u>201,245</u>	<u>-</u>	<u>201,245</u>
Change in net assets	2,429,027	248,738	2,677,765
Net assets, beginning of year	<u>14,186,403</u>	<u>14,912,931</u>	<u>29,099,334</u>
Net assets, end of year	<u>\$ 16,615,430</u>	<u>\$ 15,161,669</u>	<u>\$ 31,777,099</u>

The accompanying notes to the financial statements are an integral part of this statement.

HABITAT FOR HUMANITY OF GREATER NASHVILLE
STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2021

	Program Services				Supporting Services				Total
	Construction	Homeowner Support and Educational Ministries	Discounts on Mortgage Originations	ReStore Operations	Total Program Services	Fundraising	Management and General	Total Supporting Services	
Construction costs - new homes	\$ 5,468,928	\$ -	\$ -	\$ -	\$ 5,468,928	\$ -	\$ -	\$ -	\$ 5,468,928
Costs of ReStore sales	-	-	-	2,736,899	2,736,899	-	-	-	2,736,899
Salaries and related expenses	858,341	767,118	-	1,300,820	2,926,279	952,526	448,666	1,401,192	4,327,471
Mortgage discounts	-	-	2,449,242	-	2,449,242	-	-	-	2,449,242
Interest and discount amortization	1,103,855	-	-	-	1,103,855	-	40,878	40,878	1,144,733
Depreciation	81,728	33,138	-	170,823	285,689	46,747	16,794	63,541	349,230
Down payment and mortgage assistance	-	248,147	-	-	248,147	-	-	-	248,147
Office expenses	46,716	56,592	-	142,950	246,258	63,123	27,072	90,195	336,453
Travel, meals, and entertainment	3,055	3,659	-	16,909	23,623	23,156	3,529	26,685	50,308
Repairs and maintenance	202,324	3,044	-	14,740	220,108	3,951	2,714	6,665	226,773
Other	21,913	22,109	-	11,399	55,421	2,429	27,190	29,619	85,040
Small tools and equipment	33,346	-	-	69,276	102,622	1,229	-	1,229	103,851
Legal and professional	135,830	25,102	-	680	161,612	-	107,182	107,182	268,794
Redevelopment costs	213,078	-	-	-	213,078	-	-	-	213,078
Lease expense	10,227	8,920	-	51,794	70,941	11,484	2,296	13,780	84,721
Printing and public relations	59	4,287	-	934	5,280	114,610	222	114,832	120,112
Taxes and insurance	42,907	16,743	-	50,192	109,842	18,713	6,894	25,607	135,449
Recruiting and training	5,877	1,559	-	4,575	12,011	53,865	15,378	69,243	81,254
Tithe to Habitat International	106,340	-	-	-	106,340	-	-	-	106,340
Bank and credit card fees	15,305	61	-	48,864	64,230	9,345	12,763	22,108	86,338
Vehicle expenses	28,101	50	-	23,366	51,517	1,684	-	1,684	53,201
Sponsor and volunteer appreciation	7,623	375	-	916	8,914	9,834	246	10,080	18,994
Advertising	1,328	1,238	-	7,808	10,374	16,359	350	16,709	27,083
New Markets Tax Credit amortization	-	-	-	-	-	-	34,560	34,560	34,560
Special events	-	-	-	-	-	44,915	-	44,915	44,915
	<u>\$ 8,386,881</u>	<u>\$ 1,192,142</u>	<u>\$ 2,449,242</u>	<u>\$ 4,652,945</u>	<u>\$ 16,681,210</u>	<u>\$ 1,373,970</u>	<u>\$ 746,734</u>	<u>\$ 2,120,704</u>	<u>\$ 18,801,914</u>

The accompanying notes to the financial statements are an integral part of this statement.

HABITAT FOR HUMANITY OF GREATER NASHVILLE

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2021

Cash flows from operating activities:	
Change in net assets	\$ 2,677,765
Adjustments to reconcile change in net assets to net cash flows from operating activities:	
Contribution of net assets from Robertson County	(166,018)
Interest contributions	(2,137,256)
Transfers to homeowners	(2,972,138)
Depreciation and amortization	383,790
Bad debt expense	717
Mortgage loan discount amortization	(1,582,774)
Amortization of discount on notes payable and issuance costs	1,121,538
New Markets Tax Credit investment income allocation	(17,541)
Changes in operating assets and liabilities:	
Grants receivable	651,497
Sponsor and other receivables	18,171
Construction-in-progress - new homes	(1,234,524)
Land held for development	589,723
Inventory - ReStores and other	(89,900)
Other assets	12,461
Accounts payable and accrued expenses	91,212
Deferred revenue	426,740
Escrow accounts	(62,567)
Net cash flows from operating activities	<u>(2,289,104)</u>
Cash flows from investing activities:	
Purchases of property and equipment	(121,395)
Mortgage payments received	3,945,021
New Markets Tax Credit joint venture investment net distribution	23,100
Net cash flows from investing activities	<u>3,846,726</u>
Cash flows from financing activities:	
Proceeds from issuance of notes payable	4,862,037
Repayments on notes payable	(3,077,753)
Net cash flows from financing activities	<u>1,784,284</u>
Net change in cash, restricted cash, and cash equivalents	3,341,906
Cash, restricted cash, and cash equivalents, beginning of year	9,811,051
Cash, restricted cash, and cash equivalents, end of year	<u>\$ 13,152,957</u>

The accompanying notes to the financial statements are an integral part of this statement.

HABITAT FOR HUMANITY OF GREATER NASHVILLE

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021

Note 1—Organization and purpose

Habitat for Humanity of Greater Nashville (“Habitat”), a nonprofit corporation, was chartered by the state of Tennessee on March 25, 1985. Habitat is an affiliate of Habitat for Humanity International, Inc. (“Habitat International”), a nondenominational Christian nonprofit organization whose purpose is to create decent, affordable housing for those in need and to make decent shelter a matter of conscience with people everywhere. Although Habitat International assists with information resources, training, publications, prayer support, and in other ways, Habitat is primarily and directly responsible for its own operations.

Note 2—Summary of significant accounting policies

Financial Statement Presentation – The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with standards of accounting and reporting prescribed for not-for-profit organizations. Under these standards, net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed stipulations and may be expended for any purpose in performing the primary objectives of Habitat. These net assets may be used at the discretion of Habitat’s management and the Board of Directors.

Net Assets With Donor Restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of Habitat or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Net assets with donor restrictions represent unamortized discount on notes payable, contributions receivable and amounts available for programs.

Contributions – Contributions are recognized when the donor makes a promise to give to Habitat that is, in substance, unconditional. Contributions with donor restrictions are reported as increases in net assets with donor restrictions based on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributed land and equipment are recorded at estimated fair value at the date of the donation. In-kind contributions (primarily Restore inventory, construction materials and land for development) are recorded based on their estimated value on the date of receipt.

No amounts have been reflected in the financial statements for donated labor by unskilled volunteers as no objective basis is available to measure the value of such services; however, a substantial number of volunteers have donated significant amounts of their time to Habitat’s program services.

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using an interest rate applicable to the year in which the promise is received. Amortization of the discount is included in contribution revenue. Conditional promises to give are not included as support until such time as the conditions are substantially met. Habitat determines an allowance for doubtful accounts based on historical experience, an assessment of economic conditions, and a review of subsequent collections.

Grants received from governmental agencies are generally recognized as related costs are incurred.

Income Taxes – Habitat is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code (“IRC”) and is not a private foundation. Therefore, no provision for income taxes has been made.

HABITAT FOR HUMANITY OF GREATER NASHVILLE

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021

Note 2—Summary of significant accounting policies (continued)

Habitat follows guidance that clarifies the accounting for uncertainty in income taxes recognized in an organization's financial statements. This guidance prescribes a minimum probability threshold that a tax position must meet before a financial statement benefit is recognized. The minimum threshold is defined as a tax position that is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The tax benefit to be recognized is measured as the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") 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 and allocation of functional expenses during the reporting period. Actual results could differ from those estimates.

Cash Equivalents – For purposes of the statements of cash flows, Habitat considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Liquidity – Assets are presented in the accompanying statements of financial position according to their nearness of conversion to cash and cash equivalents and liabilities are presented according to their maturing resulting in use of cash and cash equivalents.

Home Sales and Mortgage Notes Receivable – Transfers to homeowners are recorded at the gross amount of payments to be received over the lives of the mortgage notes receivable. These mortgage payments do not include interest and, accordingly, the mortgages have been discounted at various interest rates based upon prevailing market rates at the inception of the mortgages. Discounts are amortized over the lives of the mortgages. The discounted value of mortgages at the time of sale is generally less than the home's fair market value. Therefore, management believes that losses resulting from non-payment of mortgages are not reasonably probable and, accordingly, no allowance for mortgage notes receivable has been recorded. Past due status is based on contractual terms of the mortgage notes receivable. At 120 days past due, the mortgage notes receivable become subject to foreclosure.

Unearned revenue on mortgage notes receivable represents the discounted value of non-interest bearing second and third mortgage loans issued on Habitat homes. The homeowner is required to sign one or more additional mortgages for the difference between the estimated fair market value of the home and the payable mortgage balances as of the transfer date. Certain of these mortgages are fully forgiven if the homeowner lives in the home for a certain period of time and complies with all other covenants and restrictions per the deed of trust. In the event the homeowner does not comply with these restrictions, the mortgage balance will be recognized as income at the time it is collected. Habitat generally does not foresee collection of the non-payable second and third mortgage loans except in the event of sale, refinance, or foreclosure of the home.

Real Estate Held for Sale – Real estate assets acquired through or in lieu of loan foreclosure are recorded at fair value less estimated selling cost. Costs of property improvements are capitalized. Estimated gains at acquisition and net gains or losses realized on the sale are recorded in the statements of activities as gain on real estate held for sale.

Property and Equipment – Property and equipment is reported at cost at the date of purchase or at fair market value at the date of gift. Depreciation is computed using the straight-line method over the estimated useful lives of the assets which range from 3 to 39 years.

HABITAT FOR HUMANITY OF GREATER NASHVILLE

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021

Note 2—Summary of significant accounting policies (continued)

Land Held for Development – Land held for development consists of land and improvements to be utilized as lots for future Habitat homeowners. Costs incurred to improve land are capitalized when incurred. Interest incurred on related debt during the construction period is capitalized as incurred. The total allocated cost of each lot is charged to construction-in-progress upon commencement of building activities.

Inventory – Inventory consists primarily of donated home furnishings and building and home improvement materials which are sold in the ReStores. In-kind inventory is recorded at its estimated market value when received.

Deferred Revenue – Deferred revenue consists of deposits received on conditional promises to give from sponsors of future home building and totaled \$1,152,263 at June 30, 2021.

Grant Income – Grant funds are earned and reported as revenue when Habitat has incurred expenses in compliance with the specific restrictions of the grant agreement. Grant funds that are restricted for use in home construction are reflected as unrestricted revenue since these funds are generally received and spent during the same year.

Program Services – Program services include construction, ReStore operations, homeowner support, and educational ministries, and the discounts on mortgage originations. The cost of home building is charged to program services upon transfer to the homeowner. Program services include the cost of new homes transferred, which have an average cost of \$182,298 for the year ended June 30, 2021.

Advertising – Advertising costs are charged to expense as incurred. Advertising expense totaled \$27,083 for the year ended June 30, 2021.

Debt Issuance Costs – Costs relating to the issuance of notes payable are amortized to interest expense over the term of the debt, using the straight-line method. The unamortized amount is presented as a reduction of long-term debt on the statements of financial position.

Functional Allocation of Expenses – The costs of providing program and supporting services have been reported on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. While most costs have been directly assigned to a functional category, certain joint costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis. Expenses that are allocated consist primarily of salaries and wages expenses which was allocated based on time and effort.

Accounting Change – During the fiscal year ended June 30, 2021, Habitat began recording receipts of donated home furnishings and building and home improvement materials as contributions. Upon sale of the donated items, a corresponding charge to cost of ReStore sales is recorded. The change increased in-kind contribution revenue by approximately \$2.7 million in fiscal 2021 with a corresponding increase to ReStore cost of sales. There was no effect on net assets or change in net assets at June 30, 2020 or for the year ended June 30, 2020. Habitat believes the change is preferable to more appropriately report contributions and costs of sales.

Recently Adopted Accounting Pronouncement – In May 2014, Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2014-09, *Revenue from Contracts with Customers*. ASU 2014-09 clarifies the principles for recognizing revenue and develops a common revenue standard under U.S. GAAP under which an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Habitat adopted the provisions of ASU 2014-09 and the related ASUs as of July 1, 2020 using a modified retrospective approach, which resulted in no cumulative effect adjustment to net assets as of July 1, 2020. There was no change in the timing and amount of revenue recognition as a result of the adoption of this ASU.

HABITAT FOR HUMANITY OF GREATER NASHVILLE

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021

Note 2—Summary of significant accounting policies (continued)

Accounting Policies for Future Pronouncement – In February 2016, FASB issued ASU 2016-02, *Leases*. The standard requires all leases with lease terms over 12 months to be capitalized as a right of use asset and lease liability on the statement of financial position at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the statement of activities. This standard will be effective for the fiscal year ending June 30, 2023. Habitat is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.

Subsequent Events – Habitat evaluated subsequent events through September 27, 2021, when these financial statements were available to be issued. Management is not aware of any significant events that occurred subsequent to the statement of financial position date but prior to the filing of this report that would have a material impact on the financial statements.

Note 3—Revenue recognition

On July 1, 2020, Habitat adopted Accounting Standards Codification (“ASC”) 606 using the modified retrospective approach. Habitat determined that there was no cumulative effect adjustment to net assets upon adoption of the new revenue standard as of July 1, 2020. Under ASC 606, revenue is recognized when Habitat transfers the promised goods or services to a customer in an amount that reflects consideration that is expected to be received for those goods and services.

Performance Obligations and Revenue Recognition – A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account under ASC 606. The transaction price is allocated to each distinct performance obligation and recognized as revenue, when, or as, the performance obligation is satisfied. The contract obligation for transfers to homeowners and ReStore sales is generally satisfied at the time these services are provided or when a good is transferred to the customer.

Home Sales – A portion of the Habitat’s revenue is derived from home sales during the year. Due to the nature of contracts, there is no variable consideration and only one performance obligation. Such revenue is conditioned upon meeting a certain performance obligation, and amounts received are recognized as revenue once the requirement has been met. Once construction is complete on a home and closing procedures have been completed, buyers take possession of the home and the performance obligation is considered to have been met. Each house sold has a defined purchase price. Contracts are considered to have commercial substance as they all involve a cash down payment and a signed promissory note, which is paid in accordance with the note terms.

ReStore Revenues – A portion of Habitat’s revenue is derived from ReStore sales during the year. Such revenue is conditioned upon meeting one performance obligation, the sale transaction is completed at a ReStore location, and amounts received are recognized as revenue once the sale has been made. Once the sale is made, customers take possession of the goods purchased. These transactions are considered to be contracts with customers as they have commercial substance through the transaction of cash payment in return for the goods purchased. Due to the nature of these transactions, there is no variable consideration and only one performance obligation.

HABITAT FOR HUMANITY OF GREATER NASHVILLE

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021

Note 4—Liquidity and availability

Habitat regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, Habitat considers all expenditures related to its ongoing activities of bringing people together to build homes, communities, and hope, as well as the conduct of services undertaken to support those activities to be general expenditures. Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following at June 30, 2021:

Financial assets:

Cash and cash equivalents, less escrow accounts	\$ 12,491,762
Grants receivable due in one year	401,506
Sponsor and other receivables	156,496
	<u>13,049,764</u>
Total financial assets, at year-end	13,049,764
Less amounts unavailable for general expenditures within one year, due to:	
Net assets with donor restrictions	(234,766)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 12,814,998</u>

Note 5—Grants receivable

A summary of grants receivable as of June 30, 2021 is as follows:

Metropolitan Development and Housing Agency	\$ 230,536
Federal Home Loan Bank	137,500
Foundations and other	33,470
	<u>\$ 401,506</u>

Note 6—Unconditional promises to give

Habitat has included unconditional promises to give in sponsor and other receivables. Unconditional promises to give consist of the following at June 30, 2021:

Unconditional promises to give	\$ 241,988
Less allowance for uncollectible contributions	(69,977)
	<u>172,011</u>
Net unconditional promises to give	172,011
Less amounts receivable in less than one year, net	(172,011)
	<u>\$ -</u>

HABITAT FOR HUMANITY OF GREATER NASHVILLE
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021

Note 7—Construction-in-progress – new homes

A summary of new home construction activity for 2021 is as follows:

	<u>Number</u>	<u>Costs</u>
New homes under construction, June 30, 2020	13	\$ 1,338,307
Additional costs incurred on beginning inventory		894,947
New homes started in 2021	47	5,808,505
New homes closed in 2021	<u>(30)</u>	<u>(5,468,928)</u>
New homes under construction, June 30, 2021	<u>30</u>	<u>\$ 2,572,831</u>

Note 8—Property and equipment

A summary of property and equipment as of June 30, 2021 is as follows:

Land and land improvements	\$ 2,917,670
Buildings	5,495,928
Office equipment	441,235
Leasehold improvements	57,502
Vehicles and trailers	546,942
Other	<u>335,065</u>
	9,794,342
Less accumulated depreciation	<u>(1,882,644)</u>
	<u>\$ 7,911,698</u>

Note 9—Land held for development

Land held for development consists of real property and incurred development costs for the purpose of future home construction. Land held for development consists of the following by area at June 30, 2021:

Hamilton Hills	\$ 1,302,676
Village by the Creek	1,038,563
Hunters Point	224,322
Dickson County	89,245
Cheatham County	<u>43,283</u>
	<u>\$ 2,698,089</u>

HABITAT FOR HUMANITY OF GREATER NASHVILLE
NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021

Note 10—Mortgage notes receivable

At June 30, 2021, Habitat holds mortgage notes receivable totaling \$61,173,576, at face value generally with original maturities of 30 years. The notes are non-interest bearing mortgages, payable in equal monthly installments, and are secured by deeds of trust on the properties. The notes have been discounted at various interest rates ranging from 4.5% to 9% over the lives of the mortgages. Mortgages are reported net of unamortized discount.

Mortgage notes receivable and the related discount are summarized as follows at June 30, 2021:

First mortgages	\$ 45,823,089
Second mortgages	13,496,056
Third mortgages	<u>1,854,431</u>
	61,173,576
Less unamortized discount	<u>(26,791,831)</u>
	<u><u>\$ 34,381,745</u></u>

Following is a table which includes an aging analysis of the recorded investment of past due mortgage notes receivable as of June 30, 2021:

31 - 60 days past due	\$ 350,588
61 - 90 days past due	56,811
Greater than 90 days past due	<u>8,754</u>
Total past due	416,153
Current	<u>60,757,423</u>
	<u><u>\$ 61,173,576</u></u>

Principal payments due on mortgage notes receivable are as follows:

<u>Years Ending June 30,</u>	
2022	\$ 2,190,649
2023	2,430,702
2024	2,452,759
2025	2,460,390
2026	2,475,454
Thereafter (including non-paying second and third mortgages of \$5,323,979)	<u>49,163,622</u>
Notes receivable at face value	61,173,576
Less unamortized discount	<u>(26,791,831)</u>
	<u><u>\$ 34,381,745</u></u>

HABITAT FOR HUMANITY OF GREATER NASHVILLE

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021

Note 11—New Markets Tax Credit intangible assets

Habitat incurred \$27,125 in guarantor fees, \$13,333 in audit fees, \$64,400 in asset management fees, and \$26,250 in consulting fees related to its New Markets Tax Credit (“NMTC”) financing in December 2017, to be amortized over seven years, the period to which the assets apply. Habitat incurred \$13,971 in qualified active low income community business (“QALICB”) services, \$20,000 in audit fees, \$53,554 in asset management fees, and \$23,284 in consulting fees related to its NMTC financing in June 2020, to be amortized over seven years, the period to which the assets apply. The intangible assets represent fees paid to the third-party administrator in the transaction, who is responsible for ensuring that Habitat performs and complies with all aspects of the transaction requirements.

As of June 30, 2021, the balances of NMTC intangible assets and accumulated amortization are as follows:

QALICB guarantor fee	\$ 41,096
CDE audit fee	33,333
Asset management fee	117,954
Consulting fee	<u>49,534</u>
Total intangible assets	241,917
Accumulated NMTC amortization	<u>(82,704)</u>
NMTC intangible assets, net	<u><u>\$ 159,213</u></u>

In December 2017, Habitat invested, along with five other Habitat affiliates, in a partnership, Harbor Habitat Leverage II, LLC (“HHL”), with 16.6667% ownership to take advantage of NMTC financing. Habitat invested a combination of cash and construction in progress totaling \$1,207,410, enabling it to secure a 20-year loan in the amount of \$1,715,000 payable to Harbor Community Fund XIII, LLC (“HCF”), a community development entity. The loan proceeds are to be used solely for the purpose of constructing and selling qualified housing properties to low-income residents.

The investment in partnership is accounted for using the equity method and the carrying amount of the investment is increased for Habitat’s proportionate share of the joint venture’s earnings and decreased for Habitat’s proportionate share of the joint venture’s losses.

The activity of the NMTC joint venture investment during the year ended June 30, 2021 is as follows:

Beginning balance	\$ 1,201,374
Capital contributed	-
Distributions received	(12,074)
Share of income	<u>12,074</u>
Ending balance	<u><u>\$ 1,201,374</u></u>

In June 2020, Habitat invested, along with three other Habitat affiliates, in a partnership, HHL, with 25% ownership to take advantage of NMTC financing. Habitat invested a combination of cash and construction in progress totaling \$1,111,837, enabling it to secure a 20-year loan in the amount of \$1,521,250 payable to HCF, a community development entity. The loan proceeds are to be used solely for the purpose of constructing and selling qualified housing properties to low-income residents.

HABITAT FOR HUMANITY OF GREATER NASHVILLE

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021

Note 11—New Markets Tax Credit intangible assets (continued)

The investment in partnership is accounted for using the equity method and the carrying amount of the investment is increased for Habitat's proportionate share of the joint venture's earnings and decreased for Habitat's proportionate share of the joint venture's losses.

The activity of the NMTC joint venture investment during the year ended June 30, 2021 is as follows:

Beginning balance	\$ 1,111,837
Capital contributed	-
Distributions received	(11,026)
Share of income	5,467
Ending balance	<u>\$ 1,106,278</u>

The major assets of Harbor Habitat Leverage II, LLC and Harbor Habitat Leverage III, LLC at June 30, 2021 are as follows:

	<u>June 30, 2021</u>	
	<u>Harbor Habitat Leverage II, LLC</u>	<u>Harbor Habitat Leverage III, LLC</u>
Assets:		
Notes receivable	<u>\$ 7,244,463</u>	<u>\$ 4,447,352</u>
Total assets	<u>\$ 7,244,463</u>	<u>\$ 4,447,352</u>

At June 30, 2021, both Harbor Habitat Leverage II, LLC and Harbor Habitat Leverage III, LLC had no liabilities and minimal activity.

Note 12—Notes payable

Notes payable to Tennessee Housing Development Agency, non-interest bearing, payable in monthly principal installments totaling \$99,309 (at June 30, 2021) with varying maturities through March 2050, secured by non-interest bearing first mortgages held by Habitat, with a discounted value of \$12,687,261. The notes have an undiscounted balance outstanding of \$23,700,026 at June 30, 2021. Discount rates ranging from 4.5% to 5.25% were applied to arrive at net present value of the notes payable at issuance. Contribution revenue of \$950,420 has been recognized in 2021 to present the difference between the undiscounted notes payable balances and their present value at time of issuance. The discount is being amortized to interest expense over the respective terms of the notes. The unamortized discount at June 30, 2021 amounted to \$10,832,765.

\$ 12,867,261

HABITAT FOR HUMANITY OF GREATER NASHVILLE

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021

Note 12—Notes payable (continued)

Notes payable to bank secured by mortgages receivable, non-interest bearing, payable in monthly principal installments totaling \$14,478, maturing at various times through December 2045. The notes have been discounted using a rate of 4.5%. The notes have an undiscounted balance outstanding of \$3,051,556 at June 30, 2021. Contribution revenue of \$1,959,239 was recognized in 2016 to present the difference between the undiscounted notes payable balances and their present value at time of issuance. The discount is being amortized to interest expense over the respective terms of the notes. The unamortized discount at June 30, 2021 amounted to \$1,230,423. \$ 1,821,133

Notes payable to Habitat International, non-interest bearing, payable in monthly principal installments ranging from \$75 to \$1,861 through June 2027. 413,551

Notes payable to The Housing Fund, Inc. secured by certain real property, non-interest bearing, payable in 120 to 180 equal monthly principal installments of \$244 to \$617, through June 2030. The notes have been discounted using a rate of 4.5%. Contribution revenue of \$104,819 was recognized in 2018 to present the difference between the present value of the notes payable and their undiscounted balances of \$915,707 at June 30, 2021. The discount is being amortized to interest expense over the respective terms of the notes. The unamortized discount at June 30, 2021 amounted to \$194,474. 721,233

Notes payable to bank secured by mortgages receivable, non-interest bearing, payable in monthly principal installments totaling \$4,638, maturing at various times through August 2049. The notes payable have been discounted using a rate of 4.5%. The notes have an undiscounted balance outstanding at June 30, 2021 of \$1,244,525. Contribution revenue of \$117,601 was recognized in 2021 to present the difference between the undiscounted notes payable balances and their present value at time of issuance. The discount is being amortized to interest expense over the respective terms of the notes. The unamortized discount at June 30, 2021 amounted to \$505,554. 738,971

HABITAT FOR HUMANITY OF GREATER NASHVILLE

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021

Note 12—Notes payable (continued)

Notes payable to bank secured by mortgages receivable, non-interest bearing, payable in monthly principal installments totaling \$2,440, maturing at various times through July 2047. The notes have been discounted using a rate of 4.5%. The notes have an undiscounted balance outstanding at June 30, 2021 of \$725,897. Contribution revenue of \$440,844 was recognized in 2018 to present the difference between the undiscounted notes payable balances and their present value at time of issuance. The discount is being amortized to interest expense over the respective terms of the notes. The unamortized discount at June 30, 2021 amounted to \$316,623.

\$ 409,274

Notes payable to bank secured by mortgages receivable, non-interest bearing, payable in monthly principal installments totaling \$1,757, maturing at various times through June 2047. The notes have been discounted using a rate of 4.5%. The notes have an undiscounted balance outstanding at June 30, 2021 of \$480,689. Contribution revenue of \$231,484 was recognized in 2018 to present the difference between the undiscounted notes payable balances and their present value at time of issuance. The discount is being amortized to interest expense over the respective terms of the notes. The unamortized discount at June 30, 2021 amounted to \$200,718.

279,971

Note payable to bank, unsecured at a variable interest rate of 4% below prime (0.0% at June 30, 2021), maturing in June 2022.

90,000

Note payable to bank, secured by certain real property with a net book value of \$7,294,252 at June 30, 2021, at a variable interest rate of 4% below prime (0.0% at June 30, 2021), with a 20-year amortization maturing in October 2023.

3,142,475

Notes payable to bank secured by mortgages receivable, non-interest bearing, payable in monthly principal installments totaling \$3,052, maturing at various times through November 2047. The notes have been discounted using a rate of 4.5%. The notes have an undiscounted balance outstanding at June 30, 2021 of \$898,963. Contribution revenue of \$417,299 was recognized in 2019 to present the difference between the undiscounted notes payable balances and their present value at time of issuance. The discount is being amortized to interest expense over the respective terms of the notes. The unamortized discount at June 30, 2021 amounted to \$377,682.

521,281

HABITAT FOR HUMANITY OF GREATER NASHVILLE

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021

Note 12—Notes payable (continued)

Notes payable to bank secured by mortgages receivable, non-interest bearing, payable in monthly principal installments totaling \$2,988, maturing at various times through April 2051. The notes have been discounted using a rate of 4.5%. The notes have an undiscounted balance outstanding at June 30, 2021 of \$1,007,807. Contribution revenue of \$229,445 was recognized in 2021 to present the difference between the undiscounted notes payable balances and their present value at time of issuance. The discount is being amortized to interest expense over the respective terms of the notes. The unamortized discount at June 30, 2021 amounted to \$445,733.

\$ 562,074

Notes payable to bank secured by mortgages receivable, non-interest bearing, payable in monthly principal installments totaling \$5,445, maturing at various times through April 2050. The notes have been discounted using a rate of 4.5%. The notes have an undiscounted balance outstanding at June 30, 2021 of \$1,865,371. Contribution revenue of \$839,790 was recognized in 2021 to present the difference between the undiscounted notes payable balances and their present value at time of issuance. The discount is being amortized to interest expense over the respective terms of the notes. The unamortized discount at June 30, 2021 amounted to \$822,931.

1,042,440
\$ 22,609,664

Notes payable are presented in the statements of financial position as follows at June 30, 2021:

Notes payable, secured by mortgages, net of unamortized discount	\$ 18,963,638
Note payable, secured by Harding Place property	3,142,475
Notes payable, unsecured	503,551
	<u>\$ 22,609,664</u>

HABITAT FOR HUMANITY OF GREATER NASHVILLE

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021

Note 12—Notes payable (continued)

Future principal maturities of notes payable are as follows:

Years Ending June 30,

2022	\$ 2,252,722
2023	2,181,634
2024	4,371,894
2025	1,747,369
2026	1,717,282
Thereafter	<u>25,291,046</u>
Total principal maturities	37,561,947
Debt issuance costs	(25,380)
Amounts representing imputed interest	<u>(14,926,903)</u>
	<u>\$ 22,609,664</u>

Note 13—Line of credit

Habitat has a \$950,000 line of credit agreement with a bank bearing interest at the bank's index rate plus 1% (4.25% at June 30, 2021). The line of credit is secured by real estate. The line of credit has a maturity date of January 2022. At June 30, 2021, no borrowings were outstanding under the line of credit agreement.

Note 14—New Markets Tax Credit joint venture note payable

Habitat has a loan payable to HCF, dated December 20, 2017, as part of a NMTC transaction. It is a 20-year loan bearing interest at 0.70% with semi-annual interest-only payments commencing on June 5, 2018 and continuing until June 5, 2025. Principal and interest payments are to commence on June 5, 2025, due semi-annually to then fully amortize the principal balance over a 12-year period, maturing December 20, 2037.

The loan is secured by substantially all the assets acquired by Habitat from the project loan proceeds. The debt is associated with a put option feature under an option agreement between the partnership's related parties that is expected to be exercised in 2025 that will effectively extinguish the liability from Habitat. The balance of the note payable at June 30, 2021 is \$1,715,000, net of issuance costs of \$43,842. Debt issuance costs of \$53,253 are being amortized to interest expense over the 20-year term of the loan.

Simultaneous with these transactions, HHL entered into an option agreement (the "Option Agreement") with USBCDC, who is the sole-member of Twain Investment Fund 296, LLC (the "Twain Fund"), and the upstream effective owner of HCF. Under the terms of the Option Agreement, USBCDC is expected to put its ownership interest into the Twain Fund for \$1,000, during the six-month put period beginning December 20, 2024.

Exercise of this option will effectively extinguish Habitat's outstanding debt owed to HCF. Habitat will recognize income on the forgiveness of debt in an amount approximating the difference in the book value of the investment and the debt. The investment and debt will then come off Habitat's books. All entities including Habitat Harbor Leverage II, LLC, will then be dissolved effectively ending the structured financing deal.

HABITAT FOR HUMANITY OF GREATER NASHVILLE

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021

Note 14—New Markets Tax Credit joint venture note payable (continued)

Pursuant to the agreement, Habitat is required to comply with the NMTC requirements as generally set forth in the IRC Section 45D, including that Habitat maintain a separate part of business such that the separate business will qualify as a qualified active low-income community business as defined in IRC Section 45D. Only the separate part of business assets of Habitat was pledged as security under the agreement with HCF.

Habitat has a loan payable to HCF, dated June 4, 2020, as part of a NMTC transaction. It is a 20-year loan bearing interest at 0.730945% with semi-annual interest-only payments commencing on December 5, 2020, and continuing until June 5, 2027. Principal and interest payments are to commence on December 5, 2027, due semi-annually to then fully amortize the principal balance over a 12-year period, maturing June 3, 2040.

The loan is secured by substantially all the assets acquired by Habitat from the project loan proceeds. The debt is associated with a put option feature under an option agreement between the partnership's related parties that is expected to be exercised in 2027 that will effectively extinguish the liability from Habitat. The balance of the note payable at June 30, 2021 was \$1,521,250 net of issuance costs of \$78,491. Debt issuance costs of \$82,986 are being amortized to interest expense over the 20-year term of the loan.

Simultaneous with these transactions, HHL entered into an option agreement (the "Option Agreement") with USBCDC, who is the owner of USBCDC (the "USBCDC Fund"), and the upstream effective owner of HCF. Under the terms of the Option Agreement, USBCDC Endowment Fund is expected to put its ownership interest in HCF to HHL for \$1,000, during the six-month put period beginning June 4, 2027.

Exercise of this option will effectively extinguish Habitat's outstanding debt owed to HCF. Habitat will recognize income on the forgiveness of debt in an amount approximating the difference in the book value of the investment and the debt. The investment and debt will then come off Habitat's books. All entities including Habitat Harbor Leverage II, LLC, will then be dissolved effectively ending the structured financing deal.

Pursuant to the agreement, Habitat is required to comply with the NMTC requirements as generally set forth in the IRC Section 45D, including that Habitat maintain a separate part of business such that the separate business will qualify as a qualified active low-income community business as defined in IRC Section 45D. Only the separate part of business assets of Habitat was pledged as security under the agreement with HCF.

Note 15—Paycheck Protection Program

In April 2020, Habitat received a Paycheck Protection Program ("PPP") loan of \$746,625 under the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act") through its primary banking institution. PPP loans are considered conditional contributions under ASC 958-605, *Not-for-Profit Entities – Revenue Recognition*. The loan must be repaid if Habitat does not overcome certain barriers within the CARES Act. The barriers under the program include the requirement to maintain employee headcount, spend up to 60% of the loan proceeds on certain payroll and employee benefits, and restricts other loan proceeds to be used for other qualifying expenses such as mortgage interest, rent, and utilities. Habitat completed the forgiveness application process upon completion of the applicable 24-week period and reflected the original loan amounts as revenues from government grants on the statement of activities for the year ended June 30, 2021.

In February 2021, Habitat obtained a second PPP loan in the amount of \$746,625 under substantially the same terms as the initial PPP loan. This loan is included in deferred grant revenue on the statement of financial position for the year ended June 30, 2021.

HABITAT FOR HUMANITY OF GREATER NASHVILLE

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021

Note 16—Net assets with donor restrictions

Net assets with donor restrictions consist principally of contributions restricted for future programs or improvements to existing programs. Significant components include the following at June 30, 2021:

Unamortized discount on notes payable	\$ 14,926,903
Donor restricted contributions	231,526
Unconditional promises to give, net	<u>3,240</u>
	<u>\$ 15,161,669</u>

Note 17—Concentrations

Habitat maintains its cash in bank accounts that at times may exceed federally insured limits. Habitat has not experienced any losses in such accounts. Deposits are insured by the Federal Deposit Insurance Corporation. Management believes Habitat is not exposed to any significant credit risk on its cash balances. Uninsured balances at June 30, 2021 totaled \$335,688.

Note 18—Commitments and contingencies

In connection with the development of Park Preserve, Edison Park, and Hallmark subdivisions, Habitat has obtained letters of credit totaling \$1,432,500 at June 30, 2021, respectively, securing the completion of certain improvements. Habitat had no outstanding borrowings associated with these letters of credit at June 30, 2021. The letters of credit expire through April 2022.

Habitat leases certain office and warehouse space and equipment under leasing arrangements classified as operating leases. Rent expense under such arrangements amounted to \$85,083 for the year ended June 30, 2021. A summary of future minimum rental payments as of June 30, 2021 is as follows:

<u>Years Ending June 30,</u>	
2022	\$ 40,568
2023	2,969
2024	<u>615</u>
	<u>\$ 44,152</u>

From time to time, Habitat is involved in litigation. In the opinion of management, no current or threatened litigation will have a material effect on Habitat's financial position or activities.

HABITAT FOR HUMANITY OF GREATER NASHVILLE

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021

Note 19—In-kind contributions

In-kind contributions received by Habitat are recorded based on their estimated value. A summary of in-kind contributions is as follows for the year ended June 30, 2021:

ReStore donations	\$ 2,834,746
Building supplies and home appliances	140,680
Mortgage servicing	95,376
Operating supplies	2,465
	<u>\$ 3,073,267</u>

Approximately 2,650 individuals contributed significant amounts of time to Habitat's activities during the year ended June 30, 2021. The financial statements do not reflect the value of these services because they do not meet the recognition criteria prescribed by U.S. GAAP.

Note 20—Retirement plan

Habitat has a defined contribution retirement plan for its employees, which was established as a Simple IRA. As described in the plan document, substantially all full-time employees are eligible to participate in the plan. Discretionary contributions may be made at the option of the Board of Directors. Habitat recognized retirement plan expense of \$72,241 for the year ended June 30, 2021.

Note 21—Supplemental cash flow information

The following is supplemental cash flow information required by U.S. GAAP.

Supplemental Cash Flow Information:

Interest paid	<u>\$ 23,102</u>
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Supplemental Schedule of Noncash Investing and Financing Activities:

Issuance of non-interest bearing mortgage loans	\$ 5,421,380
Discount on non-interest bearing mortgage loans	<u>(2,449,242)</u>
Transfers to homeowners subject to non-interest bearing mortgage loans	<u>\$ 2,972,138</u>

Note 22—Related parties

At June 30, 2021, Habitat owed notes payable, net of discounts, totaling approximately \$9,115,829 to financial institutions which have executives who serve on Habitat's Board of Directors.

Habitat receives voluntary contributions, house sponsorship funding, in-kind contributions, and volunteer labor from various board members and their companies throughout the year. Some professional services are also purchased from board members and their companies throughout the course of the year. None of these transactions are considered to be individually significant to Habitat's financial statements.

HABITAT FOR HUMANITY OF GREATER NASHVILLE

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2021

Note 22—Related parties (continued)

Habitat annually remits a portion of its unrestricted contributions (excluding in-kind contributions) to Habitat International. These funds are used to construct homes in economically depressed areas around the world. For the year ended June 30, 2021, Habitat contributed \$106,340 to Habitat International.

Habitat has received Self-Help Homeownership Opportunity Program funds from Habitat International. Of the funds received, 75% were in the form of a grant with the remaining 25% repayable under non-interest bearing four-year notes payable. During the year ended June 30, 2021, Habitat was granted \$286,945. At June 30, 2021, the balances of the loans totaled \$413,551.

Note 23—Uncertainty

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a global pandemic which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in the financial markets. The coronavirus outbreak and government responses are creating disruption to global supply chains and adversely impacting many industries. The outbreak has caused a material, adverse impact on the economic and market conditions. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material, adverse impact of the coronavirus outbreak. Nevertheless, the outbreak presents uncertainty and risk with respect to Habitat, its performance, and its financial results.

**GRANT CONTRACT
BETWEEN THE METROPOLITAN GOVERNMENT
OF NASHVILLE AND DAVIDSON COUNTY, TENNESSEE
BY AND THROUGH
THE METROPOLITAN HOUSING TRUST FUND COMMISSION
AND
NEW LEVEL COMMUNITY DEVELOPMENT CORPORATION**

This Grant Contract issued and entered into by and between the Metropolitan Government of Nashville and Davidson County, a municipal corporation of the State of Tennessee hereinafter referred to as "Metro", and New Level Community Development Corporation (New Level CDC), hereinafter referred to as the "Recipient," is for the provision of the construction of affordable housing units as further defined in the "SCOPE OF PROGRAM." New Level CDC will be adding 15 affordable housing units located at 1827 Murfreesboro Pike, Nashville, TN 37217. The recipient's budget request, financial statements or audit, 501(c)3 letter, and/or charter documents are incorporated herein. The Recipient is a nonprofit charitable or civic organization.

A. SCOPE OF PROGRAM:

- A.1. Each Property to which these grant funds are provided for shall be subject to a Declaration of Restrictive Covenants ("Declaration") imposing certain affordability requirements to encumber the Property and run with the land over a 30-year term. Terms defined in the Declaration shall have the same meanings when used in this Agreement.
- A.2. The Recipient shall use the funds under this grant in accordance with the affordable housing project submitted in the application and any of its amendments, which application is incorporated herein, and subject to the terms and conditions set forth herein.
- A.3. The Recipient, under this Grant Contract, will spend funds solely for the purposes set forth in their application or proposal for grant funding which is incorporated herein. These funds shall be expended consistent with the Grant Budget, included in Attachment A. Although some variation in line-item amounts for the Grant is consistent with the Grant Budget, any change greater than 20% of a line-item shall require the prior written approval of Metro. However, in no event will the total amount of the Grant funds provided to Recipient go above the awarded Grant amount of \$3,000,000.
- A.4. This Grant Contract by and through the Housing Trust Fund Commission and the Recipient is expressly limited to the Grant award and for the purposes described herein. Prior to the use of any funds, the property must be properly zoned, and it is the sole responsibility of the Recipient to pursue any necessary rezoning or other land use change. This Grant Contract in no way serves to supersede the authority of the Metro Nashville Planning Commission or the Metropolitan Council's authority to approve or deny zoning or land use changes on the proposed property and shall not be used for such purposes.

Additional Conditions for Rental Properties:

- 1. Tenants must be income-eligible at the time of initial occupancy, and Recipient must certify all incomes annually and maintain a certified rent roll. In the event a tenant's income increases above the income-requirement for the unit, the tenant is not disqualified from remaining in the unit. However, the tenant's rent shall be adjusted to the corresponding AMI level for the next lease term.
- 2. The Recipient will provide Metro with a management plan program oversight which includes certification of the rents, utility allowances and tenant incomes. The Grantee shall also provide Metro an annual certification that Barnes rental requirements are being met throughout the compliance period.

3. The Grantee will allow Metro or a Metro-approved contractor to conduct on-site inspections of the grantee for compliance Barnes program requirements including, but not limited to, reviewing tenant income calculations, rent determinations and utility allowances.
4. Compliance restrictions on both tenant income and maximum rents shall apply for thirty (30) years from the date of issuance of the certificate of occupancy for the final building within the project. If a certificate of occupancy is not issued, the compliance period will begin on the date of recordation of the notice of completion for the project.
5. Recipient shall not increase rents during a lease term.

B. GRANT CONTRACT TERM:

- B.1. Grant Contract Term. The term of this Grant shall be from execution of the grant agreement until Project completion, but in no way greater than 24 months from the execution of the grant agreement. Metro shall have no obligation for services rendered by the Recipient which are not performed within this term. Pursuant to Metropolitan Code of Laws § 2.149.040 (G), in the event the recipient fails to complete its obligations under this grant contract within twenty-four months from execution, Metro is authorized to rescind the contract and to reclaim previously appropriated funds from the organization.

C. PAYMENT TERMS AND CONDITIONS:

- C.1. Maximum Liability. In no event shall the maximum liability of Metro under this Grant Contract exceed Three Million Dollars (\$3,000,000). The Grant Budget, attached and incorporated herein as part of Attachment A, shall constitute the maximum amount to be provided to the Recipient by Metro for all of the Recipient's obligations hereunder. The Grant Budget line-items include, but are not limited to, all applicable taxes, fees, overhead, and all other direct and indirect costs incurred or to be incurred by the Recipient.

This amount shall constitute the Grant Amount and the entire compensation to be provided to the Recipient by Metro.

- C.2. Compensation Firm. The maximum liability of Metro is not subject to escalation for any reason. The Grant Budget amount is firm for the duration of the Grant Contract and is not subject to escalation for any reason unless the grant contract is amended.
- C.3. Payment Methodology. The Recipient shall be compensated for actual costs based upon the Grant Budget, not to exceed the maximum liability established in Section C.1. Upon execution of the Grant Contract and receipt of a request for payment, the Recipient may be eligible to receive reimbursement for milestones as completed based upon the Grant Budget.

a. **Grant Draws**

Before a draw can be made, there must be a physical inspection of the property by Metro or an approved designee. The inspection must confirm appropriate completion of the project.

1) **Construction Grant Draw Schedule (% based on grant amount)**

- 30% - upon receipt of the Building Permit (check property address and contractors name) and Builder's Risk Insurance sufficient to cover cost of construction and confirmation of acquisition (make sure Metro is listed as lien holder)
- 30% - footing framing and foundation completed (25% complete)
- 20% - roofing completed and the plumbing, electric and mechanical are roughed in and approved by local Codes (50% complete)

- 10% - cabinets, counters, drywall, trim and doors are installed (75% complete)

Balance of grant upon receipt of a Final Use & Occupancy from local Codes (100% complete).

All draw requests except for the first 30% draw must be inspected before funding.

The above is the preferred draw method. Metro may occasionally fund based on a true percentage of completion as noted in a Construction Inspection report or if the application requested funds for land acquisition, understanding that the initial 30% or acquisition draw may overfund the grant, requiring later draws to be reduced.

2) **Construction Grant Draw Process**

- Draw request is received from the Recipient. It should be requested by the contractor and approved by the Recipient.
- Complete property inspection
- Metro or approved designee approves the request.
- Payments should be made to the Recipient.

All invoices shall be sent to:

Barnes Housing Trust Fund
 Planning Department – Housing Division
 800 2nd Avenue South
 Nashville, TN 37210
 (615) 862-7190

Said payment shall not exceed the maximum liability of this Grant Contract.

Final invoices for the contract period should be received by Metro Payment Services by 24 months from the execution of the grant agreement. Any invoice not received by the deadline date will not be processed and all remaining grant funds will expire.

- C.4. Close-out Expenditure and Narrative Report. The Recipient must submit a final grant Close-out Expenditure and Narrative Report, to be received by the Metropolitan Housing Trust Fund Commission / Barnes Housing Trust Fund within 45 days of the end of the Grant Contract. Said report shall be in form and substance acceptable to Metro and shall be prepared by a Certified Public Accounting Firm or the Chief Financial Officer of the Recipient Organization.
- C.5. Payment of Invoice. The payment of any invoice by Metro shall not prejudice Metro's right to object to the invoice or any matter in relation thereto. Such payment by Metro shall neither be construed as acceptance of any part of the work or service provided nor as an approval of any of the costs included therein.
- C.6. Unallowable Costs. The Recipient's invoice shall be subject to reduction for amounts included in any invoice or payment theretofore made which are determined by Metro, on the basis of audits or monitoring conducted in accordance with the terms of this Grant Contract, to constitute unallowable costs.
- C.7. Deductions. Metro reserves the right to adjust any amounts which are or shall become due and payable to the Recipient by Metro under this or any Contract by deducting any amounts which are or shall become due and payable to Metro by the Recipient under this or any Contract.
- C.8. Electronic Payment. Metro requires as a condition of this contract that the Recipient shall complete and sign Metro's form authorizing electronic payments to the Recipient. Recipients who have not already submitted the form to Metro will have thirty (30) days to complete, sign, and

return the form. Thereafter, all payments to the Recipient, under this or any other contract the Recipient has with Metro, must be made electronically.

- C. 9. Recipient agrees and understands that procurement of goods and services for the grant project must comply with state and local law and regulations, including the Metropolitan Procurement Code. Recipient will provide Metro with all plans and specifications needed for these procurement purposes. Recipient will promptly review, and either approve or disapprove, in good faith and with reasonable grounds all estimates, amendments to scope of work, and all work performed by a contractor prior to payment.
- C. 10. Public Meetings. At the reasonable request of Metro, Recipient agrees to attend public meetings, neighborhood meetings, and other events regarding this Project.
- C. 11. Recognition. Any signage, printed materials, or online publications erected at the applicable Project site or elsewhere regarding the Project shall include the following language or language acceptable by Metro acknowledging that the Project is partially funded with a grant from the Barnes Fund for Affordable Housing of the Metropolitan Government of Nashville and Davidson County:

This project funded in part by the Barnes Affordable Housing Trust Fund of the
Metropolitan Government of Nashville & Davidson County.

Metropolitan Housing Trust Fund Commission

John Cooper, Mayor

Metropolitan Council of Nashville and Davidson County

D. STANDARD TERMS AND CONDITIONS:

- D.1. Required Approvals. Metro is not bound by this Grant Contract until it is approved by the appropriate Metro representatives as indicated on the signature page of this Grant.
- D.2. Modification and Amendment. This Grant Contract may be modified only by a written amendment that has been approved in accordance with all Metro procedures and by appropriate legislation of the Metropolitan Council.
- D.3. Default and Termination for Cause. Any failure by Owner to perform any term or provision of this Grant Contract shall constitute a "Default" (1) if such failure is curable within 30 days and Recipient does not cure such failure within 30 days following written notice of default from Metro, or (2) if such failure is not of a nature which cannot reasonably be cured within such 30-day period and Recipient does not within such 30-day period commence substantial efforts to cure such failure or thereafter does not within a reasonable time prosecute to completion with diligence and continuity the curing of such failure. Should the Recipient Default under this Grant Contract or if the Recipient violates any terms of this Grant Contract, Metro shall have the right to immediately terminate the Grant Contract and the Recipient shall return to Metro any and all grant monies for services or projects under the grant not performed as of the termination date. The Recipient shall also return to Metro any and all funds expended for purposes contrary to the terms of the Grant. Such termination shall not relieve the Recipient of any liability to Metro for damages sustained by virtue of any breach by the Recipient.
- D.4. Subcontracting. The Recipient shall not assign this Grant Contract or enter into a subcontract for any of the services performed under this Grant Contract without obtaining the prior written approval of Metro. Notwithstanding any use of approved subcontractors, the Recipient shall be considered the prime Recipient and shall be responsible for all work performed.

D.5. Conflicts of Interest. The Recipient warrants that no part of the total Grant Amount shall be paid directly or indirectly to an employee or official of Metro as wages, compensation, or gifts in exchange for acting as an officer, agent, employee, subcontractor, or consultant to the Recipient in connection with any work contemplated or performed relative to this Grant Contract.

The Grantee also recognizes that no person identified as a Covered Person below may obtain a financial interest or benefit from a Metro Housing Trust Fund Competitive Grant assisted activity, or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds thereunder, either for themselves or those whom they have family or business ties, during their tenure or for one year thereafter.

Covered Persons include immediate family members of any employee or board member of the Grantee. Covered Persons are ineligible to receive benefits through the Metro Housing Trust Fund Competitive Grant program. Immediate family ties include (whether by blood, marriage or adoption) a spouse, parent (including stepparent), child (including a stepbrother or stepsister), sister, brother, grandparent, grandchild, and in-laws of a Covered Person.

D.6. Nondiscrimination. The Recipient hereby agrees, warrants, and assures that no person shall be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination in the performance of this Grant Contract or in the employment practices of the Recipient on the grounds of disability, age, race, color, religion, sex, national origin, or any other classification which is in violation of applicable laws. The Recipient shall, upon request, show proof of such nondiscrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination.

D.7. Records. All documents relating in any manner whatsoever to the grant project, or any designated portion thereof, which are in the possession of Recipient, or any subcontractor of Recipient shall be made available to the Metropolitan Government for inspection and copying upon written request by the Metropolitan Government. Furthermore, said documents shall be made available, upon request by the Metropolitan Government, to any state, federal or other regulatory authority and any such authority may review, inspect and copy such records. Said records include, but are not limited to, all drawings, plans, specifications, submittals, correspondence, minutes, memoranda, tape recordings, videos or other writings or things which document the grant project, its design and its construction. Said records expressly include those documents reflecting the cost of construction, including all subcontracts and payroll records of Recipient.

Recipient shall maintain documentation for all funds provided under this grant contract. The books, records, and documents of Recipient, insofar as they relate to funds provided under this grant contract, shall be maintained for a period of three (3) full years from the date of the final payment. The books, records, and documents of Recipient, insofar as they relate to funds provided under this grant contract, shall be subject to audit at any reasonable time and upon reasonable notice by Metro or its duly appointed representatives. Records shall be maintained in accordance with the standards outlined in the Metro Grants Manual. The financial statements shall be prepared in accordance with generally accepted accounting principles.

D.8. Monitoring. The Recipient's activities conducted and records maintained pursuant to this Grant Contract shall be subject to monitoring and evaluation by Metro or Metro's duly appointed representatives. The Recipient shall make all audit, accounting, or financial records, notes, and other documents pertinent to this grant available for review by the Metropolitan Office of Financial Accountability, Internal Audit or Metro's representatives, upon request, during normal working hours.

D.9. Reporting. The Recipient must submit an Interim Program Report, to be received by the Metropolitan Housing Trust Commission / Barnes Housing Trust Fund, by no later than

September 1, 2023 and a Final Program Report, to be received by the Metropolitan Housing Trust Fund Commission within 45 [forty-five] days of the end of the Grant Contract. Said reports shall detail the outcome of the activities funded under this Grant Contract in the form required by Metro.

- D.10. Strict Performance. Failure by Metro to insist in any one or more cases upon the strict performance of any of the terms, covenants, conditions, or provisions of this agreement shall not be construed as a waiver or relinquishment of any such term, covenant, condition, or provision. No term or condition of this Grant Contract shall be held to be waived, modified, or deleted except by a written amendment by the appropriate parties as indicated on the signature page of this Grant.
- D.11. Insurance. The Recipient shall maintain adequate public liability and other appropriate forms of insurance, including other appropriate forms of insurance on the Recipient's employees, and to pay all applicable taxes incident to this Grant Contract.
- D.12. Metro Liability. Metro shall have no liability except as specifically provided in this Grant Contract.
- D.13. Independent Contractor. Nothing herein shall in any way be construed or intended to create a partnership or joint venture between the Recipient and Metro or to create the relationship of principal and agent between or among the Recipient and Metro. The Recipient shall not hold itself out in a manner contrary to the terms of this paragraph. Metro shall not become liable for any representation, act, or omission of any other party contrary to the terms of this paragraph.
- D.14. Indemnification and Hold Harmless.
- (a) Recipient shall indemnify, defend, and hold harmless Metro, its officers, agents and employees from any claims, damages, penalties, costs and attorney fees for injuries or damages arising, in part or in whole, from the negligent or intentional acts or omissions of Recipient, its officers, employees and/or agents, including its sub or independent contractors, in connection with the performance of the contract, and any claims, damages, penalties, costs and attorney fees arising from any failure of Recipient, its officers, employees and/or agents, including its sub or independent contractors, to observe applicable laws, including, but not limited to, labor laws and minimum wage laws.
- (b) Metro will not indemnify, defend or hold harmless in any fashion the Recipient from any claims, regardless of any language in any attachment or other document that the Recipient may provide.
- (c) Recipient shall pay Metro any expenses incurred as a result of Recipient's failure to fulfill any obligation in a professional and timely manner under this Contract.
- (d) Grantee's duties under this section shall survive the termination or expiration of the grant.
- D.15. Force Majeure. The obligations of the parties to this Grant Contract are subject to prevention by causes beyond the parties' control that could not be avoided by the exercise of due care including, but not limited to, acts of God, riots, wars, strikes, epidemics or any other similar cause.
- D.16. State, Local and Federal Compliance. The Recipient agrees to comply with all applicable federal, state and local laws and regulations in the performance of this Grant Contract.
- D.17. Governing Law and Venue. The validity, construction and effect of this Grant Contract and any and all extensions and/or modifications thereof shall be governed by and construed in accordance with the laws of the State of Tennessee. The venue for legal action concerning this Grant Contract shall be in the courts of Davidson County, Tennessee.
- D.18. Attorney Fees. Recipient agrees that, in the event either party deems it necessary to take legal action to enforce any provision of the Grant Contract, and in the event Metro prevails, Recipient

shall pay all expenses of such action including Metro's attorney fees and costs at all stages of the litigation.

- D.19. Completeness. This Grant Contract is complete and contains the entire understanding between the parties relating to the subject matter contained herein, including all the terms and conditions of the parties' agreement. This Grant Contract supersedes any and all prior understandings, representations, negotiations, and agreements between the parties relating hereto, whether written or oral.
- D. 20. Headings. Section headings are for reference purposes only and shall not be construed as part of this Grant Contract.
- D. 21 Licensure. The Recipient and its employees and all sub-grantees shall be licensed pursuant to all applicable federal, state, and local laws, ordinances, rules, and regulations and shall upon request provide proof of all licenses. Recipient will obtain all permits, licenses, and permissions necessary for the grant project.
- D. 22. Waiver. No waiver of any provision of this contract shall affect the right of any party thereafter to enforce such provision or to exercise any right or remedy available to it in the event of any other default.
- D. 23. Inspection. The Grantee agrees to permit inspection of the project and/or services provided for herein, without any charge, by members of the Grantor and its representatives.
- D. 24. Assignment—Consent Required. The provisions of this contract shall inure to the benefit of and shall be binding upon the respective successors and assignees of the parties hereto. Except for the rights of money due to Recipient under this contract, neither this contract nor any of the rights and obligations of Recipient hereunder shall be assigned or transferred in whole or in part without the prior written consent of Metro. Any such assignment or transfer shall not release Recipient from its obligations hereunder. Notice of assignment of any rights to money due to Recipient under this Contract must be sent to the attention of the Metro Department of Finance.
- D.25. Gratuities and Kickbacks. It shall be a breach of ethical standards for any person to offer, give or agree to give any employee or former employee, or for any employee or former employee to solicit, demand, accept or agree to accept from another person, a gratuity or an offer of employment in connection with any decision, approval, disapproval, recommendation, preparations of any part of a program requirement or a purchase request, influencing the content of any specification or procurement standard, rendering of advice, investigation, auditing or in any other advisory capacity in any proceeding or application, request for ruling, determination, claim or controversy in any proceeding or application, request for ruling, determination, claim or controversy or other particular matter, pertaining to any program requirement of a contract or subcontract or to any solicitation or proposal therefore. It shall be a breach of ethical standards for any payment, gratuity or offer of employment to be made by or on behalf of a subcontractor under a contract to the prime contractor or higher tier subcontractor or a person associated therewith, as an inducement for the award of a subcontract or order. Breach of the provisions of this paragraph is, in addition to a breach of this contract, a breach of ethical standards which may result in civil or criminal sanction and/or debarment or suspension from participation in Metropolitan Government contracts.
- D.26. Communications and Contacts. All instructions, notices, consents, demands, or other communications from the Recipient required or contemplated by this Grant Contract shall be in writing and shall be made by facsimile transmission, email, or by first class mail, addressed to the respective party at the appropriate facsimile number or address as set forth below or to such other party, facsimile number, or address as may be hereafter specified by written notice.

Metro:

For contract-related matters and enquiries regarding invoices:

Metropolitan Housing Trust Fund Commission / Barnes Housing Trust Fund
Planning Department – Housing Division
800 2nd Avenue South
Nashville, TN 37210
(615) 862-7190
Ashley.Brown2@Nashville.Gov

Recipient:

New Level Community Development Corporation
Teresa Skipper
PO Box 218430
Nashville, TN 37221
(615) 627-0347
tskipper@nlcdc.com

Holladay Ventures, LLC
Evan Holladay
9020 Overlook Blvd
Brentwood, TN 37027
(859) 307-8652
evan@holladayventures.com

D.27. Lobbying. The Recipient certifies, to the best of its knowledge and belief, that:

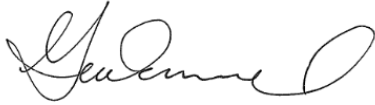
- a. No federally appropriated funds have been paid or will be paid, by or on behalf of the Recipient, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, and entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement.
- b. If any funds other than federally appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this grant, loan, or cooperative agreement, the Recipient shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.
- c. The Recipient shall require that the language of this certification be included in the award documents for all sub-awards at all tiers (including sub-grants, subcontracts, and contracts under grants, loans, and cooperative agreements) and that all subcontractors of federally appropriated funds shall certify and disclose accordingly.

D. 28 Effective Date. This contract shall not be binding upon the parties until it has been signed first by the Recipient and then by the authorized representatives of the Metropolitan Government and has been filed in the office of the Metropolitan Clerk. When it has been so signed and filed, this contract shall be effective as of the date first written above.

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THE METROPOLITAN GOVERNMENT
OF NASHVILLE AND DAVIDSON
COUNTY:

APPROVED AS TO PROGRAM SCOPE:



Gina Emmanuel, Chair,
Metropolitan Housing Trust Fund
Commission

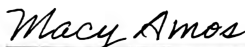
APPROVED AS TO AVAILABILITY OF
FUNDS:



Kelly Flannery, Director
Department of Finance

tje

APPROVED AS TO FORM AND
LEGALITY:



Assistant Metropolitan Attorney

APPROVED AS TO RISK AND
INSURANCE:



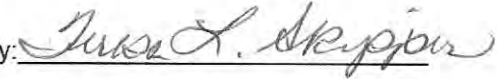
Director of Risk Management Services

APPROVED BY METROPOLITAN
GOVERNMENT OF NASHVILLE AND
DAVIDSON COUNTY:

Metropolitan Clerk

RECIPIENT:

New Level Community Development
Corporation

By: 

Title: Teresa Skipper, Executive Director

Sworn to and subscribed to before me a
Notary Public, this 26 day
of August, 2022.

Notary Public



My Commission
expires 08/08/2026

BARNES HOUSING TRUST FUND HOMEBUYER PROFORMA

Unit Address	1827 Murfreesboro Pike, Nashville, TN 37217				
Development Type	New Construction - Homeowner				
Accessible Bus Line Routes	2 WeGo Bus stops				
Number of Bedrooms	3				
Number of Bathrooms	2				
Square Feet	1800				
Number of Stories	2				
Acquisition Costs					
Vacant Land	825,000				
Land with Structure	-				
Title & Recording	-				
Legal	50,000				
Total	875,000				
Predevelopment Costs					
Appraisal	15,000				
Survey	20,000				
Relocation (if applicable)	-				
Insurance	65,080				
Architect	249,000				
Engineering	210,000				
Planning/Zoning	30,000				
Other: Closing Costs	23,624				
Other: Franchise Tax	20,000				
Other: Accounting	30,000				
Other Impact Fees/NES Fees	110,250				
Other: Soft Cost Contingency	100,000				
Other: Developer Fee	900,000				
Total	1,772,954				
Construction Costs					

BARNES HOUSING TRUST FUND HOMEBUYER PROFORMA

Structure					
Footer/Foundation	1,250,000				
Framing	241,100				
Electrical	203,050				
Plumbing	205,750				
Roofing	395,310				
HVAC	350,000				
Drywall/Insulation	160,000				
Paint/Stain	100,314				
Windows/Doors	186,000				
Floor Coverings	120,000				
Cabinets	110,000				
Brick/Siding	120,000				
Sub-Total	3,441,524				
Other					
Site Work	2,160,000				
Appliances	120,000				
Decks/Porches	121,000				
Side Walks/Driveways	143,100				
Landscaping	40,000				
Utility Hookups	40,000				
Building Permits/Fees	17,000				
Demolition	-				
Fees	325,400				
Materials and Labor Market Contingency Cost Overrun	100,000				
Sub-Total	3,066,500				
Construction Contingency	650,802				
Development Period Utilities	15,000				
Real Estate Taxes (2 yrs)	50,000				
Construction Interest	283,494				
Construction Loan Fees	47,248				

BARNES HOUSING TRUST FUND HOMEBUYER PROFORMA

Reserves	388,480				
Profit (if organization has own construction crew)	-				
Sub-Total	1,435,024				
Total Construction Cost	10,591,002				
Cost per Unit	323,033				
Developer's Fee (capped at 20%)	900,000				
Total Cost/Unit	353,033				
Total Debt Service					
Debt Coverage Ratio	1.15				
Operating Reserve	388,480				

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NEW LEVEL COMMUNITY DEVELOPMENT CORPORATION

**AMENDED AND RESTATED CHARTER OF
NEW LEVEL COMMUNITY DEVELOPMENT CORPORATION**

The undersigned natural person, having capacity to contract and acting as the Incorporator of a not for profit corporation under the Tennessee Nonprofit Corporation Act, does hereby adopt the following charter for such corporation

- 1. The name of the corporation is New Level Community Development Corporation
- 2. The duration of the corporation is perpetual.
- 3. The address of the corporation's registered office is 7594 Old Hickory Boulevard,

Whites Creek 37189 The initial registered agent is K. Edwin Bryant

- 4. The address of the corporation's initial principal office is 1112 Jefferson Street.

Nashville, Tennessee 37208

- 5. The name and address of the incorporator is Ursula M. Holmes, Esq., 220

Ellington Place, Madison, Tennessee 37115

- 6. The corporation is not for profit and shall be governed by the Tennessee Nonprofit Corporation Act.

- 7. New Level Community Development Corporation is geared toward providing various outreach services to the community in which it is located, including affordable housing, small business development, job training, alcohol and drug rehabilitation, career counseling, psychological counseling, and other community-oriented activities such as feeding the homeless and elderly. The corporation is authorized, in general, to carry on any business and to have and exercise all of the powers conferred by the laws of the State of Tennessee upon corporations

formed under the Tennessee Nonprofit Corporation Act; to do any and all of the acts set forth therein to the same extent as natural persons could do, in any part of the world, as principal, factor, agent, contractor, trustee, or otherwise, either alone or in syndicate or otherwise in conjunction with any person, entity, syndicate, partnership, association, or corporation, or any governmental, municipal, or public authority, domestic or foreign; to establish and maintain offices and agencies, and to exercise all of its corporate powers and rights throughout the world.

8. An officer of New Level Community Development Corporation shall not be personally liable to the corporation for monetary damages for breach of fiduciary duty as an officer except (a) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of the law; (b) under Tennessee Code Annotated §48-12-102; or (c) for distributions in violation of Tennessee Code Annotated §48-18-304. If the Tennessee Nonprofit Corporation and/or Tennessee Business Corporation Act is amended or superseded after the filing of this Charter to eliminate or limit the personal liability of officers/directors, then the liability of an officer of the corporation shall be eliminated or limited to the fullest extent permitted by the Tennessee Nonprofit Corporation Act and/or the Tennessee Business Corporation Act as so amended or by such act as may supersede it. The affirmative vote of at least two-thirds (2/3) of the total votes eligible to be cast at a legal meeting duly called and held, shall be required to amend, repeal, or adopt any provision inconsistent with this provision. Any repeal or modification of this provision shall not adversely affect any right or protection of a director of the corporation existing at the time of such repeal or modification. This provision in no way eliminates or limits the liability of an officer for any act or omission occurring prior to the date when this provision becomes effective.

9 The corporation is organized exclusively for purposes within the meaning of Internal Revenue Code Section 501(c)(3). Nothing herein shall be construed to give the corporation any purpose that is not permitted under Section 501(c)(3).

10. No part of the earnings of the corporation shall inure to the benefit of or be distributable to any of its directors or officers or any other private individual; provided, however, the corporation shall be authorized and empowered to pay reasonable compensation for services rendered to or for the corporation affecting one or more of its purposes, and to make payments and distributions in furtherance of the purposes set forth herein. No director or officer of the corporation or any private individual shall be entitled to share in the distribution of any of the corporation's assets upon dissolution of the corporation.

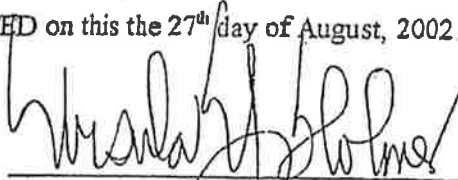
11 If the corporation shall become a private foundation within the meaning of the Internal Revenue Code, the corporation shall distribute its income for each taxable year at such time and in such manner as not to subject it to tax under Section 4942 of the Code, and the corporation shall not: (a) engage in any act of self-dealing as defined in Section 4941(d) of the Code; (b) retain any excess business holdings as defined in Section 4943(c) of the Code; (c) make any investments in such manner as to subject the corporation to tax under Section 4944 of the Code; or (d) make any taxable expenditures as defined in Section 4945(d) of the Code.

12. Upon dissolution of the corporation (after payment of or after provision has been made for the payment of all liabilities of the corporation then outstanding and unpaid), assets of the corporation shall be distributed to any organization of similar purpose which is duly organized and recognized as a Section 501(c)(3) organization under the Internal Revenue Code.

13 This corporation is a public benefit corporation

4596 1066

AMENDED AND RESTATED on this the 27th day of August, 2002.



Ursula Y. Holmes, Esq.

AMENDMENT TO CHARTER OF
NEW LEVEL COMMUNITY DEVELOPMENT CORPORATION

15. The corporations affordable housing services include affordable housing counseling including rental housing, fair housing, pre-purchase and post-purchase counseling, group home buyer education classes, post purchase programs and affordable housing development activities.

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SECRETARY OF STATE

Amendment to Charter of
New Level Community Development Corporation

REGISTRY
STATE OF TENNESSEE

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14. No more than one-third of the governing board members may be public officials including employees of the Participating Jurisdiction or State recipients. The organization must maintain at least one-third of its governing board's membership for residents of low-income neighborhoods, other low-income community residents, or elected representatives of low-income neighborhood organizations.

SECRETARY OF STATE

5598-2581

AMENDED AND RESTATED
BYLAWS OF
NEW LEVEL COMMUNITY DEVELOPMENT CORPORATION

ARTICLE I
NAME

The name of the Organization (the “Organization”) shall be the New Level Community Development Corporation, a Tennessee nonprofit corporation formed pursuant to the Act.

ARTICLE II
DEFINITIONS

Act. The term “the Act” shall mean Title 48, chapters 51-68 of the Tennessee Code Annotated, also known as the Tennessee Nonprofit Corporation Act, as may be amended from time to time.

Board of Directors. The terms “Board of Directors”, “Board Members”, and “Director(s)” shall mean the Board of Directors of the Organization.

Bylaws. The term “Bylaws” shall mean the Bylaws of the Organization except where reference is specifically made to the bylaws of another entity.

Charter. The term “Charter” shall mean the Charter accepted by the Secretary of the State of Tennessee, as may be amended and restated from time to time.

Code. The term “the Code” shall mean the Internal Revenue Code of 1986, as amended.

Executive Committee. The term “Executive Committee” shall mean members of the Executive Committee of the Organization.

Officers. The terms “Officers” and “Board Officers” shall mean those persons appointed as officers of the Organization pursuant to Section 1 of Article VI hereof.

Natural Persons. The term “natural persons” shall mean individuals and not corporate entities.

ARTICLE III
PURPOSE, MISSION, POWERS AND RELATED MATTERS

Section 1. *Purpose.* The purposes of the Organization are to operate exclusively for charitable and educational purposes within the meaning of the Section 501(c)(3) of the Code, or corresponding section of any future federal tax code, through the pursuit of the following:

- (a) To affect change in the lives of people by empowering them through financial education.
- (b) To promote revitalization and stabilization of low- and moderate-income neighborhoods in the Metropolitan Service Area for Davidson County Tennessee by promoting economic development and fostering the growth and development of small businesses.
- (c) To foster low-income housing through the development of affordable housing and promotion of homeownership counseling targeting low- and moderate-income families.
- (d) To provide social services through the promotion of literacy and healthy lifestyles.
- (e) To generally engage in any other lawful endeavor permitted by the Act or activity in furtherance of any of the foregoing purposes.

Section 2. *Mission.* The Organization’s mission is to build better communities in Tennessee by promoting the purposes of the Organization set forth in Section 1 of this Article III, and in the Charter. The Organization will work to develop and provide access to safe, quality, affordable housing for the community it serves, particularly low- and moderate-income neighborhoods.

Section 3. *Registered Office and Agent.* The Organization shall at all times maintain a registered office in the State of Tennessee and a registered agent at that address and may have other offices located within the state of Tennessee as the Board of Directors may determine.

Section 4. *Powers.* The powers of the Organization’s Directors, Officers and committees, and all matters concerning the conduct and regulation of the affairs of the Organization, including the manner of accomplishing the Organization’s purposes, shall be subject to the provisions of the Charter and these Bylaws, as may be amended from time to time.

ARTICLE IV MEMBERSHIP

The Organization shall not have members.

ARTICLE V BOARD OF DIRECTORS AND BOARD OF DIRECTORS MEETINGS

Section 1. *General Powers and Qualifications.* All corporate powers of the Organization shall be exercised by and under the authority and direction of its Board of Directors. All Directors must be natural persons and shall be at least eighteen (18) years of age. Residents of low- and moderate-income communities and/or low- and moderate-income individuals will comprise at least one-third (1/3) of the Board of Directors.

Section 2. *Number and Representation of Directors.* The Board of Directors shall be comprised of the members of the Executive Committee and at least two (2) Directors at large, but these Bylaws may be amended from time to time by the Board of Directors to increase or decrease the number of Directors within the limits provided by law, although at no time shall there be fewer than three (3) Directors and no more than (13). Ex-Officio Directors may be selected by approval of the Board through a formal vote. A board position shall be maintained for a representative from Mt. Zion's senior leadership, management or their representative.

Section 3. *Election of Tenure.* Directors shall be elected by the Directors then entitled to vote at each meeting of the Board of Directors. Except as otherwise provided in this Section, each Director shall be elected to serve for a term of four (4) years, or until his or her successor is elected and qualified; subject, however, to the removal of any Director as provided in these Bylaws. Directors may be reappointed for a second term after which the director shall not be appointed for at least one year. Directors may fill unexpired terms created by vacancies. Partial terms will not count toward 2 consecutive term limits. The board positioned maintained by Mt. Zion Baptist Church's senior leadership, management or their representative shall not be subject to tenure requirements.

The terms of the Directors shall be staggered so that no more than three (3) Directors are elected at any annual meeting, except as may be necessary to fill a vacancy. In order to create the staggered terms, the tenure of some of the initial Directors shall be shortened so that three (3) Directors shall serve for a term of one (1) year, three (3) shall serve for a term of three (3) years, and the remaining three (3) Directors shall serve for a term of three (3) years. The length of the initial term for each initial Director shall be specified when he or she is elected.

Section 4. *Regular Meetings.* Except as otherwise provided herein, regular meetings of the Board of Directors may be held without notice at such time and place as the Board of Directors shall determine from time to time, but no less frequently than once a year.

Section 5. *Special Meetings.* Special meetings of the Board of Directors may be called by the Chairman or by any two (2) Directors.

Section 6. *Notice of Meetings.* Except as otherwise provided herein, regular meetings of the Board of Directors may be held without notice of the date, time, place, or purpose of the meeting. Except as otherwise provided herein, special meetings of the Board of Directors must be preceded by at least two (2) days' notice to each Director of the date, time and place, but not the purpose, of such special meeting. Notice of any adjourned meeting need not be given if the time and place to which the meeting is adjourned are fixed at the meeting at which the adjournment is taken, and if the period of adjournment does not exceed one (1) month in any one (1) adjournment.

Section 7. *Waiver of Notice.* If a Director attends or participates in a meeting, he or she waives any required notice to him or her of the meeting unless the Director at the beginning of the meeting (or promptly upon arrival) objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting.

Section 8. *Quorum and Voting.* A quorum of the Board of Directors consists of a majority (but no fewer than two (2)) of the Directors then in office before a meeting begins. If a quorum is present when a vote is taken, the affirmative vote of a majority of the Directors present is the act of the Board of Directors, unless these Bylaws, the Charter of the Act require the vote of a greater number of Directors.

Section 9. *Vacancy.* If a vacancy occurs on the Board of Directors, including a vacancy resulting from an increase in the number of Directors, or a vacancy resulting from a removal of a director with or without cause:

- (a) The Board of Directors may fill the vacancy; or
- (b) If the Directors remaining in office constitute fewer than a quorum of the Board, they may fill the vacancy by the affirmative vote of a majority of all the Directors remaining in office.

Provided, however, that any vacancy filled by the Directors under this Section shall be consistent with the qualifications to serve as a Board of Director referenced in Section 1 of this Article.

Section 10. *Resignations, Termination, Absences.* Resignation from the Board or from an elected office must be submitted in writing to the Executive Director who shall submit it to the Board Chair. The Board Chair shall direct action to be taken. Board members and officers may be asked to vacate for the following reasons: excessive absences, (3 or more during a calendar year); demonstrated inability to perform in the elected or appointed role; abusive and or violent behavior. Removal of a Board member may be executed by three-fourths (3/4) vote of voting members present.

Section 11. *Action Without Meeting.* Action that is required or permitted to be taken at a meeting of the Board of Directors may be taken without such a meeting if all Directors consent to taking such action without a meeting. If all Directors so consent, the affirmative vote of the number of Directors that would be necessary to authorize or take such action at a meeting shall be the act of the Board, except as otherwise provided in these Bylaws. Such consent(s) shall describe the action taken, be in writing, be signed by each Director entitled to vote, indicate each signing Director's vote or abstention on the action, and be delivered to the Secretary of the Corporation and included in the minutes filed with the corporate records.

Section 12. *Self Dealing.* No member of the Board of Directors shall use confidential information for personal gain or to the detriment of the Organization. Any Director who abuses confidential information shall be removed from the Board. The full Board of Directors will follow procedures as laid out in the Bylaws for such removal.

The Organization will not engage in any act of self-dealing, as defined in Section 4941(d) of the Code, or corresponding provisions of any later federal tax laws; nor retain any excess business holdings, as defined in Section 4943(c) of the Code, or corresponding provisions of any later federal tax laws; nor make any investments in a manner that would incur tax liability under Section 4944 of the Code, or corresponding provisions of any later federal tax laws; nor make any taxable expenditures, as defined in Section 4945(d) of the Code, or corresponding provisions of any later federal tax laws. In order to fully effectuate the provision of this Section, the Organization shall adopt such procedures, and shall otherwise adhere to such administrative requirements as may from time to time be necessary, in order to fully comply with all applicable federal tax laws and regulations.

ARTICLE VI BOARD OFFICERS

Section 1. *Election.* The Board will prepare a slate of nominations for Officers and the Board shall elect a Chairman, Vice-Chairman, Secretary, Treasurer and such other Officers who shall be Board Members, as deemed necessary. The Officers will be elected annually with a term limit of four consecutive years. The Chairman automatically will serve as Past-Chairman upon his or her no longer qualifying to serve in the office of Chairman without a formal vote of the Board.

Section 2. *Resignation or Removal of Board Officers.* A Board Officer may resign their position as Officer, or as Board Member, at any time by giving written notice to the Chairperson. Such resignation is effective upon delivery or as directed in writing. A Board Officer may be removed from office with or without cause by the affirmative vote of a majority of the Directors entitled to vote at any Board meeting. This Officer removal process does not automatically remove the former Officer from Board Membership, although that may occur at the discretion of the Board Membership as per Bylaws Article V, Section 10. The remaining Board Members may fill any Board Officer vacancy by appointing another person to serve the remaining portion of the former Officer's term.

Section 3. *Powers and Duties.* Each Officer has the authority and shall perform the duties as set forth below, or the duties prescribed by the Board of Directors.

(a) The Chairman of the Board shall:

- i. Oversee Board Meetings.
- ii. Direct the activities of the Organization and assign to other Officers and committee chairpersons such duties as may be deemed necessary.
- iii. Appoint chairpersons to committees.
- iv. Sign all official contracts and other necessary documents which have been approved by the Board of Directors.
- v. Perform such other duties as pertains to said office as assigned or requested by the Board of Directors.

(b) The Vice-Chairman of the Board shall:

- i. Chair Board Meetings in the absence of the Chairman.
- ii. Assist the Chairman in all internal administrative matters which pertain to the orderly execution of the business of the Organization.
- iii. Serve as Chairman during the remainder of the term should the office of Chairman become vacant.

(c) The Secretary shall:

- i. Maintain records of all proceedings of the Organization and the Board of Directors.
- ii. Provide notice of meetings when such notice is required.
- iii. Perform such other functions as may be assigned or requested by the Board of Directors.

(d) The Treasurer shall:

- i. Serve as the chief financial officer of the Organization.
- ii. Understand financial accounting for non-profit organizations.
- iii. Provide financial reports to the Board.
- iv. Assist in preparing the annual budget and presenting the budget for Board approval.
- v. Review the annual audit.

The Office of Past-Chairman will be an ex-officio position for a one (1) year term to assist the new Chairman with the duties required under Section 3(a) of this Article. The Past-Chairman will meet with the Executive Committee but shall have no authority or power to act on behalf of the Executive Committee or as a Director.

Section 4. *Vacancies.* The order of succession for vacancies in the Officers of the Board shall be as follows:

- (a) Should a vacancy occur in the office of the Chairman, occasioned by death, resignation, removal or disability, the order of succession shall be: Vice-Chairman, Treasurer and Secretary.
- (b) Should a vacancy occur in the office of the Vice-Chairman, Treasurer or Secretary, the Board of Directors shall elect from its current Board Members a successor to the office.

Section 5. *Delegation of Authority.* In case of the absence of any Officer of the Organization or for any other reason that the Board of Directors may deem sufficient, the Board of Directors may delegate, from time to time, any or all of the powers or duties of such Officer to any other Officer or to any Director.

ARTICLE VII COMMITTEES

Section 1. *Executive Committee.* The Executive Committee shall consist of the Officers of the Board of Directors.

Section 2. *Other Committees.* Administrative or standing committees may be designated by resolution adopted by a majority of the Board of Directors, including the designation of the chairperson of such committee(s).

Section 3. *Committee Members.* The committee chairpersons shall appoint members to each committee.

Section 4. *Committee Reports.* All committees shall make such reports as may be required of them to the Board of Directors.

ARTICLE VIII EXECUTION OF DOCUMENTS

Section 1. *Execution of Documents.* The Board of Directors may, by a proper resolution, provide for the method of signing checks, notes, drafts, bills of exchange or other instruments for the payment of money; for the transfer and sale of property; for the assumption of liabilities; for the voting of stock held in other corporations; and for the execution of all other legal documents.

Section 2. *Facsimile and Electronic Signatures* For purposes of written consents of the Board of Directors, the Organization accepts and agrees to be bound to documents executed and transmitted by facsimile and or electronic mail provided each such facsimile and or electronic mail document is received within the time period specified for such document.

ARTICLE IX OPERATIONS

Section 1. *Bank Accounts.* All funds of the Organization not otherwise employed, shall be deposited to the credit of the Organization in a general or special account in such banks, trust companies, or other depositories as the Board of Directors may select, or may be selected by an Officer, Officers, agent, or agents of the Organization to whom such power has been delegated by the Board of Directors. Such Officer, Officers, agent, or agents to whom such power may be delegated by the Board of Directors, may endorse, assign, and deliver any check, draft, wiring instructions or other order for the payment of moneys which are payable to the order of the Organization.

Section 2. *Books and Records.* The Organization shall keep, or cause to be kept, full, complete and accurate books of account showing the assets, liabilities, costs, expenditures, receipts and other such similar matters. Such books of account will be the property of the Organization and will be prepared in accordance with generally accepted accounting principles and procedures. Such books of account shall be maintained at the Organization's principal office, or such other place as the Directors may determine. In addition, all books and records of this Organization may be inspected by any Director for any purpose at any reasonable time on written demand.

Section 3. *Financial Statements.* Within one hundred twenty (120) days following the end of each fiscal year of the Organization, the Organization shall cause to be prepared financial statements of the Organization for such fiscal year in accordance with generally accepted accounting principals (GAAP).

Section 4. *Check Signing.* The Board of Directors shall establish a policy regarding the required signatories for all checks, drafts and wiring instructions withdrawing funds from any depositories at its initial meeting. Such policy shall include naming the Officers of the Organization who may sign on behalf of the Organization and any dollar limitations for such signatories. Such policy may be revised by the Board of Directors.

ARTICLE X INDEMNIFICATION AND INSURANCE

Section 1. *Mandatory Indemnification of Directors, Officers, Employees and Agents.* To the maximum extent permitted by the Act, the Organization shall indemnify and advance reasonable expenses to any person who is or was a Director, Officer, employee or agent of the Organization, or to such person's heirs, executors, administrators and legal representatives, for the defense of any threatened, pending, or completed action, suit or proceeding, whether civil, criminal, administrative, or investigative, and whether formal or informal (any such action, suit or proceeding being hereinafter referred to as the "Proceeding"), to which such person was, is or is threatened to be made, a named defendant or respondent, which indemnification and advancement of expenses shall include counsel fees actually incurred as a result of the Proceeding or any appeal thereof, reasonable expenses actually incurred with respect to the Proceeding, all fines, judgments, penalties and amounts paid in settlement thereof, subject to the following conditions:

- (a) The Proceeding was instituted by reason of the fact that such person is or was a Director, Officer, employee or agent of the Organization; and
- (b) A Director, Officer, employee or agent conducted himself or herself in good faith (and not willful, wanton or gross negligence), and he or she reasonably believed
 - (i) in the case of conduct in his or her official capacity with the Organization, that his or her conduct was in its best interest; (ii) in all other cases, that his or her conduct was at least not opposed to the best interests of the Organization; and
 - (iii) in the case of any criminal proceeding, that he or she had no reasonable cause to believe his or her conduct was unlawful. The termination of a proceeding by judgment, order, settlement, conviction, or upon a plea of *nolo contendere* or its equivalent is not, of itself, determinative that the Director, Officer, employee or agent did not meet the standard of conduct herein described.

Section 2. *Non-Exclusive Application.* The rights to indemnification and advancement of expenses set forth in Section 1 of this Article X above are contractual between the Organization and the person being indemnified, and his or her heirs, executors, administrators and legal representatives, and are not exclusive of other similar rights of indemnification or advancement of expenses to which such person may be entitled, whether by contract, by law, by the Charter, by a resolution of the Board of Directors, by these Bylaws, by the purchase and maintenance by the Organization of insurance on behalf of an Officer, Director, employee or agent of the Organization, or by an agreement with the Organization providing for such indemnification, all of which means of indemnification and advancement of expenses are hereby specifically authorized and shall be in addition to any and all rights to which any

Director, Officer, employee or agent of the Organization might otherwise be entitled and provisions hereof shall neither impair nor adversely affect such rights.

Section 3. *Non-Limiting Application.* The provisions of this Article shall not limit the power of the Organization to pay or reimburse expenses incurred by a Director, Officer, employee or agent of the Organization in connection with such person's appearing as a witness in a Proceeding at a time when he or she has not been made a named defendant or respondent to the Proceeding.

Section 4. *Prohibited Indemnification.* Notwithstanding any other provision of this Article, the Organization shall not indemnify or advance expenses to or on behalf of any Director, Officer, employee or agent of the Organization, or such persons heirs, executors, administrators or legal representatives:

- (a) If a judgment or other final adjudication adverse to such person establishes his or her liability for any breach of the duty of loyalty to the Organization, for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, or under Section 48-58-304 of the Act;
- (b) In connection with a Proceeding by or in the right of the Organization in which such person was adjudged liable to the Organization; or
- (c) In connection with any other Proceeding charging improper personal benefit to such person, whether or not involving action in his or her official capacity, in which he or she was adjudged liable on the basis that personal benefit was improperly received by him or her.

Section 5. *Repeal or Modification Not Retroactive.* No repeal or modification of the provisions of this Article, either directly or by the adoption of a provision inconsistent with the provisions of this Article, shall adversely affect any right or protection, as set forth herein, existing in favor of a particular individual at the time of such repeal or modification.

Section 6. *Insurance.* The Organization may maintain insurance, at its expense, to protect itself and any Director, Officer, employee or agent of the Organization or another corporation, partnership, limited liability company, joint venture, trust or other enterprise against any liability asserted against or incurred by the individual in that capacity or arising from the individual's status as a Director, Officer, employee or agent, whether or not the Organization would have the power to indemnify such person against such expense, liability or loss under the Sections 48-58-502 or 48-58-503 of the Act.

ARTICLE XI NOTICES

Each Board Member and Officer shall furnish the Organization with his or her official address and the mailing of any notice to such address shall be deemed service of such notice or notices upon them as of the date of mailing of same.

ARTICLE XII - CODE OF ETHICS

Section 1. *Board Ethics.* It is imperative to the success of the Organization that there be a fully informed, responsive, and reasonable Executive Committee and Board. To this end, each Board Member shall conduct themselves at all times in the best interest of the Organization. In this regard, each Board Member shall abide by the following “Code of Ethics”. No code or set of rules can be framed which will particularize all of the duties of a Board Member. The following code of ethics is to be considered a general guide, yet the enumeration of particular duties should not be construed as a denial of the existence of other equally imperative duties, though not specifically mentioned.

Section 2. *Attendance.* Board Members shall put forth their best effort to attend all meetings and constructively participate in those meetings.

Section 3. *Business Judgment.* Board Members shall exercise good judgment in the control and use of confidential information that may from time to time come into their possession.

Section 4. *Public Relations.* Each Board Member shall serve as a public relations agent for the Organization and therefore shall work diligently and properly to promote its goals and objectives while keeping abreast with its overall progress.

Section 5. *Board Interference with Operations.* Except for voting at properly called meetings of the Board of Directors, Board Members shall refrain from entering into the direct day-to-day administration of the program unless they are doing so upon express authority given to them by a properly adopted Resolution of the Board of Directors.

Section 6. *Conflicts of Interest and Nepotism* A conflict of interest policy attached hereto as Addendum 1 guides the board in protecting the organization’s interests and provides procedures for Duty to Disclose, Recusal and Determining whether a conflict of interest exists.”

Section 7 *Alleged Violations.* The Executive Committee shall be charged with the responsibility of reviewing any allegations of Board Members violating this code or acting in any way which is detrimental to the success of the Organization and make recommendations to the full Board for final action.

Section 8. *Document Destruction and Whistleblowing.* The Organization shall adhere to the policies and positions set forth in Exhibit A attached hereto.

ARTICLE XIII RULES OF PROCEDURE/GENERAL PROVISIONS

Section 1. *Procedure.* Robert’s Rules of Order shall govern the procedure at all meetings of this Organization where applicable, and not inconsistent with the Bylaws of this Organization.

Section 2. *Fiscal Year.* The fiscal year of the Organization shall be fixed by resolution of the Board of Directors.

Section 3. *No Seal.* The Organization shall have no seal.

Section 4. *Tax Exempt Status.* This Organization is organized as a not-for-profit corporation under the laws of the State of Tennessee and is intended to operate as a tax exempt charitable organization pursuant to Section 501(c)(3) of the Code, or corresponding section of any future federal tax code.

Section 5. *No Private Benefit.* No part of the net earnings of the Organization shall inure to the benefit of, or be distributable to, its directors, Officers, or other private individuals or persons, except that the Organization shall be authorized and empowered to pay reasonable compensation for goods and services rendered and to make payments in furtherance of the purposes set forth in Article III, Section 1 hereinabove. Notwithstanding any other provision of these Bylaws, the Organization shall not carry on any endeavors or activities not permitted to be carried on by a corporation exempt from federal income tax under Section 501(c)(3) of the Code, or corresponding section of any future federal tax code, or by a corporation, contributions to which are deductible under Section 170(c)(2) of the Code, or corresponding section of any future federal tax code.

Section 6. *Dissolution.* In the event of the dissolution of this Organization the assets of this Organization shall, after appropriate provision for debt and liabilities of the Organization, be distributed in any liquidation proceedings to a corporation, trust, or association which is not organized for profit and is exempt from federal income taxation under the Code, or corresponding section of any future federal tax code in effect at the time of such dissolution.

Section 7. *Basic Policy.* The following is the basic policy of the Organization:

- (a) The Organization shall be non-commercial, non-sectarian, and non-partisan.
- (b) The name of the Organization, or the names of any Officers thereof in their official capacities, shall not be used in any connection with a commercial concern or with any partisan interest or for any purpose not appropriately related to promotion of the purposes of this Organization.
- (c) The Organization may cooperate with other organizations and agencies determined by the Board, but persons representing the Organization in such matters shall make no commitments that bind the Organization.
- (d) In the event of dissolution of the Organization, a committee shall immediately be appointed by the Organization to disburse all funds on hand within thirty (30) days of the dissolution date.
- (e) The Organization may engage in any and all other lawful activities which are exclusively for charitable, educational and scientific purposes, including, for such purposes, making distributions to organizations that qualify as exempt organizations under Section 501(c)(3) of the Code.
- (f) At no time or under any circumstances shall any of the activities of the Organization be directed toward or in furtherance of any activity or function which would disqualify the Organization from exemption under Section 501(c)(3) of the Code or the provisions the Act.
- (g) No substantial part of the activities of the Organization shall be carrying on of propaganda or otherwise attempting to influence legislation and the Organization shall not participate in or intervene in (including the publishing or distribution of statements

of) any political campaign on behalf of any candidate for public office. Notwithstanding any other provision of the Bylaws, the Organization shall not carry on any other activities not permitted to be carried on (a) by an organization, exempt from Federal income tax under Section 501(c)(3) of the Code, or (b) by an organization, contributions to which are deductible under Section 170 of the Code (or the corresponding provisions of any future United States Internal Revenue Law), or (c) in conflict with the provisions of the Act.

ARTICLE XIV AMENDMENTS

These Bylaws may be adopted or amended at any meeting of the Board of Directors by a two-thirds (2/3) majority of the voting Directors present and voting provided that a quorum is present and provided that a copy of the originally proposed amendment shall have been mailed or electronically communicated to each Director at least two (2) weeks prior to the meeting at which action is to be taken thereon. Amendments to the amendment distributed with the meeting notice may be proposed and approved by a simple majority of Directors at the meeting provided that the final amendment voted on by the Directors addresses the topic and only the topic area(s) of the amendment distributed with the meeting notice. The amendment shall become effective immediately upon passage unless otherwise stipulated within the final, approved amendment.

CERTIFICATE

These Bylaws were adopted by the Board on the ___ day of _____, 2019

Paula Roberts, Secretary

EXHIBIT A

Document Destruction and Whistle-Blower/Code of Conduct Policy

The Sarbanes-Oxley Act (“SOX Act”) which was signed into law on July 30, 2002, was designed to add new governance standards for the corporate sector to rebuild public trust in publicly held companies. While the majority of the SOX Act deals directly with for profit corporations, two standards in the act, document destruction and whistle-blower protection, apply to non-profit corporations. This Document Destruction and Whistle-Blower/Code of Conduct Policy (“WBCC Policy”) shall set forth the internal policies and standards of New Level Community Development Corporation, a Tennessee nonprofit corporation (hereinafter referred to as “Organization”), with respect to document destruction and whistle-blower protection. Any capitalized terms not otherwise defined in this WBCC Policy shall have the meaning set forth in the Organization’s Bylaws.

Document Destruction Policy

Organization acknowledges its responsibility to preserve information relating to litigation, audits and investigations. The SOX Act makes it a crime to alter, cover up, falsify, or destroy any document to prevent its use in an official proceeding. Failure on the part of employees to follow this policy can result in possible civil and criminal sanctions against Organization and its employees and possible disciplinary action against responsible individuals (up to and including termination of employment). Each employee has an obligation to contact the Chairman of the Organization or any member of the Organization’s Executive Committee of a potential or actual litigation, external audit, investigation or similar proceeding involving Organization that may have an impact as well on the approved records retention schedule.

Whistle-Blower/Code of Conduct Policy

In keeping with the policy of maintaining the highest standards of conduct and ethics, Organization will investigate any suspected fraudulent or dishonest use or misuse of Organization’s resources or property by officers, board members, employees, consultants and volunteers. Organization is committed to maintaining the highest standards of conduct and ethical behavior and promotes a working environment that values respect, fairness and integrity. All staff, board members and volunteers shall act with honesty, integrity and openness in all their dealings as representatives for the organization. Failure to follow these standards will result in disciplinary action including possible termination of employment, dismissal from one’s board or volunteer duties and possible civil or criminal prosecution if warranted.

Officers, board members, employees, consultants and volunteers are encouraged to report suspected fraudulent or dishonest conduct (i.e., to act as “whistle-blower”), pursuant to the procedures set forth below.

Reporting

A person’s concerns about possible fraudulent or dishonest use or misuse of resources or property should be reported to his or her supervisor or, if suspected by a volunteer, to the staff

member supporting the volunteer's work. If for any reason a person finds it difficult to report his or her concerns to a supervisor or staff member supporting the volunteer's work, the person may report the concerns directly to the Chairman of the Organization or any member of the Organization's Executive Committee. Alternately, to facilitate reporting of suspected violations where the reporter wishes to remain anonymous, a written statement may be submitted to one of the individuals listed above.

Definitions

Baseless Allegations: Allegations made with reckless disregard for their truth or falsity. People making such allegations may be subject to disciplinary action by Organization, and/or legal claims by individuals accused of such conduct.

Fraudulent or Dishonest Conduct: A deliberate act or failure to act with the intention of obtaining an unauthorized benefit. Examples of such conduct include, but are not limited to:

- forgery or alteration of documents;
- unauthorized alteration or manipulation of computer files;
- fraudulent financial reporting;
- pursuit of a benefit or advantage in violation of Organization's *Code of Ethics* set forth in Article XII of the Organization's Bylaws.
- misappropriation or misuse of Organization resources, such as funds, supplies, or other assets;
- authorizing or receiving compensation for goods not received or services not performed; and
- authorizing or receiving compensation for hours not worked

Supervisors: Organization employees, officers, consultants or volunteers who have supervisory authority over any other such persons.

Whistle-Blower: An employee, consultant or volunteer who informs a supervisor, the Chairman of the Organization, or any member of the Organization's Executive Committee, about an activity relating to Organization which that person believes to be fraudulent or dishonest.

Rights and Responsibilities

Supervisors

Supervisors are required to report suspected fraudulent or dishonest conduct to the Chairman of the Organization or any member of the Organization's Executive Committee.

Reasonable care should be taken in dealing with suspected misconduct to avoid:

- baseless allegations;
- premature notice to persons suspected of misconduct and/or disclosure of suspected misconduct to others not involved with the investigation; and
- violations of a person's rights under law.

Due to the important yet sensitive nature of the suspected violations, effective professional follow-up is critical. Supervisors, while appropriately concerned about “getting to the bottom” of such issues, should not in any circumstances perform any investigative or other follow up steps on their own. Accordingly, a supervisor who becomes aware of suspected misconduct:

- should not contact the person suspected to further investigate the matter or demand restitution.
- should not discuss the case with attorneys, the media or anyone other than the Chairman of the Organization or any member of the Organization’s Executive Committee.
- should not report the case to an authorized law enforcement officer without first discussing the case with the Chairman of the Organization or any member of the Organization’s Executive Committee.

Investigation

All relevant matters, including suspected but unproved matters, will be reviewed and analyzed, with documentation of the receipt, retention, investigation and treatment of the complaint. Appropriate corrective action will be taken, if necessary, and findings will be communicated back to the reporting person and his or her supervisor. Investigations may warrant investigation by an independent person such as auditors and/or attorneys.

Whistle-Blower Protection

Organization will protect whistle-blowers as defined below.

- Organization will use its best efforts to protect whistle-blowers against retaliation. Whistle-blowing complaints will be handled with sensitivity, discretion and confidentiality to the extent allowed by the circumstances and the law. Generally this means that whistle-blower complaints will only be shared with those who have a need to know so that Organization can conduct an effective investigation, determine what action to take based on the results of any such investigation, and in appropriate cases, with law enforcement personnel. (Should disciplinary or legal action be taken against a person or persons as a result of a whistle-blower complaint, such persons may also have right to know the identity of the whistle-blower).
- Officers, directors, employees, consultants and volunteers of Organization may not retaliate against a whistle-blower for informing management about an activity which that person believes to be fraudulent or dishonest with the intent or effect of adversely affecting the terms or conditions of the whistle-blower’s employment, including but not limited to, threats of physical harm, loss of job, punitive work assignments, or impact on salary or fees. Whistle-blowers who believe that they have been retaliated against may file a written complaint with the Chairman of the Organization or any member of the Organization’s Executive Committee. Any complaint of retaliation will be promptly.

investigated and appropriate corrective measures taken if allegations of retaliation are substantiated. This protection from retaliation is not intended to prohibit supervisors from taking action, including disciplinary action, in the usual scope of their duties and based on valid performance-related factors.

- Whistle-blowers must be cautious to avoid baseless allegations (as described earlier in the definitions section of this policy).



Department of the Treasury
Internal Revenue Service

P.O. Box 2508
Cincinnati OH 45201

In reply refer to: 0248562365
Nov. 04, 2008 LTR 4168C E0
62-1873654 000000 00 000
00019667
BODC: TE

NEW LEVEL COMMUNITY DEVELOPMENT
% LEE MOLETTE II
1112 JEFFERSON ST
NASHVILLE TN 37208-2500120



018544

Employer Identification Number: 62-1873654
Person to Contact: Robert C Voss
Toll Free Telephone Number: 1-877-829-5500

Dear Taxpayer:

This is in response to your request of Oct. 24, 2008, regarding your tax-exempt status.

Our records indicate that a determination letter was issued in February 2003, that recognized you as exempt from Federal income tax, and discloses that you are currently exempt under section 501(c)(3) of the Internal Revenue Code.

Our records also indicate you are not a private foundation within the meaning of section 509(a) of the Code because you are described in section(s) 509(a)(1) and 170(b)(1)(A)(vi).

Donors may deduct contributions to you as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to you or for your use are deductible for Federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522 of the Code.

If you have any questions, please call us at the telephone number shown in the heading of this letter.

Sincerely yours,

Michele M. Sullivan, Oper. Mgr.
Accounts Management Operations I



TENNESSEE DEPARTMENT OF REVENUE

**SALES AND USE TAX
CERTIFICATE OF EXEMPTION**

**NEW LEVEL COMMUNITY
1112 JEFFERSON ST
NASHVILLE TN 37208-2500**

Effective Date: July 1, 2015

Exemption Number: 780205690

Expiration Date: June 30, 2019

1112 JEFFERSON ST
NASHVILLE TN 37208-2500

The Tennessee Department of Revenue has issued a tax-exemption number for the educational, religious, historical, or charitable non-profit organization or institution named above. State law (Tenn. Code Ann. § 67-6-322) gives the Department the authority to allow this organization to make tax-exempt purchases of goods and services that it will use, consume or give away. This authorization for exemption does not extend to sales tax that the organization must collect or pay on its regular sales of goods or taxable services.

This authorization for exemption is limited to sales made directly to the above named organization. This certificate may not be used for sales made to individuals paying with personal checks or personal debit or credit cards, even if the individual is a representative or employee of the above named organization, and he or she will be reimbursed for the purchase. Sellers must refuse to accept the certificate when the sale is made to someone other than the above named organization.

The organization must furnish its suppliers of goods and services with a copy of this certificate. The lower portion of the certificate must be properly completed. **The organization must retain the original certificate for copy purposes.** The supplier will maintain a file copy as evidence of the exempt sale to the organization. Later purchases made before the expiration date do not require the submission of additional copies.

The organization must notify the Department immediately if it ceases to exist or if its location or mailing address changes.

Richard H. Roberts
Commissioner of Revenue

To Be Completed by the Organization

TO: Supplier's Name QUICK BOOKS FAX 866-831-5762

Address _____

City _____ State _____ Zip _____

I, Kay Bowers, as an authorized representative of the organization named above, affirm that the purchases made under this authority will be used and consumed by the organization or will be given away.

Under penalty of perjury, I affirm this to be a true and correct statement.

Print Name of Organization New Level Community Development Corp

Print Name of Purchaser Kay Bowers

Signature of Purchaser Kay Bowers

Date June 29, 2015

Welcome

New Level CDC believes in a world where everyone has a decent, affordable place to call home in a community where all can thrive. "Housing *plus* community" leads to housing success, stability in families, and strengthens our neighborhoods. We put community in how we do housing by building, renting, educating and support.

Our Vision

New Level CDC seeks to more intentionally engage the community in its work through communications, volunteerism, and fundraising in support of its mission.

We are building brand new homes for sale which are affordable for low to moderate income buyers with support from our partners. If you are just beginning your home buying process or if you are ready to close on a home soon, we provide the required First-time homebuyer education and certificate of completion. New Level CDC is here for YOU!



**NEW LEVEL COMMUNITY
DEVELOPMENT CORPORATION**

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

DECEMBER 31, 2020

NEW LEVEL COMMUNITY DEVELOPMENT CORPORATION

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BELLENFANT

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

Professional Accounting & Consulting Services

INDEPENDENT AUDITOR'S REPORT

Board of Directors
New Level Community Development Corporation
Nashville, Tennessee

We have audited the accompanying financial statements of New Level Community Development Corporation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year 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 audit. We conducted our audit 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 New Level Community Development Corporation as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Bellenfant, PLLC

Nashville, Tennessee

July 30, 2021

NEW LEVEL COMMUNITY DEVELOPMENT CORPORATION

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2020

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 1,577,520
Accounts Receivable	60,859
Inventory	<u>1,145,708</u>
Total Current Assets	<u>2,784,087</u>

FIXED ASSETS

Land	390,725
Buildings and Improvements	1,604,871
Furniture, Fixtures, and Equipment	9,858
Loan Costs	<u>8,464</u>
Less: Accumulated Depreciation and Amortization	<u>(294,395)</u>
Fixed Assets, net	<u>1,719,523</u>

NONCURRENT ASSETS

Loans Receivable	<u>192,500</u>
Total Noncurrent Assets	<u>192,500</u>
Total Assets	<u><u>\$ 4,696,110</u></u>

The independent auditor's report and accompanying notes are integral parts of these financial statements.

NEW LEVEL COMMUNITY DEVELOPMENT CORPORATION

STATEMENT OF FINANCIAL POSITION (CONTINUED)

DECEMBER 31, 2020

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$ 39,672
Rental Deposits	11,207
PPP Loan Payable	44,000
Notes Payable, current portion	<u>23,882</u>
Total Current Liabilities	<u>118,761</u>

LONG-TERM LIABILITIES

Notes Payable, non-current portion	<u>389,432</u>
Total Long-Term Liabilities	<u>389,432</u>
Total Liabilities	<u>508,193</u>

NET ASSETS

Net Assets Without Donor Restrictions	<u>4,187,917</u>
Total Net Assets	<u>4,187,917</u>
Total Liabilities and Net Assets	<u><u>\$ 4,696,110</u></u>

The independent auditor's report and accompanying notes are integral parts of these financial statements.

NEW LEVEL COMMUNITY DEVELOPMENT CORPORATION

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE			
Public Support			
Grants	\$ 1,111,900	\$ -	\$ 1,111,900
Contributions	155,269	-	155,269
Rental Income	215,071	-	215,071
In-Kind Rent	29,627	-	29,627
Program Fees	5,211	-	5,211
	<hr/>	<hr/>	<hr/>
Total Public Support	1,517,078	-	1,517,078
	<hr/>	<hr/>	<hr/>
Other Revenue			
Gain (Loss) on Sale of Real Estate	82,669	-	82,669
Miscellaneous	196	-	196
Interest Income	2,682	-	2,682
	<hr/>	<hr/>	<hr/>
Net assets released from restrictions	-	-	-
	<hr/>	<hr/>	<hr/>
Total Revenue	1,602,625	-	1,602,625
	<hr/>	<hr/>	<hr/>
EXPENSES			
Program Services	438,561	-	438,561
Management and General	64,376	-	64,376
Fundraising	35,337	-	35,337
	<hr/>	<hr/>	<hr/>
Total Expenses	538,274	-	538,274
	<hr/>	<hr/>	<hr/>
Change in Net Assets	1,064,351	-	1,064,351
	<hr/>	<hr/>	<hr/>
Net Assets, beginning of the year	3,123,566	-	3,123,566
	<hr/>	<hr/>	<hr/>
Net Assets, end of the year	<u>\$ 4,187,917</u>	<u>\$ -</u>	<u>\$ 4,187,917</u>

The independent auditor's report and accompanying notes are integral parts of these financial statements.

NEW LEVEL COMMUNITY DEVELOPMENT CORPORATION

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2020

	Financial Education	Affordable Housing	Rental Housing	Total Program Services	Management and General	Fundraising	Total
Salaries and Wages	\$ 35,274	\$ 58,585	21,422	\$ 115,281	42,094	\$ 26,215	\$ 183,590
Payroll Taxes	2,699	4,482	1,638	8,819	3,206	2,006	14,031
Contract Labor	2,110	4,180	1,700	7,990	628	-	8,618
IDA Matching	2,065	-	-	2,065	-	-	2,065
Advertising and Marketing	92	69	69	230	-	-	230
Insurance	899	1,123	12,542	14,564	899	449	15,912
Property Maintenance	-	-	89,566	89,566	-	-	89,566
Property Taxes	-	538	26,522	27,060	-	-	27,060
Depreciation	-	-	42,188	42,188	2,242	-	44,430
In-Kind Rent	23,702	1,481	1,481	26,664	2,963	-	29,627
Office Expenses	1,829	697	1,136	3,662	1,345	6,295	11,302
Utilities	-	-	5,037	5,037	-	-	5,037
Bank and Interest Fees	10	2,564	1,085	3,659	87	-	3,746
Board Training	39	39	39	117	39	39	195
Equipment	3,571	1,786	1,788	7,145	1,786	-	8,931
Travel	550	422	135	1,107	2,073	135	3,315
Dues and Subscriptions	602	-	-	602	1,317	-	1,919
Miscellaneous	53	252	-	305	697	198	1,200
Housing Development	37,500	45,000	-	82,500	-	-	82,500
Contributions	-	-	-	-	5,000	-	5,000
Total Expenses	\$ 110,995	\$ 121,218	\$ 206,348	\$ 438,561	\$ 64,376	\$ 35,337	\$ 538,274

The independent auditor's report and accompanying notes are integral parts of these financial statements.

NEW LEVEL COMMUNITY DEVELOPMENT CORPORATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ 1,064,351
Adjustments to reconcile change in net assets to net cash used by operations	
Depreciation	44,430
(Increase) Decrease in:	
Accounts Receivable	(60,149)
Inventory	(949,588)
Increase (Decrease) in:	
Accounts Payable	(20,467)
Rental Deposits	600
Net Cash Provided (Used) by Operating Activities	<u>79,177</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Sale (Purchase) of Fixed Assets	<u>(576)</u>
Net Cash Provided (Used) by Investing Activities	<u>(576)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Issuance of Loans Receivable	(44,300)
Draws (Payments) on Notes Payable	<u>(37,383)</u>
Net Cash Provided (Used) by Financing Activities	<u>(81,683)</u>
Net Increase (Decrease) in Cash	(3,082)
Cash and Cash Equivalents, beginning of the year	<u>1,580,602</u>
Cash and Cash Equivalents, end of the year	<u>\$ 1,577,520</u>

The independent auditor's report and accompanying notes are integral parts of these financial statements.

NEW LEVEL COMMUNITY DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

New Level Community Development Corporation (the Corporation), a nonprofit organization, was formed on November 6, 2001. The Corporation is an outreach of Mt. Zion Baptist Church (Mt. Zion) that works to deliver solutions to the economic challenges plaguing the lives of people in the community it serves. Its services are delivered through financial empowerment programs and affordable housing programs that help families gain economic stability and self-sufficiency.

Financial Statement Presentation

The financial statements of the Corporation are presented on the accrual basis of accounting. Revenue is generally recognized when earned. Expenses are generally recognized when incurred.

Financial statement presentation follows the requirements of the Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic related to Presentation of Financial Statements of Not-for-Profit Organizations. Under the FASB Accounting Standards Codification, the Corporation is required to report information regarding its financial position and activities according to two classes of net assets; net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions - These are net assets that are not subject to donor-imposed stipulations. The Corporation had \$4,187,917 of net assets without donor restrictions as of December 31, 2020.

Net assets with donor restrictions - These are net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Corporation and/or the passage of time. This classification also includes net assets subject to donor-imposed stipulations that may be maintained permanently by the Corporation. Generally, donors of these assets permit the Corporation to use all or part of the income earned for general or specific purposes. The Corporation had no net assets with donor restrictions as of December 31, 2020.

The Corporation accounts for contributions in accordance with the requirements of the FASB Accounting Standards Codification Revenue Recognition Topic. In accordance with the FASB Accounting Standards Codification, contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions.

NEW LEVEL COMMUNITY DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Corporation considers all cash funds, cash bank accounts and highly liquid debt instruments with an original maturity when purchased of twelve months or less to be cash and cash equivalents. The cash accounts are held primarily by financial institutions and at times may exceed amounts that are federally insured.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional.

Doubtful Promises to Give

The Organization uses the allowance method to determine uncollectible unconditional promises to give. Management's estimate of doubtful accounts is based on historical collection experience and a review of the current status of promises to give. There is no allowance for doubtful promises to give as of December 31, 2020. It is reasonably possible that management's estimate of the allowance for doubtful promises to give could change. Promises to give are charged against the allowance when management believes the collectability of the promise to give is unlikely. For the year ended December 31, 2020, no bad debt expense was recognized.

Fixed Assets

Fixed assets are recorded at cost, or at fair market value if donated. Depreciation is computed on the straight-line method over the estimated useful lives of the related assets that range from 5 to 40 years. The Corporation capitalizes all expenditures for property and equipment in excess of \$500.

The Corporation reviews the carrying value of fixed assets for impairment whenever events and circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than the carrying value, an impairment loss is recognized equal to an amount by which the carrying value exceeds the fair value of assets. The factors considered by management in performing this assessment include current operating results, trends and prospects, and the effects of obsolescence, demand, competition, and other economic factors. Based on this assessment, there was no impairment at December 31, 2020.

NEW LEVEL COMMUNITY DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Rent and Services

The following donations are reflected as contributions in the accompanying statements at their estimated values at the date of receipt for the year ended December 31, 2020:

Rent	<u>\$ 29,627</u>
Total In-Kind	<u><u>\$ 29,627</u></u>

A substantial number of unpaid volunteers have made significant contributions of their time to develop the Corporation's programs. No amounts have been recognized in the accompanying financial statements because the criteria for recognition under FASB ASC 958-205 have not been satisfied.

Income Taxes

The Corporation has qualified for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code. It has been classified as an organization that is not a private foundation.

The Corporation has evaluated its tax positions in accordance with the Codification Standard relating to Accounting for Uncertainty in Income Taxes. The Corporation believes that it has taken no uncertain tax positions.

The Corporation files a U.S. Federal Form 990-Return of Organization Exempt from Income Tax. The Corporation's returns for the years prior to calendar year 2018 are no longer open for examination.

Grant Revenues

Grant funds that do not have donor imposed restrictions are reflected as net assets without donor restrictions since these funds are generally received and spent during the same year. Grant funds that have been designated by the donor for use by specific programs are reflected as net assets with donor restrictions.

Advertising

The Corporation uses advertising to promote its programs among audiences it serves. Advertising costs are expensed as incurred. Advertising expense totaled \$230 for the year ended December 31, 2020.

NEW LEVEL COMMUNITY DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020

2. INVENTORY

Inventory consists of the following amounts as of December 31, 2020:

Property Held for Development	<u>\$ 1,145,708</u>
Total Inventory	<u><u>\$ 1,145,708</u></u>

3. LOANS RECEIVABLE

The Corporation has entered into multiple secondary loan contracts wherein the borrowers must avoid payment default on their primary housing loan contracts and continuously own and occupy the related residence for ten years. Should the borrower default on the primary loan or sell the property within the first ten years, the entire indebtedness will be immediately due. Notwithstanding the foregoing of these requirements, the secondary loans are forgiven starting in the eleventh year at 5% per year for the remaining twenty years of the loan.

	<u>12/31/2020</u> <u>Balance</u>
1001 11th Ave Loan dated December 20, 2019; initial balance of \$148,200 with forgiveness of \$7,410 per year starting on December 20, 2030.	\$ 148,200
1822 Cephas Street, dated May 5, 2020; initial balance of \$21,500 with forgiveness of \$1,075 per year starting on May 5, 2030.	21,500
34 Sheppard Loan, dated July 1, 2020; initial balance of \$22,800 with forgiveness of \$1,140 per year starting on July 1, 2030.	22,800
	<hr/>
Total Loan Receivable	<u><u>\$ 192,500</u></u>

4. NOTES PAYABLE

On May 30, 2012, the Corporation entered into a loan with Pinnacle Bank with a variable interest rate. The loan requires monthly payments with a maturity date of July 7, 2027.

On December 3, 2019, the Corporation entered into two loans with Truxton Trust Company for \$200,000 each. These loans require monthly payments for five years and a final balloon payment on December 3, 2024. The interest rate is the Wall Street Journal Prime rate minus 4% with an initial rate of 0.75%.

NEW LEVEL COMMUNITY DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020

5. NOTES PAYABLE (Continued)

Maturities of notes payable as of December 31, 2020 are summarized as follows:

	<u>Pinnacle</u>	<u>Truxton</u>	<u>Total</u>
2021	\$ 5,111	\$ 18,771	\$ 23,882
2022	5,111	18,912	24,023
2023	5,111	19,055	24,166
2024	5,111	322,495	327,606
2025 and thereafter	13,637	-	13,637
Total	<u>\$ 34,081</u>	<u>\$ 379,233</u>	<u>\$ 413,314</u>

Interest expense for the year ended December 31, 2020 was \$2,662.

6. COMPENSATED ABSENCES

Employees of the Corporation are entitled to paid time off (PTO), depending on job classification, length of service, and other factors. Unused PTO is forfeited at the end of the year. It is impracticable to estimate the amount of compensation for future absences, and accordingly, no liability has been recorded in the accompanying financial statements. The Corporation's policy is to recognize the costs of compensated absences when actually paid to employees.

7. RELATED PARTY TRANSACTIONS

The Corporation uses office space donated by Mt. Zion, and has recorded the fair market value of the office space as an in-kind donation of \$29,627 in 2020.

8. GRANTS

Grant revenue consists of the following amounts as of December 31, 2020:

Housing Development	<u>\$ 1,111,900</u>
Total Grant Revenue	<u>\$ 1,111,900</u>

NEW LEVEL COMMUNITY DEVELOPMENT CORPORATION

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2020

9. AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Corporation's financial assets as of December 31, 2020, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date:

Financial assets, at year-end	\$ 1,577,520
Less: cash held as rental deposits	<u>(11,207)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,566,313</u>

There is an adequate amount of financial assets available as of December 31, 2020. The Corporation effectively manages its liquid available resources to meet cash needs for general expenditures within one year of the balance sheet date.

10. UNCERTAINTIES

In March 2020, the World Health Organization made the assessment that the outbreak of a novel coronavirus (COVID-19) can be characterized as a pandemic. As a result, the Association has temporarily not been able to continue normal activities. The extent to which these events will affect the amounts reported in future financial statements remains uncertain.

11. SUBSEQUENT EVENTS

Subsequent events have been evaluated through July 30, 2021, which is the date the financial statements were available to be issued.

**GRANT CONTRACT
BETWEEN THE METROPOLITAN GOVERNMENT
OF NASHVILLE AND DAVIDSON COUNTY, TENNESSEE
BY AND THROUGH
THE METROPOLITAN HOUSING TRUST FUND COMMISSION
AND
PARK CENTER, INC.**

This Grant Contract issued and entered into by and between the Metropolitan Government of Nashville and Davidson County, a municipal corporation of the State of Tennessee hereinafter referred to as "Metro", and Park Center, Inc., hereinafter referred to as the "Recipient," is for the provision of the construction of affordable housing units as further defined in the "SCOPE OF PROGRAM." Park Center, Inc. will be adding 26 affordable housing units located at 4501 Gallatin Pike, Nashville, TN 37216. The recipient's budget request, financial statements or audit, 501(c)3 letter, and/or charter documents are incorporated herein. The Recipient is a nonprofit charitable or civic organization.

A. SCOPE OF PROGRAM:

- A.1. Each Property to which these grant funds are provided for shall be subject to a Declaration of Restrictive Covenants ("Declaration") imposing certain affordability requirements to encumber the Property and run with the land over a 30-year term. Terms defined in the Declaration shall have the same meanings when used in this Agreement.
- A.2. The Recipient shall use the funds under this grant in accordance with the affordable housing project submitted in the application and any of its amendments, which application is incorporated herein, and subject to the terms and conditions set forth herein.
- A.3. The Recipient, under this Grant Contract, will spend funds solely for the purposes set forth in their application or proposal for grant funding which is incorporated herein. These funds shall be expended consistent with the Grant Budget, included in Attachment A. Although some variation in line-item amounts for the Grant is consistent with the Grant Budget, any change greater than 20% of a line-item shall require the prior written approval of Metro. However, in no event will the total amount of the Grant funds provided to Recipient go above the awarded Grant amount of \$2,554,066.

Additional Conditions for Rental Properties:

1. Tenants must be income-eligible at the time of initial occupancy, and Recipient must certify all incomes annually and maintain a certified rent roll. In the event a tenant's income increases above the income-requirement for the unit, the tenant is not disqualified from remaining in the unit. However, the tenant's rent shall be adjusted to the corresponding AMI level for the next lease term.
2. The Recipient will provide Metro with a management plan program oversight which includes certification of the rents, utility allowances and tenant incomes. The Grantee shall also provide Metro an annual certification that Barnes rental requirements are being met throughout the compliance period.
3. The Grantee will allow Metro or a Metro-approved contractor to conduct on-site inspections of the grantee for compliance Barnes program requirements including, but not limited to, reviewing tenant income calculations, rent determinations and utility allowances.
4. Compliance restrictions on both tenant income and maximum rents shall apply for thirty (30) years from the date of issuance of the certificate of occupancy for the final building within the project. If a certificate of occupancy is not issued, the compliance period will begin on the date of recordation of the notice of completion for the project.

5. Recipient shall not increase rents during a lease term.

B. GRANT CONTRACT TERM:

B.1. Grant Contract Term. The term of this Grant shall be from execution of the grant agreement until Project completion, but in no way greater than 24 months from the execution of the grant agreement. Metro shall have no obligation for services rendered by the Recipient which are not performed within this term. Pursuant to Metropolitan Code of Laws § 2.149.040 (G), in the event the recipient fails to complete its obligations under this grant contract within twenty-four months from execution, Metro is authorized to rescind the contract and to reclaim previously appropriated funds from the organization.

C. PAYMENT TERMS AND CONDITIONS:

C.1. Maximum Liability. In no event shall the maximum liability of Metro under this Grant Contract exceed Two Million Five Hundred Fifty-Four Thousand Sixty-Six Dollars (\$2,554,066). The Grant Budget, attached and incorporated herein as part of Attachment A, shall constitute the maximum amount to be provided to the Recipient by Metro for all of the Recipient's obligations hereunder. The Grant Budget line-items include, but are not limited to, all applicable taxes, fees, overhead, and all other direct and indirect costs incurred or to be incurred by the Recipient.

This amount shall constitute the Grant Amount and the entire compensation to be provided to the Recipient by Metro.

C.2. Compensation Firm. The maximum liability of Metro is not subject to escalation for any reason. The Grant Budget amount is firm for the duration of the Grant Contract and is not subject to escalation for any reason unless the grant contract is amended.

C.3. Payment Methodology. The Recipient shall be compensated for actual costs based upon the Grant Budget, not to exceed the maximum liability established in Section C.1. Upon execution of the Grant Contract and receipt of a request for payment, the Recipient may be eligible to receive reimbursement for milestones as completed based upon the Grant Budget.

a. **Grant Draws**

Before a draw can be made, there must be a physical inspection of the property by Metro or an approved designee. The inspection must confirm appropriate completion of the project.

1) **Construction Grant Draw Schedule (% based on grant amount)**

- 12.5% - upon receipt of the Building Permit (check property address and contractors name) and Builder's Risk Insurance sufficient to cover cost of construction and confirmation of acquisition (make sure Metro is listed as lien holder)
- 25% - footing framing and foundation completed (25% complete)
- 25% - roofing completed and the plumbing, electric and mechanical are roughed in and approved by local Codes (50% complete)
- 25% - cabinets, counters, drywall, trim and doors are installed (75% complete)

Balance of grant upon receipt of a Final Use & Occupancy from local Codes (100% complete).

All draw requests except for the first 12.5% draw must be inspected before funding.

The above is the preferred draw method. Metro may occasionally fund based on a true percentage of completion as noted in a Construction Inspection report or if

the application requested funds for land acquisition, understanding that the initial 12.5% or acquisition draw may overfund the grant, requiring later draws to be reduced.

2) Construction Grant Draw Process

- Draw request is received from the Recipient. It should be requested by the contractor and approved by the Recipient.
- Complete property inspection
- Metro or approved designee approves the request.
- Payments should be made to the Recipient.

All invoices shall be sent to:

Barnes Housing Trust Fund
Planning Department – Housing Division
800 2nd Avenue South
Nashville, TN 37210
(615) 862-7190

Said payment shall not exceed the maximum liability of this Grant Contract.

Final invoices for the contract period should be received by Metro Payment Services by 24 months from the execution of the grant agreement. Any invoice not received by the deadline date will not be processed and all remaining grant funds will expire.

- C.4. Close-out Expenditure and Narrative Report. The Recipient must submit a final grant Close-out Expenditure and Narrative Report, to be received by the Metropolitan Housing Trust Fund Commission / Barnes Housing Trust Fund within 45 days of the end of the Grant Contract. Said report shall be in form and substance acceptable to Metro and shall be prepared by a Certified Public Accounting Firm or the Chief Financial Officer of the Recipient Organization.
- C.5. Payment of Invoice. The payment of any invoice by Metro shall not prejudice Metro's right to object to the invoice or any matter in relation thereto. Such payment by Metro shall neither be construed as acceptance of any part of the work or service provided nor as an approval of any of the costs included therein.
- C.6. Unallowable Costs. The Recipient's invoice shall be subject to reduction for amounts included in any invoice or payment theretofore made which are determined by Metro, on the basis of audits or monitoring conducted in accordance with the terms of this Grant Contract, to constitute unallowable costs.
- C.7. Deductions. Metro reserves the right to adjust any amounts which are or shall become due and payable to the Recipient by Metro under this or any Contract by deducting any amounts which are or shall become due and payable to Metro by the Recipient under this or any Contract.
- C.8. Electronic Payment. Metro requires as a condition of this contract that the Recipient shall complete and sign Metro's form authorizing electronic payments to the Recipient. Recipients who have not already submitted the form to Metro will have thirty (30) days to complete, sign, and return the form. Thereafter, all payments to the Recipient, under this or any other contract the Recipient has with Metro, must be made electronically.
- C.9. Recipient agrees and understands that procurement of goods and services for the grant project must comply with state and local law and regulations, including the Metropolitan Procurement Code. Recipient will provide Metro with all plans and specifications needed for these procurement purposes. Recipient will promptly review, and either approve or disapprove, in good faith and with reasonable grounds all estimates, amendments to scope of work, and all work performed by a contractor prior to payment.

- C. 10. Public Meetings. At the reasonable request of Metro, Recipient agrees to attend public meetings, neighborhood meetings, and other events regarding this Project.
- C. 11. Recognition. Any signage, printed materials, or online publications erected at the applicable Project site or elsewhere regarding the Project shall include the following language or language acceptable by Metro acknowledging that the Project is partially funded with a grant from the Barnes Fund for Affordable Housing of the Metropolitan Government of Nashville and Davidson County:

This project funded in part by the Barnes Affordable Housing Trust Fund of the
Metropolitan Government of Nashville & Davidson County.

Metropolitan Housing Trust Fund Commission

John Cooper, Mayor

Metropolitan Council of Nashville and Davidson County

D. STANDARD TERMS AND CONDITIONS:

- D.1. Required Approvals. Metro is not bound by this Grant Contract until it is approved by the appropriate Metro representatives as indicated on the signature page of this Grant.
- D.2. Modification and Amendment. This Grant Contract may be modified only by a written amendment that has been approved in accordance with all Metro procedures and by appropriate legislation of the Metropolitan Council.
- D.3. Default and Termination for Cause. Any failure by Owner to perform any term or provision of this Grant Contract shall constitute a "Default" (1) if such failure is curable within 30 days and Recipient does not cure such failure within 30 days following written notice of default from Metro, or (2) if such failure is not of a nature which cannot reasonably be cured within such 30-day period and Recipient does not within such 30-day period commence substantial efforts to cure such failure or thereafter does not within a reasonable time prosecute to completion with diligence and continuity the curing of such failure. Should the Recipient Default under this Grant Contract or if the Recipient violates any terms of this Grant Contract, Metro shall have the right to immediately terminate the Grant Contract and the Recipient shall return to Metro any and all grant monies for services or projects under the grant not performed as of the termination date. The Recipient shall also return to Metro any and all funds expended for purposes contrary to the terms of the Grant. Such termination shall not relieve the Recipient of any liability to Metro for damages sustained by virtue of any breach by the Recipient.
- D.4. Subcontracting. The Recipient shall not assign this Grant Contract or enter into a subcontract for any of the services performed under this Grant Contract without obtaining the prior written approval of Metro. Notwithstanding any use of approved subcontractors, the Recipient shall be considered the prime Recipient and shall be responsible for all work performed.
- D.5. Conflicts of Interest. The Recipient warrants that no part of the total Grant Amount shall be paid directly or indirectly to an employee or official of Metro as wages, compensation, or gifts in exchange for acting as an officer, agent, employee, subcontractor, or consultant to the Recipient in connection with any work contemplated or performed relative to this Grant Contract.

The Grantee also recognizes that no person identified as a Covered Person below may obtain a financial interest or benefit from a Metro Housing Trust Fund Competitive Grant assisted activity, or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds thereunder, either

for themselves or those whom they have family or business ties, during their tenure or for one year thereafter.

Covered Persons include immediate family members of any employee or board member of the Grantee. Covered Persons are ineligible to receive benefits through the Metro Housing Trust Fund Competitive Grant program. Immediate family ties include (whether by blood, marriage or adoption) a spouse, parent (including stepparent), child (including a stepbrother or stepsister), sister, brother, grandparent, grandchild, and in-laws of a Covered Person.

- D.6. Nondiscrimination. The Recipient hereby agrees, warrants, and assures that no person shall be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination in the performance of this Grant Contract or in the employment practices of the Recipient on the grounds of disability, age, race, color, religion, sex, national origin, or any other classification which is in violation of applicable laws. The Recipient shall, upon request, show proof of such nondiscrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination.
- D.7. Records. All documents relating in any manner whatsoever to the grant project, or any designated portion thereof, which are in the possession of Recipient, or any subcontractor of Recipient shall be made available to the Metropolitan Government for inspection and copying upon written request by the Metropolitan Government. Furthermore, said documents shall be made available, upon request by the Metropolitan Government, to any state, federal or other regulatory authority and any such authority may review, inspect and copy such records. Said records include, but are not limited to, all drawings, plans, specifications, submittals, correspondence, minutes, memoranda, tape recordings, videos or other writings or things which document the grant project, its design and its construction. Said records expressly include those documents reflecting the cost of construction, including all subcontracts and payroll records of Recipient.
- Recipient shall maintain documentation for all funds provided under this grant contract. The books, records, and documents of Recipient, insofar as they relate to funds provided under this grant contract, shall be maintained for a period of three (3) full years from the date of the final payment. The books, records, and documents of Recipient, insofar as they relate to funds provided under this grant contract, shall be subject to audit at any reasonable time and upon reasonable notice by Metro or its duly appointed representatives. Records shall be maintained in accordance with the standards outlined in the Metro Grants Manual. The financial statements shall be prepared in accordance with generally accepted accounting principles.
- D.8. Monitoring. The Recipient's activities conducted and records maintained pursuant to this Grant Contract shall be subject to monitoring and evaluation by Metro or Metro's duly appointed representatives. The Recipient shall make all audit, accounting, or financial records, notes, and other documents pertinent to this grant available for review by the Metropolitan Office of Financial Accountability, Internal Audit or Metro's representatives, upon request, during normal working hours.
- D.9. Reporting. The Recipient must submit an Interim Program Report, to be received by the Metropolitan Housing Trust Commission / Barnes Housing Trust Fund, by no later than September 1, 2023 and a Final Program Report, to be received by the Metropolitan Housing Trust Fund Commission within 45 [forty-five] days of the end of the Grant Contract. Said reports shall detail the outcome of the activities funded under this Grant Contract in the form required by Metro.
- D.10. Strict Performance. Failure by Metro to insist in any one or more cases upon the strict performance of any of the terms, covenants, conditions, or provisions of this agreement shall not be construed as a waiver or relinquishment of any such term, covenant, condition, or provision. No term or condition of this Grant Contract shall be held to be waived, modified, or deleted except

by a written amendment by the appropriate parties as indicated on the signature page of this Grant.

- D.11. Insurance. The Recipient shall maintain adequate public liability and other appropriate forms of insurance, including other appropriate forms of insurance on the Recipient's employees, and to pay all applicable taxes incident to this Grant Contract.
- D.12. Metro Liability. Metro shall have no liability except as specifically provided in this Grant Contract.
- D. 13. Independent Contractor. Nothing herein shall in any way be construed or intended to create a partnership or joint venture between the Recipient and Metro or to create the relationship of principal and agent between or among the Recipient and Metro. The Recipient shall not hold itself out in a manner contrary to the terms of this paragraph. Metro shall not become liable for any representation, act, or omission of any other party contrary to the terms of this paragraph.
- D. 14. Indemnification and Hold Harmless.
- (a) Recipient shall indemnify, defend, and hold harmless Metro, its officers, agents and employees from any claims, damages, penalties, costs and attorney fees for injuries or damages arising, in part or in whole, from the negligent or intentional acts or omissions of Recipient, its officers, employees and/or agents, including its sub or independent contractors, in connection with the performance of the contract, and any claims, damages, penalties, costs and attorney fees arising from any failure of Recipient, its officers, employees and/or agents, including its sub or independent contractors, to observe applicable laws, including, but not limited to, labor laws and minimum wage laws.
- (b) Metro will not indemnify, defend or hold harmless in any fashion the Recipient from any claims, regardless of any language in any attachment or other document that the Recipient may provide.
- (c) Recipient shall pay Metro any expenses incurred as a result of Recipient's failure to fulfill any obligation in a professional and timely manner under this Contract.
- (d) Grantee's duties under this section shall survive the termination or expiration of the grant.
- D.15. Force Majeure. The obligations of the parties to this Grant Contract are subject to prevention by causes beyond the parties' control that could not be avoided by the exercise of due care including, but not limited to, acts of God, riots, wars, strikes, epidemics or any other similar cause.
- D.16. State, Local and Federal Compliance. The Recipient agrees to comply with all applicable federal, state and local laws and regulations in the performance of this Grant Contract.
- D.17. Governing Law and Venue. The validity, construction and effect of this Grant Contract and any and all extensions and/or modifications thereof shall be governed by and construed in accordance with the laws of the State of Tennessee. The venue for legal action concerning this Grant Contract shall be in the courts of Davidson County, Tennessee.
- D. 18 Attorney Fees. Recipient agrees that, in the event either party deems it necessary to take legal action to enforce any provision of the Grant Contract, and in the event Metro prevails, Recipient shall pay all expenses of such action including Metro's attorney fees and costs at all stages of the litigation.
- D.19. Completeness. This Grant Contract is complete and contains the entire understanding between the parties relating to the subject matter contained herein, including all the terms and conditions of the parties' agreement. This Grant Contract supersedes any and all prior understandings, representations, negotiations, and agreements between the parties relating hereto, whether written or oral.

- D. 20. Headings. Section headings are for reference purposes only and shall not be construed as part of this Grant Contract.
- D. 21. Licensure. The Recipient and its employees and all sub-grantees shall be licensed pursuant to all applicable federal, state, and local laws, ordinances, rules, and regulations and shall upon request provide proof of all licenses. Recipient will obtain all permits, licenses, and permissions necessary for the grant project.
- D. 22. Waiver. No waiver of any provision of this contract shall affect the right of any party thereafter to enforce such provision or to exercise any right or remedy available to it in the event of any other default.
- D. 23. Inspection. The Grantee agrees to permit inspection of the project and/or services provided for herein, without any charge, by members of the Grantor and its representatives.
- D. 24. Assignment—Consent Required. The provisions of this contract shall inure to the benefit of and shall be binding upon the respective successors and assignees of the parties hereto. Except for the rights of money due to Recipient under this contract, neither this contract nor any of the rights and obligations of Recipient hereunder shall be assigned or transferred in whole or in part without the prior written consent of Metro. Any such assignment or transfer shall not release Recipient from its obligations hereunder. Notice of assignment of any rights to money due to Recipient under this Contract must be sent to the attention of the Metro Department of Finance.
- D.25. Gratuities and Kickbacks. It shall be a breach of ethical standards for any person to offer, give or agree to give any employee or former employee, or for any employee or former employee to solicit, demand, accept or agree to accept from another person, a gratuity or an offer of employment in connection with any decision, approval, disapproval, recommendation, preparations of any part of a program requirement or a purchase request, influencing the content of any specification or procurement standard, rendering of advice, investigation, auditing or in any other advisory capacity in any proceeding or application, request for ruling, determination, claim or controversy in any proceeding or application, request for ruling, determination, claim or subcontract or to any solicitation or proposal therefore. It shall be a breach of ethical standards for any payment, gratuity or offer of employment to be made by or on behalf of a subcontractor under a contract to the prime contractor or higher tier subcontractor or a person associated therewith, as an inducement for the award of a subcontract or order. Breach of the provisions of this paragraph is, in addition to a breach of this contract, a breach of ethical standards which may result in civil or criminal sanction and/or debarment or suspension from participation in Metropolitan Government contracts.
- D.26. Communications and Contacts. All instructions, notices, consents, demands, or other communications from the Recipient required or contemplated by this Grant Contract shall be in writing and shall be made by facsimile transmission, email, or by first class mail, addressed to the respective party at the appropriate facsimile number or address as set forth below or to such other party, facsimile number, or address as may be hereafter specified by written notice.

Metro:

For contract-related matters and enquiries regarding invoices:
Metropolitan Housing Trust Fund Commission / Barnes Housing Trust Fund
Planning Department – Housing Division
800 2nd Avenue South
Nashville, TN 37210
(615) 862-7190
Ashley.Brown2@Nashville.Gov

Recipient:

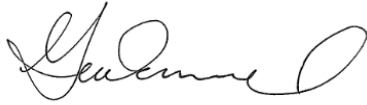
Park Center, Inc.
David Langgle-Martin, Director of PSH & Property Development
186 N 1st St
Nashville, TN 37213
615-242-3576 ext. 400
david.langgle-martin@parkcenternashville.org

- D.27. Lobbying. The Recipient certifies, to the best of its knowledge and belief, that:
- a. No federally appropriated funds have been paid or will be paid, by or on behalf of the Recipient, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, and entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement.
 - b. If any funds other than federally appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this grant, loan, or cooperative agreement, the Recipient shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.
 - c. The Recipient shall require that the language of this certification be included in the award documents for all sub-awards at all tiers (including sub-grants, subcontracts, and contracts under grants, loans, and cooperative agreements) and that all subcontractors of federally appropriated funds shall certify and disclose accordingly.
- D. 28 Effective Date. This contract shall not be binding upon the parties until it has been signed first by the Recipient and then by the authorized representatives of the Metropolitan Government and has been filed in the office of the Metropolitan Clerk. When it has been so signed and filed, this contract shall be effective as of the date first written above.

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THE METROPOLITAN GOVERNMENT
OF NASHVILLE AND DAVIDSON
COUNTY:

APPROVED AS TO PROGRAM SCOPE:



Gina Emmanuel, Chair,
Metropolitan Housing Trust Fund
Commission

APPROVED AS TO AVAILABILITY OF
FUNDS:



Kelly Flannery, Director
Department of Finance

tje

APPROVED AS TO FORM AND
LEGALITY:



Assistant Metropolitan Attorney

APPROVED AS TO RISK AND
INSURANCE:



Director of Risk Management Services

APPROVED BY METROPOLITAN
GOVERNMENT OF NASHVILLE AND
DAVIDSON COUNTY:

Metropolitan Clerk

RECIPIENT:

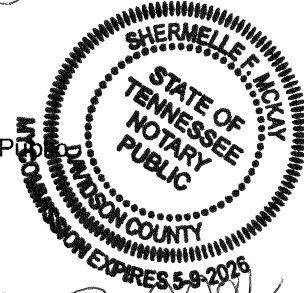
Park Center, Inc.

By: 

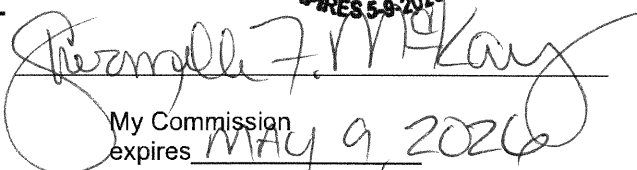
Title: Executive Director

Sworn to and subscribed to before me a
Notary Public, this 21st day
of August, 2022.

Notary Public



My Commission
expires MAY 9, 2026



Total Project Costs	5,310,926
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\$ 253 per sf

Total Equity	799,765
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Barnes Fund	2,554,066
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CITC	1,957,095
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CITC Rate	2%
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CITC Term	15 yrs
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Annual CITC Pmt	151,129
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BARNES HOUSING TRUST FUND RENTAL BUDGET

Unit Address	4501 Gallatin Pike			
Development Type	Multifamily			
Accessible Bus Line Routes	1 (Route 56)			
Number of Studios	26			
Number of 1 Bedrooms	0			
Number of 2+ Bedrooms	0			
Square Feet Total	17,832			
Square Feet Housing	16,940			
Square Feet Commercial	891			
Number of Stories	3			
Acquisition Costs				
Vacant Land	779,765			
Land with Structure	0			
Title & Recording	5,000			
Legal	15,000			
Total	799,765			
Predevelopment Costs				
Appraisal	2,000			
Survey	5,000			
Testing (Infiltration, etc.)	4,500			
Insurance	4,000			
Architect	52,000			
Engineering/MEP	30,800			
Planning/Zoning	6,000			
Other				
Total	104,300			
Construction Costs	<i>Housing</i>	<i>Commercial</i>		
Structure	95%	5%	110%	
Footer/Foundation	91,309	4,806		
Framing	391,323	20,596		
Metalwork	100,000			
Electrical/Lighting	108,080	5,688		

BARNES HOUSING TRUST FUND RENTAL BUDGET

Plumbing	121,124	6,375		
Roofing	86,961	4,577		
HVAC	159,500	15,000		
Drywall/Insulation/Tile	168,916	8,890		
Paint/Stain	95,036	5,002		
Windows/Doors/Trim/Interior Doors	136,191	15,000		
Floor Coverings	70,811	3,727		
Cabinets/Countertops	137,500			
Hardware/Glass/Mirror	23,538	3,000		
Brick/Siding	111,807	5,885		
Elevator	100,000			
Sub-Total	1,802,095	98,546		
Other				
Site Work	700,000			
Appliances	45,000			
Survey & Inspection	20,000			
Side Walks/Driveways/Dumpster	135,000			
Landscaping	60,000			
Utility Hookups	50,000			
Building Permits/Fees	12,000			
Furniture	71,000			
Demolition	15,000			
Fees				
Materials and Labor Market Contingency Cost Overrun	276,210			
Sub-Total	1,384,210			
Construction Contingency	493,591			
Profit (if organization has own construction crew)	378,420			
Sub-Total	872,010			
Total Construction Cost	4,962,380	98,546		

BARNES HOUSING TRUST FUND RENTAL BUDGET

Cost per Unit	190,861			
Developer's Fee (capped at 20%)	250,000			
Total Cost/Unit	200,476			

BARNES HOUSING TRUST FUND RENTAL OPERATING PROFORMA

	Annual Inflation Rate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9
REVENUE										
Gross Rent		336,648	346,747	357,150	367,864	378,900	390,267	401,975	414,035	426,456
Vacancy Rate (5%)		-16,832	-17,337	-17,857	-18,393	-18,945	-19,513	-20,099	-20,702	-21,323
Adjusted Gross Income		319,816	329,410	339,292	349,471	359,955	370,754	381,877	393,333	405,133
Other Income		0	0	0	0	0	0	0	0	0
Operational Subsidies		0	0	0	0	0	0	0	0	0
Gross Income		319,816	329,410	339,292	349,471	359,955	370,754	381,877	393,333	405,133
Operating Expenses										
Administrative		-28,783	-29,647	-30,536	-31,452	-32,396	-33,368	-34,369	-35,400	-36,462
Maintenance/Upkeep		-23,400	-24,336	-25,309	-26,322	-27,375	-28,470	-29,608	-30,793	-32,025
Utilities/Trash		-26,000	-27,040	-28,122	-29,246	-30,416	-31,633	-32,898	-34,214	-35,583
Taxes										
Insurance		-8,000	-8,320	-8,653	-8,999	-9,359	-9,733	-10,123	-10,527	-10,949
Legal		-5,200	-5,408	-5,624	-5,849	-6,083	-6,327	-6,580	-6,843	-7,117
Advertising										
Supplies		-20,800	-21,632	-22,497	-23,397	-24,333	-25,306	-26,319	-27,371	-28,466
Exterminating		-7,800	-8,112	-8,436	-8,774	-9,125	-9,490	-9,869	-10,264	-10,675
Other										
Total Operating Expense		-119,983	-124,495	-129,178	-134,040	-139,087	-144,327	-149,766	-155,413	-161,275
Reserve for Replacement		-15,600	-16,068	-16,550	-17,047	-17,558	-18,085	-18,627	-19,186	-19,762
Net Operating Income		184,232	188,847	193,564	198,385	203,310	208,343	213,483	218,734	224,096
DEBT SERVICE - Sources										
CITC		-151,129	-151,129	-151,129	-151,129	-151,129	-151,129	-151,129	-151,129	-151,129
Total Debt Service		-151,129	-151,129	-151,129	-151,129	-151,129	-151,129	-151,129	-151,129	-151,129
Debt Coverage Ratio		1.22	1.25	1.28	1.31	1.35	1.38	1.41	1.45	1.48
Operating Reserve	3%	-7,800	-8,034	-8,275	-8,523	-8,779	-9,042	-9,314	-9,593	-9,881
TOTAL CASH FLOW		25,303	29,684	34,160	38,732	43,402	48,171	53,041	58,012	63,086

BARNES HOUSING TRUST FUND RENTAL OPERATING PROFORMA

	Annual Inflation Rate	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19
REVENUE										
Gross Rent	3%	452,427	466,000	479,980	494,379	509,210	524,487	540,221	556,428	573,121
Vacancy Rate (5%)		-22,621	-23,300	-23,999	-24,719	-25,461	-26,224	-27,011	-27,821	-28,656
Adjusted Gross Income		429,805	442,700	455,981	469,660	483,750	498,262	513,210	528,606	544,465
Other Income		0	0	0	0	0	0	0	0	0
Operational Subsidies		0	0	0	0	0	0	0	0	0
Gross Income		429,805	442,700	455,981	469,660	483,750	498,262	513,210	528,606	544,465
Operating Expenses										
Administrative	3%	-38,682	-39,843	-41,038	-42,269	-43,537	-44,844	-46,189	-47,575	-49,002
Maintenance/Upkeep	4%	-34,638	-36,023	-37,464	-38,963	-40,521	-42,142	-43,828	-45,581	-47,404
Utilities/Trash	4%	-38,486	-40,026	-41,627	-43,292	-45,024	-46,825	-48,698	-50,645	-52,671
Taxes										
Insurance	4%	-11,842	-12,316	-12,808	-13,321	-13,853	-14,408	-14,984	-15,583	-16,207
Legal	4%	-7,697	-8,005	-8,325	-8,658	-9,005	-9,365	-9,740	-10,129	-10,534
Advertising										
Supplies	4%	-30,789	-32,021	-33,301	-34,634	-36,019	-37,460	-38,958	-40,516	-42,137
Exterminating	4%	-11,546	-12,008	-12,488	-12,988	-13,507	-14,047	-14,609	-15,194	-15,801
Other										
Total Operating Expense		-173,681	-180,241	-187,052	-194,124	-201,466	-209,090	-217,005	-225,223	-233,756
Reserve for Replacement	3%	-20,965	-21,594	-22,242	-22,909	-23,596	-24,304	-25,033	-25,784	-26,558
Net Operating Income		235,160	240,864	246,686	252,627	258,687	264,868	271,172	277,599	284,150
DEBT SERVICE - Sources										
CITC		-151,129	-151,129	-151,129	-151,129	-151,129				
Total Debt Service		-151,129	-151,129	-151,129	-151,129	-151,129				
Debt Coverage Ratio		1.56	1.59	1.63	1.67	1.71				
Operating Reserve	3%	-10,483	-10,797	-11,121	-11,455	-11,798	-12,152	-12,517	-12,892	-13,279
TOTAL CASH FLOW		73,548	78,938	84,436	90,043	95,760	252,716	258,655	264,707	270,871

BARNES HOUSING TRUST FUND RENTAL OPERATING PROFORMA

Year 10
439,249
-21,962
417,287
0
0
417,287
-37,556
-33,305
-37,006
-11,386
-7,401
-29,605
-11,102
-167,362
-20,354
229,571
-151,129
-151,129
1.52
-10,177
68,264

BARNES HOUSING TRUST FUND RENTAL OPERATING PROFORMA

Year 20
590,314
-29,516
560,799
0
0
560,799
-50,472
-49,300
-54,778
-16,855
-10,956
-43,822
-16,433
-242,617
-27,355
290,827
-13,677
277,150

**BY-LAWS
Of
PARK CENTER**

ARTICLE I. Name and Address

The name of this facility shall be Park Center, hereafter referred to as the “Agency”. It is a private not-for-profit corporation. The principal office shall be located at 801 12th Avenue South, Nashville, Tennessee, 37203. The Agency may also have other offices at such other locations as the purpose of the Agency requires.

ARTICLE II. Objective

The Agency is a conduit to restore hope, provide opportunities and promote recovery of persons with mental illness and co-occurring disorders through holistic services that focus on their needs, choices, and strengths. The Agency accomplishes these goals by providing psychiatric rehabilitation services for adults with mental illness and co-occurring disorders. The Agency maintains programs designed to further the needs of this population – including, but not limited to, psycho-social rehabilitation, peer support, housing, employment, and homeless outreach.

ARTICLE III. Membership

Members of the Board of Directors shall constitute membership of the Agency.

ARTICLE IV. Board of Directors

A. Composition of the Board of Directors. There shall be at least twenty-one (21) board members. Directors shall be of adult age. Directors shall be chosen with due respect for geographic, minority and racial distribution, variety of professions and areas of interest. At least two-thirds (2/3) of Directors shall at all times consist of persons not professionally engaged in the mental health field. The Board Governance Committee shall make an analysis of the Board’s composition and insure that there is a cross-section of community representation.

B. Election. Candidates for membership shall be selected from among those nominated by the Board Governance Committee, which shall consist of five (5) Board members at least thirty days (30) prior to the Annual Meeting. The first Board Governance Committee shall be appointed by the Chairman. Thereafter, the Board Governance Committee shall be elected by the Board. Additional candidates for membership may be nominated by any member of the Board at the Annual Meeting. Candidates for positions on the Board may also be nominated by any member of the Board at the Annual Meeting. Board members shall be elected by a majority vote of Board members at the Annual Meeting.

C. Terms. Directors shall serve for a renewable period of three years. The Board Governance Committee will establish criteria for reviewing Board member qualifications, potential conflicts of interests and assessing the contributions of current directors in connection with their re-nomination. The Board Governance Committee will evaluate each Board member upon the expiration of their three year term. The Board Governance Committee shall consult with the Executive Committee prior to any recommendation to add or terminate Board members.

D. Vacancies. Any vacancies among the Board of Directors by reason of death, resignation, the inability to act, or any other circumstance, may be filled for the unexpired portion of the term by the Board at any meeting of the Board of Directors. If a person is elected to fill a vacancy on the Board, eligibility for re-election is not affected.

E. General Powers. The Board of Directors shall constitute the governing body of the Agency. The Board shall have power to control, conduct and manage the property and affairs and business of the Agency and all Agency power shall be vested in said Board except such power as the Board may delegate to the officers of the Agency and to the professional staff in carrying out their professional functions.

F. Meetings. Meetings of the Board of Directors shall be held at least four (4) times each year. The Chairman of the Board may designate additional meeting dates. These meetings may be called by the Chairman upon notice in person, by letter, by telephone, e-mail or fax. Meetings of the Board may also be called upon the written request of five (5) members of the Board of Directors. Said request is to be given to the Chairman by letter, delivered in person or by U.S. Mail.

G. Annual Meeting. A meeting during the month of October shall be designated as the "Annual Meeting," unless the Board designates a different month. New members of the Board of Directors shall be elected by a majority vote of other Board members and other formal annual business conducted at the Annual Meeting. Notice of the Annual Meeting shall be given at least thirty (30) days prior to the meeting.

H. Quorum. A quorum shall be one-third (1/3) of the Directors.

I. Voting. Except as otherwise provided in these By-Laws, all matters shall be decided by a majority vote of members of the Board of Directors. Proxy voting may be allowed if the Director sends notice to the President/CEO or Chairman at least twenty-four hours prior to the next scheduled Board meeting.

J. Committees. Standing committees of the Agency shall be the Executive Committee, the Human Resources Committee (formerly the Personnel Committee), Risk Management Committee, Quality Committee, and the Board Governance Committee. The Board of Directors may authorize and appoint other committees it deems necessary to help carry out its functions.

K. Compensation. No Board member, Advisory Board member or officer shall be paid for any services rendered to this Agency and no funds of the Agency shall be loaned to any Board member, Advisory Board member, or officer.

ARTICLE V. Advisory Board

An Advisory Board may be established at the discretion of the Board of Directors and shall perform whatever duties the Board may deem necessary to help carry out the functions of the Board, the Agency or both.

A. Composition of the Advisory Board. The Advisory Board shall consist of at least six (6) members. Advisory Board members shall be of adult age and shall include participants in the Agency's programs and/ or their family members as well as other community stakeholders.

B. Election. Candidates for membership on the Advisory Board shall be appointed by a majority vote of participating members of the Board of Directors by phone, email or written confirmation.

C. Terms. Each Advisory Board member may serve a maximum of one year after which time, he/ she may be reappointed at the discretion of the Board.

ARTICLE VI. Officers

A. Officers. The Board of Directors shall have a Chairman, one or more vice-Chairmen, a Secretary, a Treasurer, and such other officers as the Board of Directors may from time to time elect.

B. Duties of Officers.

1. The Chairman shall preside at all meetings of the Board and Executive Committee. The Chairman or the President shall sign all certificates, contracts and other instruments of the Agency as authorized by the Board of Directors. The Chairman shall make regular reports to the Board and shall perform whatever duties the Board may from time to time assign. The Chairman shall may as an ex-officio member of all committees. The Chairman shall be an ex-officio member of the Executive Committee for a period of one (1) year following expiration of his/her term of office.

2. The Vice-Chairman shall perform the duties of the Chairman in the event of his/ her absence, inability to perform duties, or resignation. The Vice-Chairman shall perform such other duties as the Board may from time to time assign.

3. The Secretary shall be responsible for the minutes and records of the meeting of the Board of Directors and the Executive Committee and shall perform such

other duties as prescribed by the Board. The Secretary will also have oversight for the preparation of correspondence written on behalf of the Board of Directors and the Executive Committee. The Secretary shall perform such other duties as the Board may from time to time assign

4. The Treasurer shall serve as a consultant to the President/CEO in matters of financial management. The Treasurer shall work with the Finance Director to oversee: 1) the collection and disbursement of funds; 2) preparation of financial statements; 3) preparation of annual budget 4) such other reports and accounts of the financial condition of the Agency as may from time to time be requested by the Board, 5) will chair the Finance Committee. The Treasurer will report financial condition to the Board on a bi-monthly basis.

C. Executive Committee. The Executive Committee shall consist of the Officers of the Board, the immediate past Chairman and two additional members of the Board, appointed by the Chairman and subject to Board approval. Between meetings of the Board of Directors, the Executive Committee shall have and may exercise in the absence of specific direction by the Board of Directors, all powers of the Board and shall regularly report its actions to the Board. The Executive Committee shall convene as needed.

D. Terms. Each officer shall take office upon their election and shall serve a term of one year or until their successors have been elected. The Chairman may serve no more than two consecutive one –year terms.

E. Vacancies. Vacancies among the officers shall be filled for the unexpired term by the Board of Directors at any regular meeting by a majority vote except that the Chairman of the Board of Directors may appoint members to fill any vacancies in the Executive Committee upon approval by the Board at any meeting of the Board.

ARTICLE VII. Staff

A. President/CEO. The President/CEO is responsible for administering the program of the Agency. The President/CEO shall be chosen and employed by the Board of Directors from among applicants screened and recommended by the Human Resource Committee. The President/CEO shall hire such other employees as the Board of Directors deems advisable; shall have the power to remove all employees subject to the Personnel Policies of the agency; and shall coordinate, supervise and have charge of all of the programs and business administration of the organization, subject to specific action by the Board of Directors. The President/CEO shall meet with and advise the Board, the Executive Committee and all committees as necessary. The President/CEO shall not be a member nor have a vote in these bodies. If for any reason the President/ CEO is unable to perform his/ her functions, the Director of Quality & Operations, shall act as interim President/CEO. In the event the Director of Quality & Operations is unable to act in this role, the role of interim President/CEO shall be determined by the Board of Directors based upon the recommendations of the Human Resource Committee.

B. Human Resource Committee. The Human Resource Committee shall work with the President/CEO in establishing positions; formulating job descriptions; setting up salary scales; establishing and implementing grievance procedures; and in developing personnel policies as applied to all employees and recommend to the Board of Directors for approval. The Human Resource Committee, in consultation with the Executive Committee, shall annually evaluate the President/CEO.

C. Hiring Policies. Hiring shall be conducted in full compliance with the Agency's anti-discrimination policy.

ARTICLE VIII. Finances

A. Fiscal Year. The Board shall establish the Agency's fiscal year.

B. Funds. All funds received by the Agency shall be credited to the Agency and placed in depositories approved by the Board of Directors. All checks drawn by the Agency shall be signed by the President/CEO, Psychiatric Rehabilitation Director, Housing Director, Chairman or Treasurer. Any check over \$2500 shall require two of the signatures noted above. The Board of Directors must approve any borrowed funds and at that time will authorize the President/CEO to sign for those borrowed funds. The accounts of the Agency shall be audited annually after the close of the fiscal year.

ARTICLE IX. Parliamentary Procedures

Robert's Rules of Order shall govern the meetings of the Board of Directors and the committees of the Agency in all cases in which they are applicable and in which they are not inconsistent with these By-Laws.

ARTICLE X. Amendments of the By-Laws

The By-Laws of the Agency may be altered or changed at any regular or special meeting of the Board of Directors by a two-thirds (2/3) vote of the Board of Directors of record. All proposed amendments shall be submitted in writing to the Board of Directors at least thirty (30) days prior to the regular or special meeting at which these proposals are to be considered.

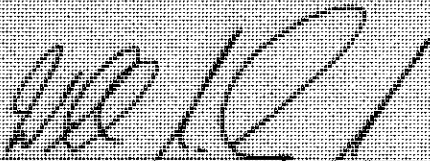
ARTICLE XI. Disposal of Assets in Event of Dissolution

Should the Agency for any reason cease to operate, all assets at that time shall be donated to a not-for-profit, eleemosynary organization qualifying for exemption purposes specified in Section 501 (c) of the Internal Revenue Code. The preference shall be given to agencies working in the field of mental health during the selection of such an

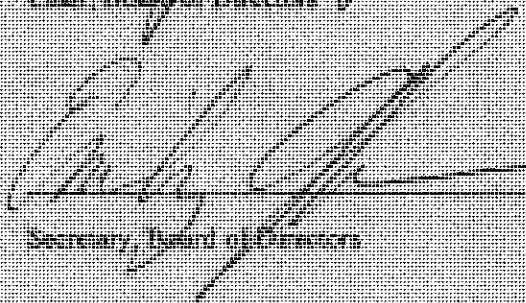
agency. The choice of such an agency shall be determined by a majority vote of the Board members of record at the time of such dissolution.

PARK CENTER
By-Laws Revision
Effective Date

The Constitution and By-Laws as amended and restated were approved by the Park Center Board of Directors at its meeting dated the 30th day of July 2019 and are effective as of the date of approval.



Chair, Board of Directors



Secretary, Board of Directors

Internal Revenue Service

Department of the Treasury

P. O. Box 2508
Cincinnati, OH 45201

Date: May 13, 2002

Park Center
801 12th Ave. S
Nashville, TN 37203

Person to Contact:
Andrea Switser 31-00972
Customer Service Specialist
Toll Free Telephone Number:
8:00 a.m. to 6:30 p.m. EST
877-829-5500
Fax Number:
513-263-3756
Federal Identification Number:
62-1336640

Dear Sir or Madam:

This letter is in response to your request for a copy of your organization's determination letter. This letter will take the place of the copy you requested.

Our records indicate that a determination letter issued in September 1989 granted your organization exemption from federal income tax under section 501(c)(3) of the Internal Revenue Code. That letter is still in effect.

Based on information subsequently submitted, we classified your organization as one that is not a private foundation within the meaning of section 509(a) of the Code because it is an organization described in sections 509(a)(1) and 170(b)(1)(A)(vi).

This classification was based on the assumption that your organization's operations would continue as stated in the application. If your organization's sources of support, or its character, method of operations, or purposes have changed, please let us know so we can consider the effect of the change on the exempt status and foundation status of your organization.

Your organization is required to file Form 990, Return of Organization Exempt from Income Tax, only if its gross receipts each year are normally more than \$25,000. If a return is required, it must be filed by the 15th day of the fifth month after the end of the organization's annual accounting period. The law imposes a penalty of \$20 a day, up to a maximum of \$10,000, when a return is filed late, unless there is reasonable cause for the delay.

All exempt organizations (unless specifically excluded) are liable for taxes under the Federal Insurance Contributions Act (social security taxes) on remuneration of \$100 or more paid to each employee during a calendar year. Your organization is not liable for the tax imposed under the Federal Unemployment Tax Act (FUTA).

Organizations that are not private foundations are not subject to the excise taxes under Chapter 42 of the Code. However, these organizations are not automatically exempt from other federal excise taxes.

Donors may deduct contributions to your organization as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to your organization or for its use are deductible for federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522 of the Code.

Park Center
62-1336640

Your organization is not required to file federal income tax returns unless it is subject to the tax on unrelated business income under section 511 of the Code. If your organization is subject to this tax, it must file an income tax return on the Form 990-T, Exempt Organization Business Income Tax Return. In this letter, we are not determining whether any of your organization's present or proposed activities are unrelated trade or business as defined in section 513 of the Code.

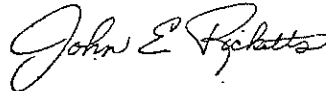
The law requires you to make your organization's annual return available for public inspection without charge for three years after the due date of the return. You are also required to make available for public inspection a copy of your organization's exemption application, any supporting documents and the exemption letter to any individual who requests such documents in person or in writing. You can charge only a reasonable fee for reproduction and actual postage costs for the copied materials. The law does not require you to provide copies of public inspection documents that are widely available, such as by posting them on the Internet (World Wide Web). You may be liable for a penalty of \$20 a day for each day you do not make these documents available for public inspection (up to a maximum of \$10,000 in the case of an annual return).

Because this letter could help resolve any questions about your organization's exempt status and foundation status, you should keep it with the organization's permanent records.

If you have any questions, please call us at the telephone number shown in the heading of this letter.

This letter affirms your organization's exempt status.

Sincerely,



John E. Ricketts, Director, TE/GE
Customer Account Services



Proudly serving the Nashville-Davidson County community since 1984

Mission Statement: Park Center empowers people who have mental illness and substance use disorders to live and work in their communities.

Programs:

Permanent Supportive Housing – affordable housing with ongoing, flexible, and voluntary supportive services designed to promote housing stability, health, and community integration following the evidence-based Housing First model

Homeless Outreach – street outreach, street medicine, housing navigation, and expedited access to disability benefits

Addiction Treatment – Intensive Outpatient and Outpatient recovery groups and individual counseling

Supported Employment – intensive support with obtaining and maintaining a job using the evidence-based Individual Placement and Supports model

Psychosocial Rehabilitation – day program focused on building social, recovery, and life skills

Supported Housing – transitional housing offering 24/7 on-site staff support with a focus on building independent living and recovery skills

PARK CENTER, INC. AND AFFILIATE

CONSOLIDATED FINANCIAL STATEMENTS

As of and for the Years Ended June 30, 2021 and 2020

And Report of Independent Auditor

PARK CENTER, INC. AND AFFILIATE
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Report of Independent Auditor

To the Board of Directors
Park Center, Inc. and Affiliate
Nashville, Tennessee

We have audited the accompanying consolidated financial statements of Park Center, Inc. (a nonprofit organization) and Affiliate, which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Park Center, Inc. and Affiliate as of June 30, 2021 and 2020, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Consolidating Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information on pages 19 through 22 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, changes in net assets, and cash flows of the individual organizations, and it is not a required part of the consolidated 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 consolidated financial statements. The consolidating information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Cheng Bekant LLP

Nashville, Tennessee

February 4, 2022

PARK CENTER, INC. AND AFFILIATE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 6,213,522	\$ 6,971,172
Accounts receivable	314,115	145,044
Grants and fees receivable	584,860	656,448
Prepaid expenses	121,642	73,410
Total Current Assets	<u>7,234,139</u>	<u>7,846,074</u>
Investments	954,663	793,631
Property and equipment, net	11,338,311	11,570,957
Total Assets	<u><u>\$ 19,527,113</u></u>	<u><u>\$ 20,210,662</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 528,590	\$ 764,243
Current portion of long-term debt	11,870	11,406
Deferred revenue	-	732,590
Total Current Liabilities	<u>540,460</u>	<u>1,508,239</u>
Long-term debt, net of current portion	<u>69,258</u>	<u>81,088</u>
Total Liabilities	<u>609,718</u>	<u>1,589,327</u>
Net Assets:		
Without Donor Restrictions:		
Undesignated	14,811,909	15,123,147
Board designated	1,333,891	1,172,864
Total Without Donor Restrictions	<u>16,145,800</u>	<u>16,296,011</u>
With donor restrictions	<u>2,771,595</u>	<u>2,325,324</u>
Total Net Assets	<u>18,917,395</u>	<u>18,621,335</u>
Total Liabilities and Net Assets	<u><u>\$ 19,527,113</u></u>	<u><u>\$ 20,210,662</u></u>

PARK CENTER, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenues:			
Public Support:			
Grants and contracts	\$ 4,972,253	\$ -	\$ 4,972,253
Contributions	481,018	528,696	1,009,714
In-kind donations	380	-	380
Total Public Support	<u>5,453,651</u>	<u>528,696</u>	<u>5,982,347</u>
Revenues:			
Rental income	625,139	-	625,139
Food service fees	305	-	305
Investment return, net	190,188	-	190,188
Other	330	-	330
Total Revenues	<u>815,962</u>	<u>-</u>	<u>815,962</u>
Net assets released from restrictions	<u>82,425</u>	<u>(82,425)</u>	<u>-</u>
Total Public Support, Revenues	<u>6,352,038</u>	<u>446,271</u>	<u>6,798,309</u>
Expenses:			
Program services	<u>5,171,744</u>	<u>-</u>	<u>5,171,744</u>
Supporting Services:			
Management and general	1,132,246	-	1,132,246
Fundraising	198,259	-	198,259
Total Supporting Services	<u>1,330,505</u>	<u>-</u>	<u>1,330,505</u>
Total Expenses	<u>6,502,249</u>	<u>-</u>	<u>6,502,249</u>
Change in net assets	(150,211)	446,271	296,060
Net assets, beginning of year	<u>16,296,011</u>	<u>2,325,324</u>	<u>18,621,335</u>
Net assets, end of year	<u>\$ 16,145,800</u>	<u>\$ 2,771,595</u>	<u>\$ 18,917,395</u>

The accompanying notes to the consolidated financial statements are an integral part of this statement.

PARK CENTER, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Revenues:			
Public Support:			
Grants and contracts	\$ 4,209,422	\$ -	\$ 4,209,422
Contributions	384,501	114,647	499,148
In-kind donations	51,900	-	51,900
Total Public Support	<u>4,645,823</u>	<u>114,647</u>	<u>4,760,470</u>
Revenues:			
Rental income	803,007	-	803,007
Food service fees	9,211	-	9,211
Investment return, net	31,312	-	31,312
Other	105,556	-	105,556
Total Revenues	<u>949,086</u>	<u>-</u>	<u>949,086</u>
Net assets released from restrictions	<u>49,908</u>	<u>(49,908)</u>	<u>-</u>
Gain on property transactions (Note 6)	<u>10,047,646</u>	<u>-</u>	<u>10,047,646</u>
Total Public Support and Revenues	<u>15,692,463</u>	<u>64,739</u>	<u>15,757,202</u>
Expenses:			
Program services	<u>5,141,066</u>	<u>-</u>	<u>5,141,066</u>
Supporting Services:			
Management and general	973,833	-	973,833
Fundraising	201,207	-	201,207
Total Supporting Services	<u>1,175,040</u>	<u>-</u>	<u>1,175,040</u>
Total Expenses	<u>6,316,106</u>	<u>-</u>	<u>6,316,106</u>
Change in net assets	9,376,357	64,739	9,441,096
Net assets, beginning of year	<u>6,919,654</u>	<u>2,260,585</u>	<u>9,180,239</u>
Net assets, end of year	<u>\$ 16,296,011</u>	<u>\$ 2,325,324</u>	<u>\$ 18,621,335</u>

The accompanying notes to the consolidated financial statements are an integral part of this statement.

PARK CENTER, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2021

	Program Services	Supporting Services		Total Expenses
		Management and General	Fundraising	
Personnel services	\$ 2,931,430	\$ 639,050	\$ 120,338	\$ 3,690,818
Fringe benefits	365,739	64,779	11,846	442,364
Payroll taxes	211,020	47,490	8,564	267,074
Total Personnel Costs	3,508,189	751,319	140,748	4,400,256
Rental and maintenance	259,333	20,946	5,025	285,304
Utilities	188,049	13,896	1,300	203,245
Professional fees	47,503	133,301	133	180,937
Small equipment purchases	149,552	9,787	48	159,387
Member expenses	151,550	-	-	151,550
Program services	88,613	38,358	5,925	132,896
Insurance	51,721	58,681	363	110,765
Telephone	69,748	5,810	2,437	77,995
Travel	55,845	13,740	61	69,646
Rent	53,495	-	-	53,495
Program supplies	47,527	616	120	48,263
Contract services	45,046	1,311	-	46,357
Taxes and licenses	33,427	11,214	1,692	46,333
Food and beverage	37,281	309	448	38,038
Special events	-	-	23,694	23,694
Certifications and accreditations	3,974	17,431	1,775	23,180
Janitorial supplies	18,508	2,792	263	21,563
Miscellaneous	8,581	6,649	2,958	18,188
Office supplies	11,278	1,769	748	13,795
Vehicle expense	10,785	-	-	10,785
Printing and publications	3,612	890	4,517	9,019
Interest	3,493	-	-	3,493
Postage and shipping	870	1,732	399	3,001
Medical supplies	1,283	-	-	1,283
Total Expense Before Depreciation	4,849,263	1,090,551	192,654	6,132,468
Depreciation	322,481	41,695	5,605	369,781
Total Expenses	\$ 5,171,744	\$ 1,132,246	\$ 198,259	\$ 6,502,249

The accompanying notes to the consolidated financial statements are an integral part of this statement.

PARK CENTER, INC. AND AFFILIATE
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2020

	Supporting Services			Total Expenses
	Program Services	Management and General	Fundraising	
Personnel services	\$ 2,656,548	\$ 607,813	\$ 115,136	\$ 3,379,497
Fringe benefits	309,119	64,778	19,455	393,352
Payroll taxes	193,890	40,980	8,025	242,895
Total Personnel Costs	3,159,557	713,571	142,616	4,015,744
Rental and maintenance	542,767	30,002	9,163	581,932
Utilities	233,795	-	-	233,795
Professional fees (including in-kind of \$51,900)	109,491	97,874	6,229	213,594
Interest	150,144	-	-	150,144
Member expenses	114,947	550	-	115,497
Insurance	41,469	64,995	-	106,464
Rent	78,600	1,000	14,625	94,225
Telephone	66,710	20,112	2,965	89,787
Food and beverage	56,610	4,745	10,375	71,730
Taxes and licenses	54,858	137	501	55,496
Program supplies	46,928	4,580	2,797	54,305
Travel	46,254	4,123	745	51,122
Program services	40,639	600	-	41,239
Miscellaneous	4,581	22,902	2,103	29,586
Office supplies	17,127	4,432	661	22,220
Janitorial supplies	18,847	-	-	18,847
Small equipment purchases	16,347	-	-	16,347
Certifications and accreditations	16,035	-	-	16,035
Printing and publications	2,642	1,461	5,620	9,723
Vehicle expense	5,475	-	-	5,475
Contract services	2,541	1,845	-	4,386
Postage and shipping	534	904	2,807	4,245
Medical supplies	3,340	-	-	3,340
Total Expense Before Depreciation	4,830,238	973,833	201,207	6,005,278
Depreciation	310,828	-	-	310,828
Total Expenses	\$ 5,141,066	\$ 973,833	\$ 201,207	\$ 6,316,106

The accompanying notes to the consolidated financial statements are an integral part of this statement.

PARK CENTER, INC. AND AFFILIATE
CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ 296,060	\$ 9,441,096
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	369,781	310,828
Net realized and unrealized gain on investments	(159,992)	(17,334)
(Gain) loss on property transactions	-	(10,047,646)
Changes in operating assets and liabilities:		
Accounts receivable	(169,071)	29,808
Grants receivable	71,588	74,350
Prepaid expenses	(48,232)	4,395
Accounts payable and accrued expenses	(235,653)	214,663
Deferred revenue	(732,590)	718,080
Net cash flows from operating activities	<u>(608,109)</u>	<u>728,240</u>
Cash flows from investing activities:		
Proceeds from sale of investments	290,648	104,002
Purchases of investments	(291,688)	(101,406)
Proceeds from property transactions	-	10,483,421
Purchases of property and equipment	(137,135)	(131,635)
Net cash flows from investing activities	<u>(138,175)</u>	<u>10,354,382</u>
Cash flows from financing activities:		
Payments on long-term debt	(11,366)	(7,090,008)
Net cash flows from financing activities	<u>(11,366)</u>	<u>(7,090,008)</u>
Change in cash and cash equivalents	(757,650)	3,992,614
Cash and cash equivalents, beginning of year	6,971,172	2,978,558
Cash and cash equivalents, end of year	<u>\$ 6,213,522</u>	<u>\$ 6,971,172</u>
Supplemental disclosure:		
Interest paid	<u>\$ 3,493</u>	<u>\$ 150,144</u>

PARK CENTER, INC. AND AFFILIATE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

Note 1—Nature of organization and significant accounting policies

General – Park Center (the “Organization”) is a nonprofit organization that provides psychosocial and vocational rehabilitation services and housing to emotionally and mentally ill individuals in Davidson County, Tennessee. The Organization offers food service, clerical, environmental, and vocational rehabilitation and operates a continuous mental health facility. Additionally, the Organization offers housing and housing support programs at several locations. The Organization’s major sources of revenue are government grants and contracts with behavioral health organizations.

The Organization sponsored the establishment of Haley’s Park, Inc. (“Haley’s Park”), a separate nonprofit corporation, that was established in order to construct a facility to provide chronically mentally ill persons with housing and other services under guidelines of the U.S. Department of Housing and Urban Development (“HUD”), Section 811. The facility was completed in 2008 and includes 14 one-bedroom units and one two-bedroom unit for a resident counselor, as well as office space. Haley’s Park is operated under Section 202 of the National Housing Act and regulated by HUD with respect to rental charges and operating methods. The Organization provides management services for Haley’s Park and the Organization’s Board of Directors maintains the ability to approve the directors of Haley’s Park.

Principles of Consolidation – The consolidated financial statements include the accounts of the Organization and its affiliated organization, Haley’s Park (collectively, the “Center”). All significant inter-entity transactions and balances have been eliminated in consolidation.

Basis of Presentation – The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). Financial statement presentation is in accordance with standards of accounting and financial reporting prescribed for nonprofit organizations within the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”). Accordingly, net assets of the Center and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Center. These net assets may be used at the discretion of the Center’s management and the Board of Directors. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors. Presently, net assets designated by the board are for future needs and the benefits of certain programs.

Net Assets With Donor Restrictions – Net assets subject to stipulations imposed by donors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Center or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. Net assets with donor restrictions represent amounts available for specified projects.

Cash and Cash Equivalents – The Center considers all highly liquid investments available for current use with a maturity of three months or less when purchased to be cash equivalents.

Accounts Receivable – Client service revenue is reported at the estimated net realizable value from third-party payers in the period services are rendered. Management provides for losses on accounts receivable using the allowance method. The allowance is based on experience and other circumstances which may affect the collectability of accounts receivable. Based on collection experience and management’s review, no allowance for doubtful accounts is considered necessary at June 30, 2021 and 2020.

PARK CENTER, INC. AND AFFILIATE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

Note 1—Nature of organization and significant accounting policies (continued)

Investments – The Center accounts for investments in accordance with U.S. GAAP. Under this guidance, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the consolidated statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying consolidated statements of activities as revenues or expenses without donor restrictions, unless specified by the donor.

Fair Values – The Center has an established process for determining fair values in accordance with FASB ASC guidance. Fair value is based upon quoted market prices, where available. If listed prices or quotes are not available, fair value is based upon internally developed models or processes that use primarily market-based or independently-sourced market data and third party information. Valuation adjustments may be made to ensure that financial instruments are recorded at fair value. Furthermore, while the Center believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies, or assumptions, to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date. U.S. GAAP has a three-level valuation hierarchy for fair value measurements. A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The three levels are explained as follows:

Level 1 – Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 – Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset and liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Contributions – Contributions are recognized when the donor makes a promise to give to the Center that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor restrictions are reported as increases in net assets with donor restrictions based on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Donated Services – Amounts are reported in the consolidated financial statements for voluntary donations of services only when those services create or enhance non-financial assets or require specialized skills provided by individuals possessing those skills, which would typically be purchased if not provided by donation. Volunteers donate significant amounts of their time in the Center's program services and its fundraising efforts that have not been reported in the accompanying consolidated financial statements because the services do not create or enhance nonfinancial assets and no objective basis is available to measure the value of such volunteer time.

Functional Expense Allocation – The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statements of activities and in the consolidated statements of functional expenses. Salaries and related expenses are allocated to the various program and supporting services based on actual or estimated time employees spend on each function. The remaining expenses are specifically allocated whenever practical. Management and general expenses include those expenses that are not directly identifiable with any other specific function, but provide for the overall support and direction of the Center.

PARK CENTER, INC. AND AFFILIATE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

Note 1—Nature of organization and significant accounting policies (continued)

Estimates – The preparation of consolidated financial statements in conformity with U.S. GAAP 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 consolidated financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes – The Center is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and are not private foundations as defined in Section 509(a) of the Internal Revenue Code. Management believes the Center continues to satisfy the requirements of a tax-exempt organization as of June 30, 2021.

Unemployment Claims – Rather than providing for future unemployment claims by paying the state unemployment insurance tax, the Center has elected to be a reimbursing employer. Reimbursing employers pay actual approved claims as they occur, plus an administrative fee. The Center is not currently aware of any pending claims.

Adoption of New Accounting Pronouncements – In May 2014, FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. ASU 2014-09 clarifies the principles for recognizing revenue and develops a common revenue standard under U.S. GAAP under which an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 is effective for the Center for the year ending June 30, 2021. The Center adopted the provisions of ASU 2014-09 as of July 1, 2020 using a modified retrospective approach, which resulted in no cumulative effect adjustment to net assets as of July 1, 2020. There was no change in the timing and amount of revenue recognition as a result of the adoption of the ASU. (See Note 2.)

Forthcoming Accounting Pronouncements – In February 2016, FASB issued ASU 2016-02, *Leases*. This guidance introduces a lessee model that brings substantially all leases on the consolidated statements of financial position. This guidance is effective for the year ending June 30, 2023. The Center is evaluating the impact this guidance may have on its consolidated financial statements.

Note 2—Revenue recognition

As discussed in Note 1, on July 1, 2020, the Center adopted Accounting Standards Codification (“ASC”) 606 using the modified retrospective approach. The Center determined that there was no cumulative effect adjustment to net assets upon adoption of the new revenue standard as of July 1, 2020. Under ASC 606, revenue is recognized when the Center performs services for a customer in an amount that reflects consideration that is expected to be received for those services.

Performance Obligations and Revenue Recognition – A performance obligation is a contract to transfer a distinct good or service to the customer and is the unit of account under ASC 606. The transaction price is allocated to each distinct performance obligation and recognized as revenue, when or as, the performance obligation is satisfied. The contract obligation for treatment services reimbursed through certain fee for service grants and managed care income is recognized at the time these services are provided to the customer.

PARK CENTER, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

Note 2—Revenue recognition (continued)

Treatment services – A portion of the Center’s revenue is derived by providing services to eligible individuals under grant agreements and insurance fee agreements. Due to the nature of these transactions, there is no variable consideration and only one performance obligation. Such revenue is conditioned upon meeting a certain performance obligation, and amounts received are recognized once the requirement has been met. Once the service is performed, the performance obligation is considered to have been met. Those transactions are considered contracts with customers as they have commercial substance through the transaction of cash payment in return for the service purchased.

Disaggregation of Revenue – See the accompanying consolidated statements of activities.

Note 3—Liquidity and availability of resources

The Center regularly monitors liquidity required to meet its operating needs and other contractual commitments. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Center considers all expenditures related to its ongoing program service activities as well as the conduct of services undertaken to support those activities to be general expenditures. Financial assets available for general expenditure, that is, without donor restrictions or other restrictions limiting their use within one year of the consolidated statements of financial position comprise the following at June 30:

	<u>2021</u>	<u>2020</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 6,213,522	\$ 6,971,172
Accounts receivable	314,115	145,044
Grants receivable	584,860	656,448
Investments	954,663	793,631
Total financial assets	<u>8,067,160</u>	<u>8,566,295</u>
Less amounts not available to be used for general expenditures within one year:		
Net assets subject to Board designations	1,333,891	1,172,864
Net assets subject to donor restrictions	629,507	176,426
Total amounts not available to be used for general expenditures within one year	<u>1,963,398</u>	<u>1,349,290</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 6,103,762</u>	<u>\$ 7,217,005</u>

Although the Organization has designated net assets for certain purposes (as described in Note 12), these amounts could be made available if necessary. As described in Note 9, the Organization also has a line of credit that is available for general operating needs.

PARK CENTER, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

Note 4—Investments

Investments are stated at fair value with fair value determined based on active markets (Level 1) and consist of the following at June 30:

	<u>2021</u>	<u>2020</u>
Short-term investments	\$ 189,310	\$ 196,424
Exchange traded funds	34,721	-
Mutual funds:		
Intermediate-term bond funds	161,337	164,472
Large growth funds	141,365	73,060
Large value funds	127,282	61,420
Small cap blend funds	86,997	-
Foreign large blend funds	80,994	48,612
Mid-cap blend funds	60,643	41,182
Multi-sector bond funds	36,318	60,067
Short-term bond funds	35,696	61,696
Small blend funds	-	29,655
Real estate funds	-	27,268
Alternative strategies funds	-	29,775
	<u>\$ 954,663</u>	<u>\$ 793,631</u>

The following schedule summarizes investment income in the consolidated statements of activities for the years ended June 30:

	<u>2021</u>	<u>2020</u>
Interest and dividend income (including interest on cash and cash equivalents)	\$ 30,196	\$ 13,978
Net unrealized and realized gain on investments	<u>159,992</u>	<u>17,334</u>
	<u>\$ 190,188</u>	<u>\$ 31,312</u>

Note 5—Property and equipment

Property and equipment are recorded at cost at the date of purchase or fair value at date of gift. Depreciation of property and equipment is provided over the estimated useful lives of the respective assets (ranging from three to forty years) on a straight-line basis. The Center generally capitalizes an asset if its life is estimated to be one year or greater and the cost is \$1,000 or greater.

Depreciation expense amounted to \$369,781 and \$310,828, respectively, for the years ended June 30, 2021 and 2020.

PARK CENTER, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

Note 5—Property and equipment (continued)

The balances of the major classes of property and equipment are as follows at June 30:

	<u>2021</u>	<u>2020</u>
Land and land improvements	\$ 3,647,258	\$ 3,647,258
Buildings and building improvements	11,006,120	11,017,490
Equipment and furniture	285,063	196,797
Vehicles	<u>146,164</u>	<u>139,673</u>
	15,084,605	15,001,218
Less accumulated depreciation	<u>(3,746,294)</u>	<u>(3,430,261)</u>
	<u>\$ 11,338,311</u>	<u>\$ 11,570,957</u>

In January 1989, the Center entered into an agreement with the Metropolitan Development and Housing Agency, the Tennessee Department of Mental Health and Substance Abuse Services, the Tennessee Department of Human Services, and HUD, whereby funds were made available to the Center by those governmental agencies to purchase and renovate four houses to be used by the Center to provide housing for the homeless mentally ill. Under the agreement, the Center is committed to operate the housing program for 20 to 30 years or be liable for repaying the prorated amounts of the original funds to the governmental agencies which provided them. Management currently plans to operate the program for the specified terms of the agreement.

In April 2010, the Center entered into an agreement with the Metropolitan Development and Housing Agency to purchase two properties for the Center to use to house mentally ill individuals. Under the agreement, the Center is committed to operate the housing program for 20 years. A similar arrangement was entered into during 2011 under which the Center is committed to operate the housing program for ten years. Management currently plans to operate the programs for the specified terms of the agreements.

The net asset value of the buildings, building improvements, and land acquired under these agreements in the amount of \$573,888 and \$580,698 at June 30, 2021 and 2020, respectively, is included as net assets with donor restrictions.

The Haley's Park buildings and improvements are located on five acres of land leased by the Organization from the state of Tennessee through the year 2078 for a minimal fee. The Organization does not charge rent to Haley's Park.

Note 6—Property transactions

Effective June 21, 2018, the Center entered into an agreement to sell the property located at 801 12th Avenue South, Nashville, Tennessee. Effective January 15, 2020, the property was sold for \$13,500,000, net of related expenses. The Center used the proceeds to repay the debt incurred to purchase the land and building located at 186 North 1st Street (approximately \$7,009,000), as well as to satisfy the deed stipulations on the 12th Avenue property. To satisfy the deed stipulations on the 12th Avenue property, the Center entered into a contract to remit to the previous owner \$2,700,000, payable in cash at the closing of the sale. Net proceeds from the sale after repayment of the debt, satisfaction of deed restrictions and payment of closing costs, was approximately \$3,300,000.

PARK CENTER, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

Note 6—Property transactions (continued)

In March 2020, several of the Center's buildings were damaged by a tornado in the area. As a result, certain repairs to the facilities were made with insurance proceeds. The amounts received from insurance exceeded the costs by approximately \$200,000.

The impact of these transactions is included in the gain on property transactions reflected in the statement of activities for the year ended June 30, 2020 as summarized below:

Proceeds from sale of 801 12th Avenue South	\$ 13,500,000
Less quit claim deed fees	(2,700,000)
Less book value of property and closing costs	<u>(952,150)</u>
	9,847,850
Insurance proceeds in excess of costs of tornado repairs	<u>199,796</u>
Gain on property transactions	<u><u>\$ 10,047,646</u></u>

Note 7—Accrued expenses

Employees of the Center are granted vacation and sick leave in varying amounts. In the event of termination, an employee is paid for accumulated vacation, but not for accumulated sick leave. Accordingly, vacation pay is accrued and recognized as an expense in the period earned by employees. Accrued vacation pay included in accounts payable and accrued expenses was \$182,101 and \$180,327 at June 30, 2021 and 2020, respectively.

Note 8—Paycheck Protection Program funding

During the year ended June 30, 2020, the Center received a Paycheck Protection Program loan ("PPP") in the amount of \$732,590. The PPP loan is granted by the Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"). PPP loans are considered conditional contributions under ASC 958-605, *Not for Profit Entities - Revenue Recognition*. The loan must be repaid if the Center does not overcome certain barriers within the CARES Act. The barriers under the program include the requirement to maintain employee headcount, spend up to 60% of the loan proceeds on certain payroll and employee benefits, and restricts other loan proceeds to be used for other qualifying expenses such as mortgage interest, rent, and utilities. The Center has deferred recognition of grant revenue for the year ended June 30, 2020, because the conditions for forgiveness have not yet been substantially met; however, the Center received notification of forgiveness from the SBA during the year ended June 30, 2021 and was recognized in grants and contracts revenue within the statement of activities for the year ended June 30, 2021.

Note 9—Short-term financing arrangement

During the year ended June 30, 2019, the Organization obtained a revolving line of credit in the amount of \$500,000 from a financial institution. The note stipulated interest at the financial institution's Base Rate (4.75% at June 30, 2019), payable monthly. The note was secured by all deposits and investments of the Organization. The note matured in May 2020, at which time all amounts outstanding and all accrued interest were due. During the year ended June 30, 2020, the revolving line of credit was modified to extend through June 2022 under substantially the same terms. There were no borrowings outstanding under this arrangement at June 30, 2021 and 2020.

PARK CENTER, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

Note 10—Long-term debt

Long-term debt is as follows at June 30:

	<u>2021</u>	<u>2020</u>
Mortgage note payable to an organization in monthly principal and interest installments of \$1,238, secured by land, interest at 4.0%, maturing September 2022.	\$ 81,128	\$ 92,494
	81,128	92,494
Less amount shown as current portion	(11,870)	(11,406)
Long-term debt, noncurrent portion	<u>\$ 69,258</u>	<u>\$ 81,088</u>

Annual principal maturities of the above obligations are as follows:

<u>Years Ending June 30,</u>	
2022	\$ 11,870
2023	69,258
	<u>\$ 81,128</u>

Note 11—Capital advance

During the year ended June 20, 2008, Haley's Park received a capital advance from HUD in order to fund the construction of the multi-family housing apartments in the amount of \$1,568,200. Haley's Park is not required to make repayments of this capital advance so long as the housing remains available for very low-income persons with disabilities. The capital advance bears no interest. However, failure of Haley's Park to keep the facility available for disabled persons would result in HUD's billing Haley's Park for the entire capital advance outstanding plus interest since the date of the first advance. Haley's Park recorded the advance as a contribution with donor restrictions. The restriction will not be released prior to the maturity in September 2047 of the capital advance mortgage note agreement.

Note 12—Net assets

Net assets with donor restrictions are available for the following purposes or periods at June 30:

	<u>2021</u>	<u>2020</u>
Housing for individuals with disabilities – Haley's Park	\$ 1,568,200	\$ 1,568,200
Property for housing program	573,888	580,698
Contributions restricted for programs	629,507	176,426
	<u>\$ 2,771,595</u>	<u>\$ 2,325,324</u>

PARK CENTER, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

Note 12—Net assets (continued)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors, as follows, during the years ended June 30:

	<u>2021</u>	<u>2020</u>
Satisfaction of equipment acquisition restrictions	\$ 6,810	\$ 6,810
Satisfaction of program restrictions	75,615	43,098
	<u>\$ 82,425</u>	<u>\$ 49,908</u>

Board designated net assets of the Center are available for the following purposes at June 30:

	<u>2021</u>	<u>2020</u>
Future needs	\$ 946,312	\$ 785,285
Housing	232,366	232,366
Clubhouse	155,213	155,213
	<u>\$ 1,333,891</u>	<u>\$ 1,172,864</u>

Note 13—Pension plan

The Center has a non-contributory pension and retirement plan covering substantially all of its employees. The plan is a tax-deferred annuity plan with its participants owning all amounts held in their individual accounts. Pension expense for the years ended June 30, 2021 and 2020 was \$119,485 and \$105,605, respectively, and is included in fringe benefits in the functional expense statements.

Note 14—Concentrations of credit risk

The Center receives a substantial amount of its support from government grants and contracts. In the event of a significant reduction in the level of this support, the Center's programs and activities could be adversely affected.

The Center maintains its cash and cash equivalents in financial institutions at balances, which, at times, may exceed federally insured limits. At June 30, 2021 and 2020, the Center had approximately \$5,500,000 and \$5,900,000, respectively, in excess of federally insured limits. The Center has not experienced any losses in such accounts. In management's opinion, risk relating to these deposits is minimal based on the credit ratings of its depositories.

Note 15—Subsequent events

The Center evaluated subsequent events through February 4, 2022, when these consolidated financial statements were available to be issued. Subsequent to June 30, 2021, the Center obtained bank financing in the amount of \$7,000,000 for the purchase of a new building. This financing arrangement stipulates a variable interest rate based on Prime (3.25% at the time of the loan) with maturity in October 2022. Additionally, the Center entered into a purchase and sale agreement to sell its property on North First Street. The sale of the property is expected to close during the year ended June 30, 2022.

PARK CENTER, INC. AND AFFILIATE
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

Note 16—Contingency

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a global pandemic, which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to volatility in the financial markets. The coronavirus outbreak and government responses are creating disruption to global supply chains and adversely impacting many industries. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material, adverse impact of the coronavirus outbreak. Nevertheless, the outbreak presents uncertainty and risk with respect to the Center, its performance, and its financial results.

SUPPLEMENTARY INFORMATION

PARK CENTER, INC. AND AFFILIATE
CONSOLIDATING STATEMENT OF FINANCIAL POSITION

JUNE 30, 2021

	<u>Park Center</u>	<u>Haley's Park</u>	<u>Consolidating Entries</u>	<u>Consolidated</u>
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 6,143,707	\$ 69,815	\$ -	\$ 6,213,522
Accounts receivable	278,911	38,176	(2,972)	314,115
Grants receivable	584,860	-	-	584,860
Prepaid expenses	120,002	1,640	-	121,642
Total Current Assets	<u>7,127,480</u>	<u>109,631</u>	<u>(2,972)</u>	<u>7,234,139</u>
Investments	946,312	8,351	-	954,663
Property and equipment, net	10,217,709	1,120,602	-	11,338,311
Total Assets	<u>\$ 18,291,501</u>	<u>\$ 1,238,584</u>	<u>\$ (2,972)</u>	<u>\$ 19,527,113</u>
LIABILITIES AND NET ASSETS				
Current Liabilities:				
Accounts payable and accrued expenses	\$ 464,592	\$ 66,970	\$ (2,972)	\$ 528,590
Current portion of long-term debt	11,870	-	-	11,870
Total Current Liabilities	<u>476,462</u>	<u>66,970</u>	<u>(2,972)</u>	<u>540,460</u>
Long-term debt, net of current portion	69,258	-	-	69,258
Total Liabilities	<u>545,720</u>	<u>66,970</u>	<u>(2,972)</u>	<u>609,718</u>
Net Assets:				
Without Donor Restrictions:				
Undesignated	15,208,495	(396,586)	-	14,811,909
Board designated	1,333,891	-	-	1,333,891
Total Without Donor Restrictions	<u>16,542,386</u>	<u>(396,586)</u>	<u>-</u>	<u>16,145,800</u>
With donor restrictions	1,203,395	1,568,200	-	2,771,595
Total Net Assets	<u>17,745,781</u>	<u>1,171,614</u>	<u>-</u>	<u>18,917,395</u>
Total Liabilities and Net Assets	<u>\$ 18,291,501</u>	<u>\$ 1,238,584</u>	<u>\$ (2,972)</u>	<u>\$ 19,527,113</u>

PARK CENTER, INC. AND AFFILIATE
CONSOLIDATING STATEMENT OF ACTIVITIES (NON-GAAP)

YEAR ENDED JUNE 30, 2021

	Park Center	Haley's Park	Consolidating Entries	Consolidated
Public Support and Revenues:				
Public Support:				
Grants and contracts	\$ 4,893,862	\$ 78,391	\$ -	\$ 4,972,253
Contributions	1,009,714	-	-	1,009,714
In-kind donations	380	-	-	380
Total Public Support	<u>5,903,956</u>	<u>78,391</u>	<u>-</u>	<u>5,982,347</u>
Revenues:				
Rental income	595,657	29,482	-	625,139
Food service fees	305	-	-	305
Investment and interest income, net	190,150	38	-	190,188
Other	330	-	-	330
Total Revenues	<u>786,442</u>	<u>29,520</u>	<u>-</u>	<u>815,962</u>
Total Public Support and Revenues	<u>6,690,398</u>	<u>107,911</u>	<u>-</u>	<u>6,798,309</u>
Expenses:				
Program services	<u>5,054,205</u>	<u>117,539</u>	<u>-</u>	<u>5,171,744</u>
Supporting Services:				
Management and general	1,103,945	28,301	-	1,132,246
Fundraising	198,259	-	-	198,259
Total Supporting Services	<u>1,302,204</u>	<u>28,301</u>	<u>-</u>	<u>1,330,505</u>
Total Expenses	<u>6,356,409</u>	<u>145,840</u>	<u>-</u>	<u>6,502,249</u>
Change in net assets	333,989	(37,929)	-	296,060
Net assets, beginning of year	<u>17,411,792</u>	<u>1,209,543</u>	<u>-</u>	<u>18,621,335</u>
Net assets, end of year	<u>\$ 17,745,781</u>	<u>\$ 1,171,614</u>	<u>\$ -</u>	<u>\$ 18,917,395</u>

PARK CENTER, INC. AND AFFILIATE
CONSOLIDATING STATEMENT OF FINANCIAL POSITION

JUNE 30, 2020

	Park Center	Haley's Park	Consolidating Entries	Consolidated
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 6,900,471	\$ 70,701	\$ -	\$ 6,971,172
Accounts receivable	144,617	2,548	(2,121)	145,044
Grants receivable	656,448	-	-	656,448
Prepaid expenses	73,410	-	-	73,410
Total Current Assets	7,774,946	73,249	(2,121)	7,846,074
Investments	785,286	8,345	-	793,631
Property and equipment, net	10,403,074	1,167,883	-	11,570,957
Total Assets	\$ 18,963,306	\$ 1,249,477	\$ (2,121)	\$ 20,210,662
LIABILITIES AND NET ASSETS				
Current Liabilities:				
Accounts payable and accrued expenses	\$ 726,430	\$ 39,934	\$ (2,121)	\$ 764,243
Current portion of long-term debt	11,406	-	-	11,406
Deferred revenue	732,590	-	-	732,590
Total Current Liabilities	1,470,426	39,934	(2,121)	1,508,239
Long-term debt, net of current portion	81,088	-	-	81,088
Total Liabilities	1,551,514	39,934	(2,121)	1,589,327
Net Assets:				
Without Donor Restriction:				
Undesignated	15,481,804	(358,657)	-	15,123,147
Board designated	1,172,864	-	-	1,172,864
Total Without Donor Restriction	16,654,668	(358,657)	-	16,296,011
With donor restriction	757,124	1,568,200	-	2,325,324
Total Net Assets	17,411,792	1,209,543	-	18,621,335
Total Liabilities and Net Assets	\$ 18,963,306	\$ 1,249,477	\$ (2,121)	\$ 20,210,662

PARK CENTER, INC. AND AFFILIATE
CONSOLIDATING STATEMENT OF ACTIVITIES (NON-GAAP)

YEAR ENDED JUNE 30, 2020

	Park Center	Haley's Park	Consolidating Entries	Consolidated
Public Support and Revenues:				
Public Support:				
Grants and contracts	\$ 4,152,969	\$ 56,453	\$ -	\$ 4,209,422
Contributions	499,148	-	-	499,148
In-kind donations	51,900	-	-	51,900
Total Public Support	<u>4,704,017</u>	<u>56,453</u>	<u>-</u>	<u>4,760,470</u>
Revenues:				
Rental income	762,112	40,895	-	803,007
Food service fees	9,211	-	-	9,211
Investment and interest income, net	31,320	(8)	-	31,312
Other	105,556	-	-	105,556
Total Revenues	<u>908,199</u>	<u>40,887</u>	<u>-</u>	<u>949,086</u>
Gain on property transactions (Note 6)	<u>10,047,646</u>	<u>-</u>	<u>-</u>	<u>10,047,646</u>
Total Public Support and Revenues	<u>15,659,862</u>	<u>97,340</u>	<u>-</u>	<u>15,757,202</u>
Expenses:				
Program services	<u>5,044,319</u>	<u>96,747</u>	<u>-</u>	<u>5,141,066</u>
Supporting Services:				
Management and general	946,379	27,454	-	973,833
Fundraising	201,207	-	-	201,207
Total Supporting Services	<u>1,147,586</u>	<u>27,454</u>	<u>-</u>	<u>1,175,040</u>
Total Expenses	<u>6,191,905</u>	<u>124,201</u>	<u>-</u>	<u>6,316,106</u>
Change in net assets	9,467,957	(26,861)	-	9,441,096
Net assets, beginning of year	<u>7,943,835</u>	<u>1,236,404</u>	<u>-</u>	<u>9,180,239</u>
Net assets, end of year	<u>\$ 17,411,792</u>	<u>\$ 1,209,543</u>	<u>\$ -</u>	<u>\$ 18,621,335</u>

**GRANT CONTRACT
 BETWEEN THE METROPOLITAN GOVERNMENT
 OF NASHVILLE AND DAVIDSON COUNTY, TENNESSEE
 BY AND THROUGH
 THE METROPOLITAN HOUSING TRUST FUND COMMISSION
 AND
 PROJECT RETURN, INC.**

This Grant Contract issued and entered into by and between the Metropolitan Government of Nashville and Davidson County, a municipal corporation of the State of Tennessee hereinafter referred to as "Metro", and Project Return, Inc. hereinafter referred to as the "Recipient," is for the provision of the construction of affordable housing units as further defined in the "SCOPE OF PROGRAM." Project Return, Inc. will be adding 2 affordable housing units located at 739 Neely's Bend Road, Madison, TN 37115. The recipient's budget request, financial statements or audit, 501(c)3 letter, and/or charter documents are incorporated herein. The Recipient is a nonprofit charitable or civic organization.

A. SCOPE OF PROGRAM:

- A.1. Each Property to which these grant funds are provided for shall be subject to a Declaration of Restrictive Covenants ("Declaration") imposing certain affordability requirements to encumber the Property and run with the land over a 30-year term. Terms defined in the Declaration shall have the same meanings when used in this Agreement.
- A.2. The Recipient shall use the funds under this grant in accordance with the affordable housing project submitted in the application and any of its amendments, which application is incorporated herein, and subject to the terms and conditions set forth herein.
- A.3. The Recipient, under this Grant Contract, will spend funds solely for the purposes set forth in their application or proposal for grant funding which is incorporated herein. These funds shall be expended consistent with the Grant Budget, included in Attachment A. Although some variation in line-item amounts for the Grant is consistent with the Grant Budget, any change greater than 20% of a line-item shall require the prior written approval of Metro. However, in no event will the total amount of the Grant funds provided to Recipient go above the awarded Grant amount of \$190,884.

Additional Conditions for Rental Properties:

1. Tenants must be income-eligible at the time of initial occupancy, and Recipient must certify all incomes annually and maintain a certified rent roll. In the event a tenant's income increases above the income-requirement for the unit, the tenant is not disqualified from remaining in the unit. However, the tenant's rent shall be adjusted to the corresponding AMI level for the next lease term.
2. The Recipient will provide Metro with a management plan program oversight which includes certification of the rents, utility allowances and tenant incomes. The Grantee shall also provide Metro an annual certification that Barnes rental requirements are being met throughout the compliance period.
3. The Grantee will allow Metro or a Metro-approved contractor to conduct on-site inspections of the grantee for compliance Barnes program requirements including, but not limited to, reviewing tenant income calculations, rent determinations and utility allowances.
4. Compliance restrictions on both tenant income and maximum rents shall apply for thirty (30) years from the date of issuance of the certificate of occupancy for the final building within the project. If a certificate of occupancy is not issued, the compliance period will begin on the date of recordation of the notice of completion for the project.

5. Recipient shall not increase rents during a lease term.

B. GRANT CONTRACT TERM:

B.1. Grant Contract Term. The term of this Grant shall be from execution of the grant agreement until Project completion, but in no way greater than 24 months from the execution of the grant agreement. Metro shall have no obligation for services rendered by the Recipient which are not performed within this term. Pursuant to Metropolitan Code of Laws § 2.149.040 (G), in the event the recipient fails to complete its obligations under this grant contract within twenty-four months from execution, Metro is authorized to rescind the contract and to reclaim previously appropriated funds from the organization.

C. PAYMENT TERMS AND CONDITIONS:

C.1. Maximum Liability. In no event shall the maximum liability of Metro under this Grant Contract exceed One Hundred Ninety Thousand Eight Hundred Eighty-Four Dollars (\$190,884). The Grant Budget, attached and incorporated herein as part of Attachment A, shall constitute the maximum amount to be provided to the Recipient by Metro for all of the Recipient's obligations hereunder. The Grant Budget line-items include, but are not limited to, all applicable taxes, fees, overhead, and all other direct and indirect costs incurred or to be incurred by the Recipient.

This amount shall constitute the Grant Amount and the entire compensation to be provided to the Recipient by Metro.

C.2. Compensation Firm. The maximum liability of Metro is not subject to escalation for any reason. The Grant Budget amount is firm for the duration of the Grant Contract and is not subject to escalation for any reason unless the grant contract is amended.

C.3. Payment Methodology. The Recipient shall be compensated for actual costs based upon the Grant Budget, not to exceed the maximum liability established in Section C.1. Upon execution of the Grant Contract and receipt of a request for payment, the Recipient may be eligible to receive reimbursement for milestones as completed based upon the Grant Budget.

a. Grant Draws

Before a draw can be made, there must be a physical inspection of the property by Metro or an approved designee. The inspection must confirm appropriate completion of the project.

1) Construction Grant Draw Schedule (% based on grant amount)

- 12.5% - upon receipt of the Building Permit (check property address and contractors name) and Builder's Risk Insurance sufficient to cover cost of construction and confirmation of acquisition (make sure Metro is listed as lien holder)
- 25% - footing framing and foundation completed (25% complete)
- 25% - roofing completed and the plumbing, electric and mechanical are roughed in and approved by local Codes (50% complete)
- 25% - cabinets, counters, drywall, trim and doors are installed (75% complete)

Balance of grant upon receipt of a Final Use & Occupancy from local Codes (100% complete).

All draw requests except for the first 12.5% draw must be inspected before funding.

The above is the preferred draw method. Metro may occasionally fund based on a true percentage of completion as noted in a Construction Inspection report or if

the application requested funds for land acquisition, understanding that the initial 12.5% or acquisition draw may overfund the grant, requiring later draws to be reduced.

2) Construction Grant Draw Process

- Draw request is received from the Recipient. It should be requested by the contractor and approved by the Recipient.
- Complete property inspection
- Metro or approved designee approves the request.
- Payments should be made to the Recipient.

All invoices shall be sent to:

Barnes Housing Trust Fund
Planning Department – Housing Division
800 2nd Avenue South
Nashville, TN 37210
(615) 862-7190

Said payment shall not exceed the maximum liability of this Grant Contract.

Final invoices for the contract period should be received by Metro Payment Services by 24 months from the execution of the grant agreement. Any invoice not received by the deadline date will not be processed and all remaining grant funds will expire.

- C.4. Close-out Expenditure and Narrative Report. The Recipient must submit a final grant Close-out Expenditure and Narrative Report, to be received by the Metropolitan Housing Trust Fund Commission / Barnes Housing Trust Fund within 45 days of the end of the Grant Contract. Said report shall be in form and substance acceptable to Metro and shall be prepared by a Certified Public Accounting Firm or the Chief Financial Officer of the Recipient Organization.
- C.5. Payment of Invoice. The payment of any invoice by Metro shall not prejudice Metro's right to object to the invoice or any matter in relation thereto. Such payment by Metro shall neither be construed as acceptance of any part of the work or service provided nor as an approval of any of the costs included therein.
- C.6. Unallowable Costs. The Recipient's invoice shall be subject to reduction for amounts included in any invoice or payment theretofore made which are determined by Metro, on the basis of audits or monitoring conducted in accordance with the terms of this Grant Contract, to constitute unallowable costs.
- C.7. Deductions. Metro reserves the right to adjust any amounts which are or shall become due and payable to the Recipient by Metro under this or any Contract by deducting any amounts which are or shall become due and payable to Metro by the Recipient under this or any Contract.
- C.8. Electronic Payment. Metro requires as a condition of this contract that the Recipient shall complete and sign Metro's form authorizing electronic payments to the Recipient. Recipients who have not already submitted the form to Metro will have thirty (30) days to complete, sign, and return the form. Thereafter, all payments to the Recipient, under this or any other contract the Recipient has with Metro, must be made electronically.
- C. 9. Recipient agrees and understands that procurement of goods and services for the grant project must comply with state and local law and regulations, including the Metropolitan Procurement Code. Recipient will provide Metro with all plans and specifications needed for these procurement purposes. Recipient will promptly review, and either approve or disapprove, in good faith and with reasonable grounds all estimates, amendments to scope of work, and all work performed by a contractor prior to payment.

C. 10. Public Meetings. At the reasonable request of Metro, Recipient agrees to attend public meetings, neighborhood meetings, and other events regarding this Project.

C. 11. Recognition. Any signage, printed materials, or online publications erected at the applicable Project site or elsewhere regarding the Project shall include the following language or language acceptable by Metro acknowledging that the Project is partially funded with a grant from the Barnes Fund for Affordable Housing of the Metropolitan Government of Nashville and Davidson County:

This project funded in part by the Barnes Affordable Housing Trust Fund of the Metropolitan Government of Nashville & Davidson County.

Metropolitan Housing Trust Fund Commission

John Cooper, Mayor

Metropolitan Council of Nashville and Davidson County

D. STANDARD TERMS AND CONDITIONS:

D.1. Required Approvals. Metro is not bound by this Grant Contract until it is approved by the appropriate Metro representatives as indicated on the signature page of this Grant.

D.2. Modification and Amendment. This Grant Contract may be modified only by a written amendment that has been approved in accordance with all Metro procedures and by appropriate legislation of the Metropolitan Council.

D.3. Default and Termination for Cause. Any failure by Owner to perform any term or provision of this Grant Contract shall constitute a "Default" (1) if such failure is curable within 30 days and Recipient does not cure such failure within 30 days following written notice of default from Metro, or (2) if such failure is not of a nature which cannot reasonably be cured within such 30-day period and Recipient does not within such 30-day period commence substantial efforts to cure such failure or thereafter does not within a reasonable time prosecute to completion with diligence and continuity the curing of such failure. Should the Recipient Default under this Grant Contract or if the Recipient violates any terms of this Grant Contract, Metro shall have the right to immediately terminate the Grant Contract and the Recipient shall return to Metro any and all grant monies for services or projects under the grant not performed as of the termination date. The Recipient shall also return to Metro any and all funds expended for purposes contrary to the terms of the Grant. Such termination shall not relieve the Recipient of any liability to Metro for damages sustained by virtue of any breach by the Recipient.

D.4. Subcontracting. The Recipient shall not assign this Grant Contract or enter into a subcontract for any of the services performed under this Grant Contract without obtaining the prior written approval of Metro. Notwithstanding any use of approved subcontractors, the Recipient shall be considered the prime Recipient and shall be responsible for all work performed.

D.5. Conflicts of Interest. The Recipient warrants that no part of the total Grant Amount shall be paid directly or indirectly to an employee or official of Metro as wages, compensation, or gifts in exchange for acting as an officer, agent, employee, subcontractor, or consultant to the Recipient in connection with any work contemplated or performed relative to this Grant Contract.

The Grantee also recognizes that no person identified as a Covered Person below may obtain a financial interest or benefit from a Metro Housing Trust Fund Competitive Grant assisted activity, or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds thereunder, either

for themselves or those whom they have family or business ties, during their tenure or for one year thereafter.

Covered Persons include immediate family members of any employee or board member of the Grantee. Covered Persons are ineligible to receive benefits through the Metro Housing Trust Fund Competitive Grant program. Immediate family ties include (whether by blood, marriage or adoption) a spouse, parent (including stepparent), child (including a stepbrother or stepsister), sister, brother, grandparent, grandchild, and in-laws of a Covered Person.

D.6. Nondiscrimination. The Recipient hereby agrees, warrants, and assures that no person shall be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination in the performance of this Grant Contract or in the employment practices of the Recipient on the grounds of disability, age, race, color, religion, sex, national origin, or any other classification which is in violation of applicable laws. The Recipient shall, upon request, show proof of such nondiscrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination.

D.7. Records. All documents relating in any manner whatsoever to the grant project, or any designated portion thereof, which are in the possession of Recipient, or any subcontractor of Recipient shall be made available to the Metropolitan Government for inspection and copying upon written request by the Metropolitan Government. Furthermore, said documents shall be made available, upon request by the Metropolitan Government, to any state, federal or other regulatory authority and any such authority may review, inspect and copy such records. Said records include, but are not limited to, all drawings, plans, specifications, submittals, correspondence, minutes, memoranda, tape recordings, videos or other writings or things which document the grant project, its design and its construction. Said records expressly include those documents reflecting the cost of construction, including all subcontracts and payroll records of Recipient.

Recipient shall maintain documentation for all funds provided under this grant contract. The books, records, and documents of Recipient, insofar as they relate to funds provided under this grant contract, shall be maintained for a period of three (3) full years from the date of the final payment. The books, records, and documents of Recipient, insofar as they relate to funds provided under this grant contract, shall be subject to audit at any reasonable time and upon reasonable notice by Metro or its duly appointed representatives. Records shall be maintained in accordance with the standards outlined in the Metro Grants Manual. The financial statements shall be prepared in accordance with generally accepted accounting principles.

D.8. Monitoring. The Recipient's activities conducted and records maintained pursuant to this Grant Contract shall be subject to monitoring and evaluation by Metro or Metro's duly appointed representatives. The Recipient shall make all audit, accounting, or financial records, notes, and other documents pertinent to this grant available for review by the Metropolitan Office of Financial Accountability, Internal Audit or Metro's representatives, upon request, during normal working hours.

D.9. Reporting. The Recipient must submit an Interim Program Report, to be received by the Metropolitan Housing Trust Commission / Barnes Housing Trust Fund, by no later than September 1, 2023 and a Final Program Report, to be received by the Metropolitan Housing Trust Fund Commission within 45 [forty-five] days of the end of the Grant Contract. Said reports shall detail the outcome of the activities funded under this Grant Contract in the form required by Metro.

D.10. Strict Performance. Failure by Metro to insist in any one or more cases upon the strict performance of any of the terms, covenants, conditions, or provisions of this agreement shall not be construed as a waiver or relinquishment of any such term, covenant, condition, or provision. No term or condition of this Grant Contract shall be held to be waived, modified, or deleted except

by a written amendment by the appropriate parties as indicated on the signature page of this Grant.

- D.11. Insurance. The Recipient shall maintain adequate public liability and other appropriate forms of insurance, including other appropriate forms of insurance on the Recipient's employees, and to pay all applicable taxes incident to this Grant Contract.
- D.12. Metro Liability. Metro shall have no liability except as specifically provided in this Grant Contract.
- D. 13. Independent Contractor. Nothing herein shall in any way be construed or intended to create a partnership or joint venture between the Recipient and Metro or to create the relationship of principal and agent between or among the Recipient and Metro. The Recipient shall not hold itself out in a manner contrary to the terms of this paragraph. Metro shall not become liable for any representation, act, or omission of any other party contrary to the terms of this paragraph.
- D. 14. Indemnification and Hold Harmless.
- (a) Recipient shall indemnify, defend, and hold harmless Metro, its officers, agents and employees from any claims, damages, penalties, costs and attorney fees for injuries or damages arising, in part or in whole, from the negligent or intentional acts or omissions of Recipient, its officers, employees and/or agents, including its sub or independent contractors, in connection with the performance of the contract, and any claims, damages, penalties, costs and attorney fees arising from any failure of Recipient, its officers, employees and/or agents, including its sub or independent contractors, to observe applicable laws, including, but not limited to, labor laws and minimum wage laws.
- (b) Metro will not indemnify, defend or hold harmless in any fashion the Recipient from any claims, regardless of any language in any attachment or other document that the Recipient may provide.
- (c) Recipient shall pay Metro any expenses incurred as a result of Recipient's failure to fulfill any obligation in a professional and timely manner under this Contract.
- (d) Grantee's duties under this section shall survive the termination or expiration of the grant.
- D.15. Force Maieure. The obligations of the parties to this Grant Contract are subject to prevention by causes beyond the parties' control that could not be avoided by the exercise of due care including, but not limited to, acts of God, riots, wars, strikes, epidemics or any other similar cause.
- D.16. State, Local and Federal Compliance. The Recipient agrees to comply with all applicable federal, state and local laws and regulations in the performance of this Grant Contract.
- D.17. Governing Law and Venue. The validity, construction and effect of this Grant Contract and any and all extensions and/or modifications thereof shall be governed by and construed in accordance with the laws of the State of Tennessee. The venue for legal action concerning this Grant Contract shall be in the courts of Davidson County, Tennessee.
- D. 18 Attorney Fees. Recipient agrees that, in the event either party deems it necessary to take legal action to enforce any provision of the Grant Contract, and in the event Metro prevails, Recipient shall pay all expenses of such action including Metro's attorney fees and costs at all stages of the litigation.
- D.19. Completeness. This Grant Contract is complete and contains the entire understanding between the parties relating to the subject matter contained herein, including all the terms and conditions of the parties' agreement. This Grant Contract supersedes any and all prior understandings, representations, negotiations, and agreements between the parties relating hereto, whether written or oral.

- D. 20. Headings. Section headings are for reference purposes only and shall not be construed as part of this Grant Contract.
- D. 21. Licensure. The Recipient and its employees and all sub-grantees shall be licensed pursuant to all applicable federal, state, and local laws, ordinances, rules, and regulations and shall upon request provide proof of all licenses. Recipient will obtain all permits, licenses, and permissions necessary for the grant project.
- D. 22. Waiver. No waiver of any provision of this contract shall affect the right of any party thereafter to enforce such provision or to exercise any right or remedy available to it in the event of any other default.
- D. 23. Inspection. The Grantee agrees to permit inspection of the project and/or services provided for herein, without any charge, by members of the Grantor and its representatives.
- D. 24. Assignment—Consent Required. The provisions of this contract shall inure to the benefit of and shall be binding upon the respective successors and assignees of the parties hereto. Except for the rights of money due to Recipient under this contract, neither this contract nor any of the rights and obligations of Recipient hereunder shall be assigned or transferred in whole or in part without the prior written consent of Metro. Any such assignment or transfer shall not release Recipient from its obligations hereunder. Notice of assignment of any rights to money due to Recipient under this Contract must be sent to the attention of the Metro Department of Finance.
- D.25. Gratuities and Kickbacks. It shall be a breach of ethical standards for any person to offer, give or agree to give any employee or former employee, or for any employee or former employee to solicit, demand, accept or agree to accept from another person, a gratuity or an offer of employment in connection with any decision, approval, disapproval, recommendation, preparations of any part of a program requirement or a purchase request, influencing the content of any specification or procurement standard, rendering of advice, investigation, auditing or in any other advisory capacity in any proceeding or application, request for ruling, determination, claim or controversy in any proceeding or application, request for ruling, determination, claim or controversy or other particular matter, pertaining to any program requirement of a contract or subcontract or to any solicitation or proposal therefore. It shall be a breach of ethical standards for any payment, gratuity or offer of employment to be made by or on behalf of a subcontractor under a contract to the prime contractor or higher tier subcontractor or a person associated therewith, as an inducement for the award of a subcontract or order. Breach of the provisions of this paragraph is, in addition to a breach of this contract, a breach of ethical standards which may result in civil or criminal sanction and/or debarment or suspension from participation in Metropolitan Government contracts.
- D.26. Communications and Contacts. All instructions, notices, consents, demands, or other communications from the Recipient required or contemplated by this Grant Contract shall be in writing and shall be made by facsimile transmission, email, or by first class mail, addressed to the respective party at the appropriate facsimile number or address as set forth below or to such other party, facsimile number, or address as may be hereafter specified by written notice.

Metro:

For contract-related matters and enquiries regarding invoices:
 Metropolitan Housing Trust Fund Commission / Barnes Housing Trust Fund
 Planning Department – Housing Division
 800 2nd Avenue South
 Nashville, TN 37210
 (615) 862-7190
 Ashley.Brown2@Nashville.Gov

Recipient:

Project Return, Inc.
Bettie Kirkland
109 Lafayette Street
Nashville, TN 37210
615-500-0269
bkirkland@projectreturninc.org

D.27. Lobbying. The Recipient certifies, to the best of its knowledge and belief, that:

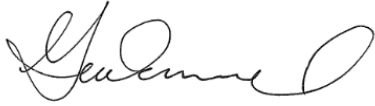
- a. No federally appropriated funds have been paid or will be paid, by or on behalf of the Recipient, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, and entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement.
- b. If any funds other than federally appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this grant, loan, or cooperative agreement, the Recipient shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.
- c. The Recipient shall require that the language of this certification be included in the award documents for all sub-awards at all tiers (including sub-grants, subcontracts, and contracts under grants, loans, and cooperative agreements) and that all subcontractors of federally appropriated funds shall certify and disclose accordingly.

D. 28 Effective Date. This contract shall not be binding upon the parties until it has been signed first by the Recipient and then by the authorized representatives of the Metropolitan Government and has been filed in the office of the Metropolitan Clerk. When it has been so signed and filed, this contract shall be effective as of the date first written above.

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THE METROPOLITAN GOVERNMENT
OF NASHVILLE AND DAVIDSON
COUNTY:

APPROVED AS TO PROGRAM SCOPE:



Gina Emmanuel, Chair,
Metropolitan Housing Trust Fund
Commission

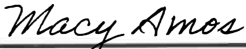
APPROVED AS TO AVAILABILITY OF
FUNDS:



Kelly Flannery, Director
Department of Finance



APPROVED AS TO FORM AND
LEGALITY:



Assistant Metropolitan Attorney

APPROVED AS TO RISK AND
INSURANCE:



Director of Risk Management Services

APPROVED BY METROPOLITAN
GOVERNMENT OF NASHVILLE AND
DAVIDSON COUNTY:

Metropolitan Clerk

RECIPIENT:

Project Return, Inc

By:



Title: Executive Director

Sworn to and subscribed to before me a
Notary Public, this 25 day
of August, 2022.

Notary Public



My Commission

expires January 11, 2022

BARNES HOUSING TRUST FUND RENTAL BUDGET

Unit Address	739 Neelys Bend Road			
Development Type	Acquisition, rehab, rental			
Accessible Bus Line Routes	WeGo 56, 23			
Number of Studios	0			
Number of 1 Bedrooms	0			
Number of 2+ Bedrooms	3			
Square Feet	2,666			
Number of Stories	2			
Acquisition Costs				
Vacant Land	0			
Land with Structure	400,000			
Title & Recording	1000			
Legal	800			
Total	401,800.00			
Predevelopment Costs				
Appraisal	1000			
Survey	0			
Relocation (if applicable)	0			
Insurance	0			
Planning/Zoning	500			
Other	2474.24			
Total	3974.24			
Construction Costs				
Structure				
Footer/Foundation	4039.50			
Exterior Stairs	425			
Fascia, Soffit, Corner Boards	3100			
Exterior Paint, Labor	6500			
Exterior Paint, Materials	1100			
Exterior Doors	5600			
Exterior Door Frames- Interior	450			
Locksets, Lever Handles, Door Hardware	350			
Windows - Energy-Star, Double Paned	19200			
Gutters & Downspouts	5900			
Security Storm Doors	2765			
Shutters	1772			

BARNES HOUSING TRUST FUND RENTAL BUDGET

Plumbing	17620.40			
Electrical	23,510.26			
HVAC	24,600			
Insulation	2031			
Interior Finishing/Cabinetry	44,518.14			
Sub-Total	163,481.30			
Other				
Site Work	1836			
Appliances	6273			
Landscaping/Driveways/Trees	16227.50			
Utility Hookups	950.67			
Building Permits/Fees	239			
Demolition	1500			
Sub-Total	27,026.17			
Profit (if organization has own construction crew)	0			
Sub-Total	0			
Total Construction Cost	190,507.47			
Cost per Unit	63,502.49			
Developer's Fee (capped at 20%)	40,000			
Total Cost/Unit	212,093.90			

BARNES HOUSING TRUST FUND RENTAL OPERATING PROFORMA

	Annual Inflation Rate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
REVENUE											
Gross Rent	2%	\$24600	\$25092	\$25594	\$26106	\$26628	\$27160	\$27704	\$28258	\$28823	\$29399
Vacancy Rate		\$2460	\$2509	\$2559	\$2611	\$2663	\$2716	\$2770	\$2826	\$2882	\$2940
Adjusted Gross Income		\$22140	\$22583	\$23034	\$23495	\$23965	\$24444	\$24933	\$25432	\$25941	\$26459
Other Income		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Operational Subsidies		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Gross Income		\$22140	\$22583	\$23034	\$23495	\$23965	\$24444	\$24933	\$25432	\$25941	\$26459
Operating Expenses											
Administrative	3%	\$2214	\$2280	\$2349	\$2419	\$2492	\$2567	\$2644	\$2723	\$2805	\$2889
Maintenance/Upkeep	3%	\$1800	\$1854	\$1891	\$1929	\$1967	\$2007	\$2047	\$2088	\$2130	\$2172
Utilities/Trash		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Taxes		\$3500	\$3500	\$3500	\$3500	\$3500	\$3500	\$3500	\$3500	\$3500	\$3500
Insurance		\$1200	\$1200	\$1200	\$1200	\$1200	\$1200	\$1200	\$1200	\$1200	\$1200
Legal		\$200	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300
Advertising		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Supplies		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Exterminating		\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600
Other		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Operating Expense		\$9514	\$9734	\$9840	\$9948	\$10059	\$10173	\$10291	\$10411	\$10534	\$10661
Reserve for Replacement		\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500
Net Operating Income		\$12126	\$12348	\$12695	\$13047	\$13406	\$13771	\$14143	\$14521	\$14906	\$15298
DEBT SERVICE - Sources											
<i>BrightBridge Loan</i>		\$9708	\$9708	\$9708	\$9708	\$9708	\$9708	\$9708	\$9708	\$9708	\$9708
Total Debt Service		\$9708	\$9708	\$9708	\$9708	\$9708	\$9708	\$9708	\$9708	\$9708	\$9708
Debt Coverage Ratio		1.25	1.27	1.31	1.34	1.38	1.42	1.46	1.50	1.54	1.58
Operating Reserve (10%)		\$951	\$973	\$984	\$995	\$1006	\$1017	\$1029	\$1041	\$1053	\$1066
TOTAL CASH FLOW		\$1467	\$1667	\$2003	\$2344	\$2692	\$3046	\$3406	\$3772	\$4145	\$4524
	Annual Inflation Rate	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
REVENUE											

BARNES HOUSING TRUST FUND RENTAL OPERATING PROFORMA

Gross Rent	2%	\$29987	\$30587	\$31199	\$31823	\$32459	\$33108	\$33771	\$34446	\$35135	\$35838
Vacancy Rate		\$2999	\$3059	\$3120	\$3182	\$3246	\$3311	\$3377	\$3445	\$3513	\$3584
Adjusted Gross Income		\$26989	\$27528	\$28079	\$28640	\$29213	\$29798	\$30393	\$31001	\$31621	\$32254
Other Income		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Operational Subsidies		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Gross Income		\$26989	\$27528	\$28079	\$28640	\$29213	\$29798	\$30393	\$31001	\$31621	\$32254
Operating Expenses											
Administrative	3%	\$2975	\$3065	\$3157	\$3251	\$3349	\$3449	\$3553	\$3659	\$3769	\$3882
Maintenance/Upkeep	3%	\$2237	\$2305	\$2374	\$2445	\$2518	\$2594	\$2672	\$2752	\$2834	\$2919
Utilities/Trash		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Taxes		\$4000	\$4000	\$4000	\$4000	\$4000	\$4000	\$4000	\$4000	\$4000	\$4000
Insurance		\$1500	\$1500	\$1500	\$1500	\$1500	\$1500	\$1500	\$1500	\$1500	\$1500
Legal		\$450	\$450	\$450	\$450	\$450	\$450	\$450	\$450	\$450	\$450
Advertising		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Supplies		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Exterminating		\$800	\$800	\$800	\$800	\$800	\$800	\$800	\$800	\$800	\$800
Other		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Operating Expense		\$11963	\$12119	\$12280	\$12446	\$12617	\$12793	\$12974	\$13161	\$13353	\$13552
Reserve for Replacement		\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600
Net Operating Income		\$14426	\$14809	\$15199	\$15594	\$15996	\$16404	\$16819	\$17240	\$17668	\$18102
DEBT SERVICE - Sources											
BrightBridge Loan		\$11151	\$11151	\$11151	\$11151	\$11151	\$11151	\$11151	\$11151	\$11151	\$11151
Total Debt Service		\$11151	\$11151	\$11151	\$11151	\$11151	\$11151	\$11151	\$11151	\$11151	\$11151
Debt Coverage Ratio		1.29	1.33	1.36	1.40	1.43	1.47	1.51	1.55	1.58	1.62
Operating Reserve (10%)		\$1196	\$1212	\$1228	\$1245	\$1262	\$1279	\$1297	\$1316	\$1335	\$1355
TOTAL CASH FLOW		\$2078	\$2446	\$2820	\$3199	\$3583	\$3974	\$4371	\$4773	\$5182	\$5596

FILED

MAR 13 1979

SECRETARY OF STATE

10064 00613

CHARTER

OF

PROJECT RETURN, INC.

The undersigned natural persons, having capacity to contract and acting as the incorporators of a corporation under the Tennessee General Corporation Act, adopt the following charter for such corporation:

1. The name of the corporation is:
Project Return, Inc.
2. The duration of the corporation is perpetual.
3. The address of the principal office of the corporation in the State of Tennessee shall be:

618 Doctors Building
Nashville, Tennessee 37203

4. The corporation is not for profit.
5. The purpose or purposes for which the corporation is organized are:

To aid anyone who has a juvenile or criminal record while said ex-offender is residing in Davidson County, Tennessee, either in or out of an institution.

To provide aid and assistance to the ex-offender in the form of community support, which shall include any and all types of supplemental services, including but not limited to: housing, transportation, clothing, food, mental and physical health, legal services, educational, employment, personal counseling, treatment programs and financial.

To strengthen and enrich the Tennessee Department of Correction programs already in existence by full cooperation and coordination with the Department of Corrections, State of Tennessee.

To promote, aid and assist the development of a similar program for ex-offenders in other counties of the State of Tennessee.

To develop and promote, through any and all means, public awareness of prison and prison related problems, particularly the needs and contributions of ex-offenders upon their return to society.

1979 MAR 13 PM 12:58

10064 00614

FILED

MAR 13 1979

SECRETARY OF STATE

To raise a fund for the aid and assistance of ex-offenders. The fund to be raised through various governmental grants and other donations, including charitable solicitations.

- 6. This corporation is to have not more than fifteen (15) members.
- 7. The members of this corporation shall be first selected by the incorporator to serve revolving three year terms; five members selected shall serve one year; five members shall serve two years; and, five members shall serve three years. At the expiration of each term, the remaining members elect up to five replacement members.
- 8. In the event of dissolution of this corporation, any remaining assets held by the corporation after payment of all just debts shall be distributed to one or more nonprofit corporations, as defined by the Internal Revenue Code then in effect, with similar purposes which shall be selected and designated by the Board of Directors as recipients at the time of dissolution.

Dated: March 13, 1979.

[Handwritten Signature]

1979 MAR 13 PM 12:58



Department of the Treasury
Internal Revenue Service

P.O. Box 2508
Cincinnati OH 45201

In reply refer to: 0752857837
Feb. 27, 2014 LTR 4168C 0
62-1058325 000000 00
00022037
BODC: TE

PROJECT RETURN INC
806 4TH AVE S
NASHVILLE TN 37210



010969

Employer Identification Number: 62-1058325
Person to Contact: Customer Service
Toll Free Telephone Number: 1-877-829-5500

Dear Taxpayer:

This is in response to your Feb. 18, 2014, request for information regarding your tax-exempt status.

Our records indicate that you were recognized as exempt under section 501(c)(3) of the Internal Revenue Code in a determination letter issued in July 1980.

Our records also indicate that you are not a private foundation within the meaning of section 509(a) of the Code because you are described in section(s) 509(a)(1) and 170(b)(1)(A)(vi).

Donors may deduct contributions to you as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to you or for your use are deductible for Federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522 of the Code.

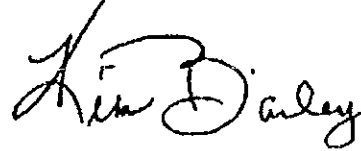
Please refer to our website www.irs.gov/eo for information regarding filing requirements. Specifically, section 6033(j) of the Code provides that failure to file an annual information return for three consecutive years results in revocation of tax-exempt status as of the filing due date of the third return for organizations required to file. We will publish a list of organizations whose tax-exempt status was revoked under section 6033(j) of the Code on our website beginning in early 2011.

0752857837
Feb. 27, 2014 LTR 4168C 0
62-1058325 000000 00
00022038

PROJECT RETURN INC
806 4TH AVE S
NASHVILLE TN 37210

If you have any questions, please call us at the telephone number shown in the heading of this letter.

Sincerely yours,

A handwritten signature in black ink that reads "Kim D. Bailey". The signature is written in a cursive style with a large, stylized "K" and "B".

Kim D. Bailey
Operations Manager, AM Operations 3

EMPLOYMENT AND WRAPAROUND SERVICES

Project Return's vision is a full and free life for those returning from incarceration. To achieve this, we put a primary focus on employment, understanding that it's the number one predictor for staying free. Project Return will help you get a job. Beyond employment, we offer relationship based services and wraparound support.

- Job Readiness Preparation
- Transitional Employment
- ID Documents
- Food and Clothing Assistance
- Medical, Dental, and Vision Care Assistance
- Court Cost Assistance
- Hard Skills Certification
- Computer Lab Access
- Tools, Footwear, Clothing for Work
- Job Placement
- Housing and Class Stipends
- Money Management

To get access to the opportunities offered at Project Return, write to us from prison or simply come to our office as soon as you get out - no appointment necessary. Mon - Thurs 8:00-4:30, Fri 8:00-3:00

On the Frontline of Opportunity in 2021

By the thousands each year, people are being released from incarceration and returning to Tennessee communities. They hope to start their lives over and live productively, against greater odds than ever. **Project Return has remained on the frontline throughout the pandemic, doing the life-changing work of reentry.**

High Employment: 81% job acquisition rate
Low Recidivism: 12% one-year rate
Taxpayer Savings: \$5.6M
Sustainability: \$1.2M in earned revenue
Expansion: Nashville and Chattanooga



HIGH EMPLOYMENT

More than 8 out of 10 (423 out of 523) men and women who started at Project Return in 2021 gained employment - **an 81% job acquisition rate.** With jobs, they support themselves, contribute to their households, live productively, and create their sustainable future.

LOW RECIDIVISM

Re-incarceration is relatively rare for Project Return participants. **Our one-year recidivism rate stands at 12%** currently, compared to state and national rates that hit or exceed 50%. **This creates greater public safety and economic benefit for Tennessee.**

TAXPAYER SAVINGS

By reducing recidivism, we reduce the negative monetary impact of recidivism. In Tennessee, it costs \$31,481/year to imprison a person. Comparing Project Return's lower recidivism rate to the higher rate of the state overall, the impact of Project Return in 2021 is **\$5,597,952 in taxpayer dollars saved.**

SUSTAINABILITY

Project Return operates innovative social enterprises to create employment and housing opportunities for people who were formerly incarcerated. **Our mission-centered, revenue-generating enterprises replicate the private market, to the benefit of the people we serve.** **Our earned revenue of more than \$1.2M** in 2021 fueled Project Return's signature services and amplified our impact. Our social enterprises, combined with successful fund development, means that State dollars go further: for every \$100 invested by the State of Tennessee, Project Return raises more than \$300 to drive the successful reentry of people after incarceration.

EXPANSION

Project Return is now in two Grand Divisions! Thanks to the support of the State, and based on our track record of success, 2021 was a year of expansion, as we opened the Project Return Chattanooga operation.

PROJECT return

How do I access your services?

- Walk in or simply call
- Attend a Project Return class or write us a letter of inquiry while you are incarcerated
- Get referred by correctional institution or halfway house

Who is eligible for your services?

- A person who was convicted of a felony in the past 12 months
- A person who was serving time on a felony conviction and was released from a correctional facility within the past 12 months
- A person who was convicted of a misdemeanor, has served a minimum of 3 consecutive months in jail, and has been released in the past 12 months

How can Project Return help?

- Job Readiness Classes
- Resume Development
- Job Leads Assistance
- Employment Referrals
- Job Search Assistance
- Birth Certificate Assistance
- State ID Assistance
- Transportation Assistance for Job Search
- Tool Assistance
- Uniform Assistance
- Goal Setting and Life Coaching
- Alcohol & Drug Counseling Referrals
- Computer Literacy
- Mock Interview Practice
- Food Bags and Daily Meals
- Clothing and Food Referrals
- Medical and Mental Health Referrals
- Financial Assistance for Medical, Dental, and Vision Exams
- Housing Referrals and Assistance
- Rent/Utility (one-time) Assistance

**Ask about
PROe and PROPS!**

615.327.9654 | projectreturninc.org

109 Lafayette Street | Nashville, TN 37210



**Project Return, Inc.
Financial Statements
June 30, 2021 and 2020**

Project Return, Inc.
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June 30, 2021 and 2020

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PART I
FINANCIAL STATEMENTS



Independent Auditor's Report

To the Board of Directors
Project Return, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Project Return, Inc. ("Agency"), a nonprofit organization, which comprise the statements of financial position as of June 30, 2021, and the related statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements (collectively, 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 audit. We conducted our audit 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 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 Project Return, Inc. as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

June 30, 2020 Financial Statements

The financial statements of Project Return, Inc., as of and for the year ended June 30, 2020, were audited by CDPA, PC (predecessor auditors), whose partners joined Mauldin & Jenkins, LLC on July 1, 2021. Their report, dated February 11, 2021, expressed an unmodified opinion on those financial statements.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes 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 audit 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 February 7, 2022 on our consideration of Project Return, Inc.'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 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 Project Return, Inc.'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 Project Return, Inc.'s internal control over financial reporting and compliance.



Huntsville, AL
February 7, 2022

Project Return, Inc.
Statements of Financial Position
June 30, 2021 and 2020

	ASSETS	
	<u>2021</u>	<u>2020</u>
Current assets		
Cash	\$ 1,405,446	\$ 1,631,454
Receivables		
Financial assistance awards	202,291	214,189
Contractual agreements	550,966	32,645
Prepaid expenses	10,855	6,373
Investments	6,000	-
Inventory	63,793	-
Total current assets	<u>2,239,351</u>	<u>1,884,661</u>
Property and equipment, net	<u>3,063,756</u>	<u>1,504,973</u>
Total assets	<u>\$ 5,303,107</u>	<u>\$ 3,389,634</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 280,115	\$ 23,825
Accrued expenses and other liabilities	25,540	120,627
Long-term debt, current portion	162,919	291,202
Total current liabilities	<u>468,574</u>	<u>435,654</u>
Long-term debt, net of current portion	<u>986,772</u>	<u>982,356</u>
Total liabilities	<u>1,455,346</u>	<u>1,418,010</u>
Net assets		
Without donor restrictions	3,595,369	1,859,561
With donor restrictions	252,392	112,063
Total net assets	<u>3,847,761</u>	<u>1,971,624</u>
Total liabilities and net assets	<u>\$ 5,303,107</u>	<u>\$ 3,389,634</u>

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

Project Return, Inc.
Statements of Activities and Changes in Net Assets
For the Year Ended June 30, 2021 and 2020

Changes in net assets without donor restrictions	<u>2021</u>	<u>2020</u>
Support and revenues		
Public support		
Corporate and foundation grants	\$ 1,319,469	\$ 626,126
Contributions	202,817	138,862
In-Kind	26,441	11,222
Federal and state government		
Financial assistance awards	1,565,968	1,718,730
Contractual agreements	798,521	36,975
State of Tennessee appropriation	832,000	1,408,120
Rental income	129,835	81,887
Contract services	1,023,615	1,131,379
Miscellaneous	769,541	9,619
Interest and investment income	2,424	1,547
Net assets released from restrictions	<u>46,235</u>	<u>190,134</u>
Total support and revenues	<u>6,716,866</u>	<u>5,354,601</u>
Expenses		
Program services	3,546,395	3,129,317
Management and general	1,245,558	1,043,965
Fundraising	<u>189,105</u>	<u>218,544</u>
Total expenses	<u>4,981,058</u>	<u>4,391,826</u>
Change in net assets without donor restrictions	<u>1,735,808</u>	<u>962,775</u>
Changes in net assets with donor restrictions		
Contributions	-	-
Corporate and foundation grants	186,564	30,747
Project restriction	-	6,095
Net assets released from restrictions	<u>(46,235)</u>	<u>(190,134)</u>
Change in net assets with donor restrictions	<u>140,329</u>	<u>(153,292)</u>
Total change in net assets	1,876,137	809,483
Net assets, beginning of year	<u>1,971,624</u>	<u>1,162,141</u>
Net assets, end of year	<u>\$ 3,847,761</u>	<u>\$ 1,971,624</u>

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

Project Return, Inc.
Statements of Cash Flows
For the Year Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ 1,876,137	\$ 809,483
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation	132,926	98,326
PPP Loan Forgiveness	(610,175)	-
Imputed interest	(191,271)	(31,185)
Amortization of imputed interest	45,575	25,268
Change in operating assets and liabilities		
Contribution receivable	-	100,000
Financial assistance awards receivable	11,898	(1,947)
Contractual agreements receivable	(518,321)	75,748
Prepaid expenses	(4,482)	-
Inventory	(63,793)	8,324
Accounts payable	256,290	19,370
Accrued expenses and other liabilities	(95,087)	39,202
Net cash provided by operating activities	<u>839,697</u>	<u>1,142,589</u>
 Cash flows from investing activities:		
Purchases of investments	(6,000)	-
Payments for property and equipment	(1,691,709)	(229,826)
Net cash used by investing activities	<u>(1,697,709)</u>	<u>(229,826)</u>
 Cash flows from financing activities:		
Net (payments) borrowings on line of credit	-	(200,000)
Payments on long-term debt	(49,496)	(31,671)
Proceeds from long-term debt	681,500	716,375
Net cash provided by financing activities	<u>632,004</u>	<u>484,704</u>
 Net increase (decrease) in cash	(226,008)	1,397,467
 Cash, beginning of year	<u>1,631,454</u>	<u>233,987</u>
 Cash, end of year	<u>\$ 1,405,446</u>	<u>\$ 1,631,454</u>
 Supplemental disclosures of cash flow information		
Cash payments for interest	<u>\$ 1,648</u>	<u>\$ 8,059</u>

Supplemental Disclosure of Non-Cash Financing Activity:

During the fiscal year ending June 30, 2021, the Agency met the requirements of the Paycheck Protection Program as stipulated by the Small Business Administration to have the full loan of \$610,175 fully forgiven.

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

Project Return, Inc.
Notes to the Financial Statements
For the Year Ended June 30, 2021 and 2020

NOTE 1 – GENERAL

Project Return, Inc. (the Agency) is a Tennessee not-for-profit corporation which provides counseling and the teaching of job skills to prisoners in conjunction with their release from institutional custody and return to society. The Agency is supported primarily through federal and state government financial assistance awards and contractual agreements, an appropriation from the State of Tennessee, corporate and foundation grants, and private contributions.

On February 3, 2017, the Agency formed a wholly owned limited liability company, InnoVestments, LLC (IVL), pursuant to the Tennessee Revised Limited Liability Company Act, Tenn. Code Ann. Section 48-249-101. The purpose of IVL is to own and operate real property used in the programs of the Agency. The accounts of IVL are included in this presentation and all intercompany transactions have been eliminated.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Agency and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions

Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Agency. These net assets may be used at the discretion of the Agency's management and the Board of Directors.

Net Assets With Donor Restrictions

Net assets subject to stipulations imposed by donors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Agency or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein and the disclosures of commitments and contingencies. Actual results could differ from those estimates.

Contributions, Support, and Receivables

Contributions are received and recorded as with donor restrictions or without donor restrictions depending on the existence and/or nature of any donor restrictions. Contributions received and unconditional promises to give are measured at their estimated fair values and are reported as an increase in net assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Revenues from financial awards are recognized in the period that a liability is incurred for eligible expenditures under the terms of the grant agreements. Financial assistance awards received prior to expenditure are recorded initially as grantor advances.

Contractual agreement revenues are recognized in the period the services are performed.

Project Return, Inc.
Notes to the Financial Statements
For the Year Ended June 30, 2021 and 2020

The Agency uses the allowance method to determine uncollectible receivables related to contributions and support receivables. The allowance is based on prior years' experience and management's analysis of specific promises made. No allowance was deemed necessary as of June 30, 2021 and 2020. All receivables are classified as current as they are expected to be collected within one year.

Cash

Cash includes checking and money market deposits held by financial institutions.

Property and Equipment and Depreciation

It is the Agency's policy to capitalize all property and equipment over \$1,000. Acquisitions are recorded at cost. Donations of property and equipment are recorded as revenues at their estimated fair value. Such donations are reported as increases to net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. When depreciable assets are disposed of, the cost and related accumulated depreciation are removed from the accounts, and any gain (except on trade-in) or loss is included in the statements of activities and the statements of functional expenses for the period. A gain on trade-in is applied to reduce the cost of the new acquisition. Depreciation is provided over the estimated useful lives of the assets ranging from five to thirty-nine years and computed on the straight-line method.

PPP Loan

On January 30, 2020, the World Health Organization declared the COVID-19 outbreak a "Public Health Emergency of International Concern" and on March 11, 2020, declared it to be a pandemic. The Agency received a loan in accordance with the Paycheck Protection Program (PPP) section of the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act). U.S. GAAP provides companies with several alternatives for reporting the loan and any future forgiveness: 1) proceeds can be treated as debt and future forgiveness recognized as income when the loan or any portion thereof is formally discharged; 2) proceeds can be treated as an income grant where they recognize a deferred income liability and derecognize the liability, and recognize income or reduce expenses, as they incur and recognize qualifying payroll and other operating costs that they estimate with reasonable assurance meet the conditions necessary for forgiveness; 3) proceeds can be treated as a conditional contribution where they recognize a refundable advance and derecognize the liability, and recognize income, as the conditions for forgiveness are substantially met or explicitly waived; or 4) proceeds can be recognized as a liability and derecognize the liability, and recognize income, as all conditions for forgiveness are met. The Agency elected to originally treat the PPP loan as debt and the forgiveness as income. During the year ended June 30, 2021, the Agency applied for and was granted forgiveness of the loan amount and has included the forgiveness as miscellaneous income on the statement of activities and changes in net assets.

Inventory

Inventory consists of apparel and bus passes for use by individuals served by the programs of the Agency. The Agency values these inventory items at the lower of cost (using first-in, first-out method) or net realizable value.

Donated Goods and Services

Donated goods are recorded at fair value in the period the goods are received. Donated services are recognized if they create or enhance non-financial assets or the donated service requires specialized skills, was performed by the donor who possesses such skills, and would have been purchased by the Agency if not provided by the donor. Such services are recognized at fair value as support and expense in the period in which the services are performed.

Advertising

All advertising costs are expensed when incurred.

Project Return, Inc.
Notes to the Financial Statements
For the Year Ended June 30, 2021 and 2020

Functional Allocation of Expenses

The following program and supporting services classifications are included in the accompanying financial statements. Program services consist of an adult program, which provides direct referrals to employment services, educates the public regarding criminal justice issues, and supports successful transitions back into the community through life skills training.

Management and general includes the functions necessary to ensure an adequate working environment. These costs are not identifiable with a particular program or with fundraising but are indispensable to the conduct of those activities and are essential to the Agency. Specific activities include oversight, business management, budgeting, recordkeeping, financing, and other administrative activities.

Fundraising includes costs of activities directed toward appeals for financial support including special events. Other activities include the cost of solicitation, creation, and distribution of fundraising materials.

Expenses that can be directly attributed to a particular function are charged to that function. Certain costs have been allocated among more than one program or activity based on objectively evaluated financial and non-financial data or subjective methods determined by management.

Income Taxes

The Agency is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3) and the tax laws of the state of Tennessee.

U.S. GAAP requires the Agency to evaluate tax positions taken by the Agency and recognize a tax liability (or asset) if the Agency has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. Management has analyzed the tax positions taken by the Agency and has concluded that, as of June 30, 2021, no uncertain positions are taken or are expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Agency is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Agency is no longer subject to U.S. federal income tax examinations by tax authorities for years ended prior to June 30, 2018.

NOTE 3 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following represents the Agency's financial assets at June 30:

	<u>2021</u>	<u>2020</u>
Financial assets:		
Cash	\$ 1,405,446	\$ 1,631,454
Investments	6,000	-
Receivables	<u>753,257</u>	<u>246,834</u>
Total financial assets at year-end	<u>\$ 2,164,703</u>	<u>\$ 1,878,288</u>

Project Return, Inc.
Notes to the Financial Statements
For the Year Ended June 30, 2021 and 2020

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	<u>2021</u>	<u>2020</u>
Furniture and equipment	\$ 89,572	\$ 76,572
Vehicles	337,787	261,095
Buildings	2,576,174	1,248,176
Construction in progress	274,019	-
Land	225,443	225,443
	<u>3,502,995</u>	<u>1,811,286</u>
Less accumulated depreciation	(439,239)	(306,313)
	<u>\$ 3,063,756</u>	<u>\$ 1,504,973</u>

Depreciation expense was \$132,926 and \$98,326 for 2021 and 2020, respectively.

NOTE 5 – LINE OF CREDIT

The Agency has a \$250,000 line of credit with a financial institution that was originated in July 2020 and matured in July 2021. Borrowings under the line bear interest at the financial institution's prime rate plus 1.25% (6.75% at June 30, 2020). Borrowings are secured by the assets of the Agency. There were no outstanding borrowings as of June 30, 2021.

NOTE 6 – LONG TERM DEBT

The Agency's long-term debt consists of the following at June 30:

	<u>2021</u>	<u>2020</u>
Note payable to CapStar Bank, monthly fixed principal payments of \$636 plus accrued interest, variable interest rate of prime less 4.0% (1.5% at June 30, 2021), all unpaid principal and interest due March 2022, collateralized by real estate. This note has been recorded net of unamortized discount of \$4,090 imputed at the rate of 4%.	\$ 153,804	\$ 159,065
Note payable to CapStar Bank, monthly installment payments of \$542, variable interest rate of prime less 4.0% (1.5% at June 30, 2021), all unpaid principal and interest due September 2022, collateralized by real estate. This note has been recorded net of unamortized discount of \$6,357 imputed at the rate of 4.5%.	130,679	128,369
Note payable to CapStar Bank, monthly fixed principal payments of \$950 plus accrued interest, variable interest rate of prime less 4.0% (1.5% at June 30, 2021), all unpaid principal and interest due November 2022, collateralized by real estate. This note has been recorded net of unamortized discount of \$13,681 imputed at the rate of 4.5%.	229,519	230,650

Project Return, Inc.
Notes to the Financial Statements
For the Year Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Note payable to CapStar Bank, monthly fixed principal payments of \$552 plus accrued interest, variable interest rate of prime less 4.0% (1.5% at June 30, 2021), all unpaid principal and interest due April 2026, collateralized by real estate. This note has been recorded net of unamortized discount of \$29,126 imputed at the rate of 4.5%.	135,271	-
Note payable to CapStar Bank, monthly fixed principal payments of \$600 plus accrued interest, variable interest rate of prime less 4.0% (1.5% at June 30, 2021), all unpaid principal and interest due April 2026, collateralized by real estate. This note has been recorded net of unamortized discount of \$31,678 imputed at the rate of 4.5%.	147,122	-
Note payable to Pinnacle Bank, monthly installment payments of \$486, variable interest rate of prime less 4.0% (1.5% at June 30, 2021), all unpaid principal and interest due February 2038, collateralized by real estate. This note has been recorded net of unamortized discount of \$22,409 imputed at the rate of 4.5%.	70,899	70,725
Note payable to Pinnacle Bank, monthly installment payments of \$330, variable interest rate of prime less 4.75% (1.5% at June 30, 2021), all unpaid principal and interest due February 2035, collateralized by real estate. This note has been recorded net of unamortized discount of \$25,237 imputed at the rate of 4%.	76,478	74,574
Note payable to Pinnacle Bank, monthly installment payments of \$933, variable interest rate of prime less 4.75% (1.5% at June 30, 2021), all unpaid principal and interest due July 2035, collateralized by real estate. This note has been recorded net of unamortized discount of \$119,815 imputed at the rate of 4%.	205,919	-
Note payable to Pinnacle Bank in accordance with the PPP section of the CARES Act, monthly installment payments of \$36,344, beginning November 21, 2020, bearing interest at a rate of 1%, unsecured. This note was forgiven under the CARES Act during the year ended June 30, 2021.	-	610,175
	1,149,691	1,273,558
Less current portion	(162,919)	(291,202)
	<u>\$ 986,772</u>	<u>\$ 982,356</u>

Project Return, Inc.
Notes to the Financial Statements
For the Year Ended June 30, 2021 and 2020

The following table represents future maturities of long-term debt:

<u>Year ending June 30,</u>	
2022	\$ 162,919
2023	365,543
2024	7,806
2025	8,207
2026	284,794
Thereafter	320,422
	<u>\$ 1,149,691</u>

NOTE 7 – NET ASSETS

The net assets with donor restrictions from corporate and foundation grants at June 30, 2021 are attributable to grants from various donors for specific program services or event sponsorships totaling \$252,392. There were no net assets with donor restrictions from project restrictions as a result of the Agency holding and disbursing funds on behalf of another charitable organization.

The net assets with donor restrictions from corporate and foundation grants at June 30, 2020 are attributable to grants from various donors for specific program services or event sponsorships totaling \$105,968. Net assets with donor restrictions from project restrictions are the result of the Agency holding and disbursing funds on behalf of another charitable organization totaling \$6,095.

NOTE 8 – DONATED GOODS AND SERVICES

In-kind contributions of food and supplies totaling \$26,441 and \$11,222 have been included in changes in net assets without donor restrictions in the financial statements for the years ended June 30, 2021 and 2020, respectively.

NOTE 9 – CONCENTRATIONS

Financial assistance awards, contractual agreements, and appropriations comprised 49% and 61% of the Agency’s total support and revenues for the years ended June 30, 2021 and 2020, respectively. At June 30, 2021, there were 2 contracts that represented 27% of total revenues. At June 30, 2020, there were 2 contracts that represented 33% of total revenues. At June 30, 2021, there was one customer who represented 12% of accounts receivables. At June 30, 2020, there were 4 customers who represented 85% of accounts receivables. Contract services accounted for 15% and 22% of total support and revenues for the years ended June 30, 2021 and 2020, respectively.

Financial instruments that potentially subject the Agency to concentrations of credit risk include cash on deposit with financial institutions and receivables from financial assistance awards, contractual agreements, and support received from these agencies. Substantially all receivables for the years ended June 30, 2021 and 2020 were from these sources.

The Agency’s cash on deposit with financial institutions may at times exceed the federally insured limit of \$250,000. The Agency had cash on deposit in excess of the federally insured limit totaling approximately \$875,449 and \$1,023,000 at June 30, 2021 and 2020, respectively.

Project Return, Inc.
Notes to the Financial Statements
For the Year Ended June 30, 2021 and 2020

NOTE 10 – LEASING ARRANGEMENTS

The Agency has operating leases for office space and certain office equipment. Future estimated minimum lease payments required under these leases are as follows:

<u>Year ending June 30,</u> 2022	<u>\$</u> 777
	<u>\$</u> 777

Rental expense for office space and office equipment was \$245,266 and \$119,976 for the years ended June 30, 2021 and 2020, respectively.

The Agency leases property to individuals served by their programs. These leases act as an affordable housing alternative for the individuals and contain various monthly payments and maturities. Rental income under these leases was \$129,835 and \$81,887 for the years ending June 30, 2021 and 2020, respectively.

NOTE 11 – COMMITMENTS, CONTINGENCIES AND UNCERTAINTIES

The Agency has received various government grants for specific purposes that are subject to review and audit by grantor agencies. Although such audits could result in disallowance of expenditures, management believes that any required reimbursements would not be significant. Accordingly, no provision has been made for any potential reimbursements to grantors.

The ongoing COVID-19 pandemic has caused an economic downturn on a global scale, disrupted global supply chains, and created significant uncertainty, volatility, and disruption across economies and financial markets. The COVID-19 pandemic remains a rapidly evolving situation. The extent of the impact of COVID-19 on the Agency and its financial results will depend on future developments, including the duration and spread of the outbreak within the markets in which the Agency operates and the related impact on consumer confidence and spending, all of which are highly uncertain.

NOTE 12 – SUBSEQUENT EVENTS

In preparing these financial statements, the Agency has evaluated events and transactions for potential recognition and disclosure through the date of the auditors' report, which was the date the financial statements were available to be issued.

Project Return, Inc.
Notes to the Financial Statements
For the Year Ended June 30, 2021 and 2020

NOTE 14 – FUNCTIONAL EXPENSES

Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated are compensation and benefits, which are allocated on the basis of estimates of time and effort; occupancy costs and depreciation, which are allocated on a square footage basis; and supplies and telephone costs, which are allocated based on usage estimates. For 2021 and 2020, natural expense accounts were allocated as follows:

Functional Expenses as of June 30, 2021

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Compensation and related costs				
Salaries and contract labor	\$ 2,111,218	\$ 453,431	\$ 111,135	\$ 2,675,784
Employee benefits	290,166	66,859	13,129	370,154
Payroll taxes	173,001	35,817	8,705	217,523
	<u>2,574,385</u>	<u>556,107</u>	<u>132,969</u>	<u>3,263,461</u>
Advertising	8,400	-	11,453	19,853
Aid to clients	268,781	118	-	268,899
Building maintenance	105,481	78,791	-	184,272
Dues and memberships	4,450	5,290	2,423	12,163
Equipment rental and maintenance	45,815	32,054	-	77,869
Fundraising	-	-	16,977	16,977
Insurance	49,271	12,020	2,656	63,947
Interest	41,779	-	-	41,779
Meetings	360	1,684	-	2,044
Office supplies	8,400	78,712	1,377	88,489
Postage	130	6,248	275	6,653
Printing	6,920	11,803	7,591	26,314
Professional fees	74,215	193,688	450	268,353
Program supplies	73,222	484	289	73,995
Rent	133,096	102,066	10,104	245,266
Staff development	2,617	3,824	249	6,690
Telecommunications	23,654	674	260	24,588
Travel	56,250	10,077	-	66,327
Taxes and fees	35,277	1,349	260	36,886
Miscellaneous	2,552	12,152	-	14,704
Utilities	31,340	5,491	1,772	38,603
	<u>3,546,395</u>	<u>1,112,632</u>	<u>189,105</u>	<u>4,848,132</u>
Total expenses				
Depreciation	-	132,926	-	132,926
	<u>-</u>	<u>132,926</u>	<u>-</u>	<u>132,926</u>
Total functional expenses	<u>\$ 3,546,395</u>	<u>\$ 1,245,558</u>	<u>\$ 189,105</u>	<u>\$ 4,981,058</u>

Project Return, Inc.
Notes to the Financial Statements
For the Year Ended June 30, 2021 and 2020

Functional Expenses as of June 30, 2020

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Compensation and related costs				
Salaries and contract labor	\$ 1,843,499	\$ 550,450	\$ 125,618	\$ 2,519,567
Employee benefits	236,971	88,682	15,010	340,663
Payroll taxes	152,049	43,201	9,690	204,940
	<u>2,232,519</u>	<u>682,333</u>	<u>150,318</u>	<u>3,065,170</u>
Advertising	1,456	852	5,587	7,895
Aid to clients	407,066	1,895	60	409,021
Building maintenance	37,689	39,178	-	76,867
Dues and memberships	12	4,607	1,405	6,024
Equipment rental and maintenance	28,720	17,149	-	45,869
Fundraising	-	-	30,454	30,454
Insurance	35,163	11,372	1,976	48,511
Interest	30,646	1,979	-	32,625
Meetings	1,232	4,509	845	6,586
Office supplies	7,739	67,138	386	75,263
Postage	-	4,004	242	4,246
Printing	4,011	9,886	4,444	18,341
Professional fees	64,906	126,012	4,170	195,088
Program supplies	35,037	45	-	35,082
Rent	75,223	34,360	8,448	118,031
Staff development	1,805	5,563	60	7,428
Telecommunications	18,895	2,163	529	21,587
Travel	39,993	7,469	2,412	49,874
Taxes and fees	14,568	1,176	-	15,744
Utilities	15,943	6,543	1,308	23,794
	<u>3,052,623</u>	<u>1,028,233</u>	<u>212,644</u>	<u>4,293,500</u>
Total expenses				
Depreciation	<u>76,694</u>	<u>15,732</u>	<u>5,900</u>	<u>98,326</u>
Total functional expenses	<u>\$ 3,129,317</u>	<u>\$ 1,043,965</u>	<u>\$ 218,544</u>	<u>\$ 4,391,826</u>

PART II

REPORTS ON COMPLIANCE AND INTERNAL CONTROL



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*

To the Board of Directors
Project Return, Inc.

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 Project Return, Inc., a nonprofit organization, which comprise the statements of financial position as of June 30, 2021, and the related statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 7, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Project Return, Inc.'s internal control over financial reporting ("internal control") as a basis for designing the 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 Project Return, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Project Return, Inc.'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 entity'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.

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 Project Return, Inc.'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 statement. 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Mauldin & Jenkins, LLC". The signature is written in a cursive, flowing style.

Huntsville, AL
February 7, 2022



**Independent Auditor's Report on Compliance for
Each Major Program and on Internal Control Over
Compliance Required by the Uniform Guidance**

To the Board of Directors
Project Return, Inc.

Report on Compliance for Each Major Federal Program

We have audited Project Return, Inc. compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Project Return, Inc.'s major federal programs for the year ended June 30, 2021. Project Return, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Project Return, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Project Return, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Project Return, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Project Return, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

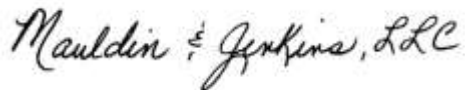
Report on Internal Control Over Compliance

Management of Project Return, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Project Return, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Project Return, Inc.'s internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Huntsville, AL
February 7, 2022

PART III

SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS

Project Return, Inc.
Schedule of Expenditures of Federal Awards
June 30, 2021

<u>Grantor / Pass-Through Grantor</u>	<u>Program Name</u>	<u>CFDA Number</u>	<u>Contract Number</u>	<u>Expenditures</u>
<u>Federal Awards</u>				
<u>Passed Through</u>				
Department of Transportation / Tennessee Department of Transportation, Nashville Metropolitan Transit Authority	Job Access Reverse Commute	20.516	40100-14020	\$ 151,295
Department of Health and Human Services Tennessee Department of Human Services	Temporary Assistance for Needy Families	93.558	34513-36321; 34513-36921	1,209,728
Tennessee Department of Mental Health and Substance Abuse Services	Opioid STR	93.788	62133	<u>30,960</u>
Total Federal Award Expenditures				<u><u>\$ 1,391,983</u></u>
<u>State Financial Assistance</u>				
Tennessee Department of Corrections	Direct Appropriations Grant	N/A	N/A	<u>\$ 832,000</u>
Total State Financial Assistance Expenditures				<u><u>\$ 832,000</u></u>
Total Federal Awards and State Financial Assistance Expenditures				<u><u>\$ 2,223,983</u></u>

See accompanying notes to schedule of expenditures of federal awards.

Project Return, Inc.
Notes to the Schedule of Expenditures of Federal Awards
June 30, 2021

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance summarizes the expenditures of the Agency under programs of the federal and state governments for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Agency, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Agency. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The awards are classified into Type A and Type B categories in accordance with the provisions of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Programs classified as Type A are as follows:

Temporary Assistance for Needy Families

Federal CFDA Numbers

Catalog of Federal Domestic Assistance (CFDA) numbers are assigned to contracts and grants on the basis of program type. Pass-through numbers and CFDA numbers are presented where available.

NOTE 2 – LOANS OUTSTANDING

The Agency has no federal or state loans outstanding as of June 30, 2021.

NOTE 3 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

For purposes of the Schedule, expenditures for federal award programs are recognized on the accrual basis of accounting. Expenditures for federal awards are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Agency has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Project Return, Inc.
Notes to the Schedule of Expenditures of Federal Awards
June 30, 2021

**NOTE 4 – RECONCILIATION OF THE SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS TO THE STATEMENT OF ACTIVITIES AND CHANGES IN
NET ASSETS**

The following schedule is a reconciliation of total federal expenditures as shown on the Schedules to the revenue items shown as contributions and grants and contracts on the Statement of Activities and Changes in Net Assets for the year ended June 30, 2021, which is included in Project Return, Inc.'s basic financial statements.

Financial Assistant Awards	\$ 1,565,968
Contractual Agreements	798,521
Non-federal grants and contracts	<u>(972,506)</u>
Expenditures per Schedule of Expenditures of Federal Awards	<u>\$ 1,391,983</u>

PART IV

SCHEDULES OF FINDINGS AND QUESTIONED COSTS

Project Return, Inc.
Schedule of Findings and Questioned Costs
June 30, 2021

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued:	Unmodified	
Internal control over financial reporting:		
Material weakness(es) identified?	___ yes	_x_ no
Significant deficiency(ies) identified?	___ yes	_x_ none reported
Noncompliance material to financial statements noted?	___ yes	_x_ no

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	___ yes	_x_ no
Significant deficiency(ies) identified?	___ yes	_x_ none reported

Type of auditor’s report issued on compliance for major programs:	Unmodified
---	------------

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	___ yes	_x_ no
--	---------	--------

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
93.558	Temporary Assistance for Needy Families

Threshold used to determine Type A and Type B Programs:	\$ 750,000
---	------------

Auditee qualified as low-risk auditee?	_x_ yes	___ no
--	---------	--------

Section II – Financial Statement Findings

The audit did not disclose any financial statement findings required to be reported.

Section III – Federal Award Findings and Questioned Costs

The audit did not disclose any findings or questioned costs required to be reported.

Project Return, Inc.
Schedule of Prior Year Findings and Questioned Costs

No matters were reported.

**GRANT CONTRACT
BETWEEN THE METROPOLITAN GOVERNMENT
OF NASHVILLE AND DAVIDSON COUNTY, TENNESSEE
BY AND THROUGH
THE METROPOLITAN HOUSING TRUST FUND COMMISSION
AND
URBAN HOUSING SOLUTIONS, INC.**

This Grant Contract issued and entered into by and between the Metropolitan Government of Nashville and Davidson County, a municipal corporation of the State of Tennessee hereinafter referred to as "Metro", and Urban Housing Solutions, Inc., hereinafter referred to as the "Recipient," is for the provision of the construction of affordable housing units as further defined in the "SCOPE OF PROGRAM." Urban Housing Solutions, Inc. will be adding 13 affordable housing units located at 2121 26th Avenue N, Nashville, TN 37208. The recipient's budget request, financial statements or audit, 501(c)3 letter, and/or charter documents are incorporated herein. The Recipient is a nonprofit charitable or civic organization.

A. SCOPE OF PROGRAM:

- A.1. Each Property to which these grant funds are provided for shall be subject to a Declaration of Restrictive Covenants ("Declaration") imposing certain affordability requirements to encumber the Property and run with the land over a 30-year term. Terms defined in the Declaration shall have the same meanings when used in this Agreement.
- A.2. The Recipient shall use the funds under this grant in accordance with the affordable housing project submitted in the application and any of its amendments, which application is incorporated herein, and subject to the terms and conditions set forth herein.
- A.3. The Recipient, under this Grant Contract, will spend funds solely for the purposes set forth in their application or proposal for grant funding which is incorporated herein. These funds shall be expended consistent with the Grant Budget, included in Attachment A. Although some variation in line-item amounts for the Grant is consistent with the Grant Budget, any change greater than 20% of a line-item shall require the prior written approval of Metro. However, in no event will the total amount of the Grant funds provided to Recipient go above the awarded Grant amount of \$2,100,000.

Additional Conditions for Rental Properties:

1. Tenants must be income-eligible at the time of initial occupancy, and Recipient must certify all incomes annually and maintain a certified rent roll. In the event a tenant's income increases above the income-requirement for the unit, the tenant is not disqualified from remaining in the unit. However, the tenant's rent shall be adjusted to the corresponding AMI level for the next lease term.
2. The Recipient will provide Metro with a management plan program oversight which includes certification of the rents, utility allowances and tenant incomes. The Grantee shall also provide Metro an annual certification that Barnes rental requirements are being met throughout the compliance period.
3. The Grantee will allow Metro or a Metro-approved contractor to conduct on-site inspections of the grantee for compliance Barnes program requirements including, but not limited to, reviewing tenant income calculations, rent determinations and utility allowances.
4. Compliance restrictions on both tenant income and maximum rents shall apply for thirty (30) years from the date of issuance of the certificate of occupancy for the final building within the project. If a certificate of occupancy is not issued, the compliance period will begin on the date of recordation of the notice of completion for the project.

5. Recipient shall not increase rents during a lease term.

B. GRANT CONTRACT TERM:

B.1. Grant Contract Term. The term of this Grant shall be from execution of the grant agreement until Project completion, but in no way greater than 24 months from the execution of the grant agreement. Metro shall have no obligation for services rendered by the Recipient which are not performed within this term. Pursuant to Metropolitan Code of Laws § 2.149.040 (G), in the event the recipient fails to complete its obligations under this grant contract within twenty-four months from execution, Metro is authorized to rescind the contract and to reclaim previously appropriated funds from the organization.

C. PAYMENT TERMS AND CONDITIONS:

C.1. Maximum Liability. In no event shall the maximum liability of Metro under this Grant Contract exceed Two Million One Hundred Thousand Dollars (\$2,100,000). The Grant Budget, attached and incorporated herein as part of Attachment A, shall constitute the maximum amount to be provided to the Recipient by Metro for all of the Recipient's obligations hereunder. The Grant Budget line-items include, but are not limited to, all applicable taxes, fees, overhead, and all other direct and indirect costs incurred or to be incurred by the Recipient.

This amount shall constitute the Grant Amount and the entire compensation to be provided to the Recipient by Metro.

C.2. Compensation Firm. The maximum liability of Metro is not subject to escalation for any reason. The Grant Budget amount is firm for the duration of the Grant Contract and is not subject to escalation for any reason unless the grant contract is amended.

C.3. Payment Methodology. The Recipient shall be compensated for actual costs based upon the Grant Budget, not to exceed the maximum liability established in Section C.1. Upon execution of the Grant Contract and receipt of a request for payment, the Recipient may be eligible to receive reimbursement for milestones as completed based upon the Grant Budget.

a. **Grant Draws**

Before a draw can be made, there must be a physical inspection of the property by Metro or an approved designee. The inspection must confirm appropriate completion of the project.

1) **Construction Grant Draw Schedule (% based on grant amount)**

- 12.5% - upon receipt of the Building Permit (check property address and contractors name) and Builder's Risk Insurance sufficient to cover cost of construction and confirmation of acquisition (make sure Metro is listed as lien holder)
- 25% - footing framing and foundation completed (25% complete)
- 25% - roofing completed and the plumbing, electric and mechanical are roughed in and approved by local Codes (50% complete)
- 25% - cabinets, counters, drywall, trim and doors are installed (75% complete)

Balance of grant upon receipt of a Final Use & Occupancy from local Codes (100% complete).

All draw requests except for the first 12.5% draw must be inspected before funding.

The above is the preferred draw method. Metro may occasionally fund based on a true percentage of completion as noted in a Construction Inspection report or if

the application requested funds for land acquisition, understanding that the initial 12.5% or acquisition draw may overfund the grant, requiring later draws to be reduced.

2) **Construction Grant Draw Process**

- Draw request is received from the Recipient. It should be requested by the contractor and approved by the Recipient.
- Complete property inspection
- Metro or approved designee approves the request.
- Payments should be made to the Recipient.

All invoices shall be sent to:

Barnes Housing Trust Fund
Planning Department – Housing Division
800 2nd Avenue South
Nashville, TN 37210
(615) 862-7190

Said payment shall not exceed the maximum liability of this Grant Contract.

Final invoices for the contract period should be received by Metro Payment Services by 24 months from the execution of the grant agreement. Any invoice not received by the deadline date will not be processed and all remaining grant funds will expire.

- C.4. Close-out Expenditure and Narrative Report. The Recipient must submit a final grant Close-out Expenditure and Narrative Report, to be received by the Metropolitan Housing Trust Fund Commission / Barnes Housing Trust Fund within 45 days of the end of the Grant Contract. Said report shall be in form and substance acceptable to Metro and shall be prepared by a Certified Public Accounting Firm or the Chief Financial Officer of the Recipient Organization.
- C.5. Payment of Invoice. The payment of any invoice by Metro shall not prejudice Metro's right to object to the invoice or any matter in relation thereto. Such payment by Metro shall neither be construed as acceptance of any part of the work or service provided nor as an approval of any of the costs included therein.
- C.6. Unallowable Costs. The Recipient's invoice shall be subject to reduction for amounts included in any invoice or payment theretofore made which are determined by Metro, on the basis of audits or monitoring conducted in accordance with the terms of this Grant Contract, to constitute unallowable costs.
- C.7. Deductions. Metro reserves the right to adjust any amounts which are or shall become due and payable to the Recipient by Metro under this or any Contract by deducting any amounts which are or shall become due and payable to Metro by the Recipient under this or any Contract.
- C.8. Electronic Payment. Metro requires as a condition of this contract that the Recipient shall complete and sign Metro's form authorizing electronic payments to the Recipient. Recipients who have not already submitted the form to Metro will have thirty (30) days to complete, sign, and return the form. Thereafter, all payments to the Recipient, under this or any other contract the Recipient has with Metro, must be made electronically.
- C. 9. Recipient agrees and understands that procurement of goods and services for the grant project must comply with state and local law and regulations, including the Metropolitan Procurement Code. Recipient will provide Metro with all plans and specifications needed for these procurement purposes. Recipient will promptly review, and either approve or disapprove, in good faith and with reasonable grounds all estimates, amendments to scope of work, and all work performed by a contractor prior to payment.

- C. 10. Public Meetings. At the reasonable request of Metro, Recipient agrees to attend public meetings, neighborhood meetings, and other events regarding this Project.
- C. 11. Recognition. Any signage, printed materials, or online publications erected at the applicable Project site or elsewhere regarding the Project shall include the following language or language acceptable by Metro acknowledging that the Project is partially funded with a grant from the Barnes Fund for Affordable Housing of the Metropolitan Government of Nashville and Davidson County:

This project funded in part by the Barnes Affordable Housing Trust Fund of the
Metropolitan Government of Nashville & Davidson County.

Metropolitan Housing Trust Fund Commission

John Cooper, Mayor

Metropolitan Council of Nashville and Davidson County

D. STANDARD TERMS AND CONDITIONS:

- D.1. Required Approvals. Metro is not bound by this Grant Contract until it is approved by the appropriate Metro representatives as indicated on the signature page of this Grant.
- D.2. Modification and Amendment. This Grant Contract may be modified only by a written amendment that has been approved in accordance with all Metro procedures and by appropriate legislation of the Metropolitan Council.
- D.3. Default and Termination for Cause. Any failure by Owner to perform any term or provision of this Grant Contract shall constitute a "Default" (1) if such failure is curable within 30 days and Recipient does not cure such failure within 30 days following written notice of default from Metro, or (2) if such failure is not of a nature which cannot reasonably be cured within such 30-day period and Recipient does not within such 30-day period commence substantial efforts to cure such failure or thereafter does not within a reasonable time prosecute to completion with diligence and continuity the curing of such failure. Should the Recipient Default under this Grant Contract or if the Recipient violates any terms of this Grant Contract, Metro shall have the right to immediately terminate the Grant Contract and the Recipient shall return to Metro any and all grant monies for services or projects under the grant not performed as of the termination date. The Recipient shall also return to Metro any and all funds expended for purposes contrary to the terms of the Grant. Such termination shall not relieve the Recipient of any liability to Metro for damages sustained by virtue of any breach by the Recipient.
- D.4. Subcontracting. The Recipient shall not assign this Grant Contract or enter into a subcontract for any of the services performed under this Grant Contract without obtaining the prior written approval of Metro. Notwithstanding any use of approved subcontractors, the Recipient shall be considered the prime Recipient and shall be responsible for all work performed.
- D.5. Conflicts of Interest. The Recipient warrants that no part of the total Grant Amount shall be paid directly or indirectly to an employee or official of Metro as wages, compensation, or gifts in exchange for acting as an officer, agent, employee, subcontractor, or consultant to the Recipient in connection with any work contemplated or performed relative to this Grant Contract.

The Grantee also recognizes that no person identified as a Covered Person below may obtain a financial interest or benefit from a Metro Housing Trust Fund Competitive Grant assisted activity, or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds thereunder, either

for themselves or those whom they have family or business ties, during their tenure or for one year thereafter.

Covered Persons include immediate family members of any employee or board member of the Grantee. Covered Persons are ineligible to receive benefits through the Metro Housing Trust Fund Competitive Grant program. Immediate family ties include (whether by blood, marriage or adoption) a spouse, parent (including stepparent), child (including a stepbrother or stepsister), sister, brother, grandparent, grandchild, and in-laws of a Covered Person.

D.6. Nondiscrimination. The Recipient hereby agrees, warrants, and assures that no person shall be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination in the performance of this Grant Contract or in the employment practices of the Recipient on the grounds of disability, age, race, color, religion, sex, national origin, or any other classification which is in violation of applicable laws. The Recipient shall, upon request, show proof of such nondiscrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination.

D.7. Records. All documents relating in any manner whatsoever to the grant project, or any designated portion thereof, which are in the possession of Recipient, or any subcontractor of Recipient shall be made available to the Metropolitan Government for inspection and copying upon written request by the Metropolitan Government. Furthermore, said documents shall be made available, upon request by the Metropolitan Government, to any state, federal or other regulatory authority and any such authority may review, inspect and copy such records. Said records include, but are not limited to, all drawings, plans, specifications, submittals, correspondence, minutes, memoranda, tape recordings, videos or other writings or things which document the grant project, its design and its construction. Said records expressly include those documents reflecting the cost of construction, including all subcontracts and payroll records of Recipient.

Recipient shall maintain documentation for all funds provided under this grant contract. The books, records, and documents of Recipient, insofar as they relate to funds provided under this grant contract, shall be maintained for a period of three (3) full years from the date of the final payment. The books, records, and documents of Recipient, insofar as they relate to funds provided under this grant contract, shall be subject to audit at any reasonable time and upon reasonable notice by Metro or its duly appointed representatives. Records shall be maintained in accordance with the standards outlined in the Metro Grants Manual. The financial statements shall be prepared in accordance with generally accepted accounting principles.

D.8. Monitoring. The Recipient's activities conducted and records maintained pursuant to this Grant Contract shall be subject to monitoring and evaluation by Metro or Metro's duly appointed representatives. The Recipient shall make all audit, accounting, or financial records, notes, and other documents pertinent to this grant available for review by the Metropolitan Office of Financial Accountability, Internal Audit or Metro's representatives, upon request, during normal working hours.

D.9. Reporting. The Recipient must submit an Interim Program Report, to be received by the Metropolitan Housing Trust Commission / Barnes Housing Trust Fund, by no later than September 1, 2023 and a Final Program Report, to be received by the Metropolitan Housing Trust Fund Commission within 45 [forty-five] days of the end of the Grant Contract. Said reports shall detail the outcome of the activities funded under this Grant Contract in the form required by Metro.

D.10. Strict Performance. Failure by Metro to insist in any one or more cases upon the strict performance of any of the terms, covenants, conditions, or provisions of this agreement shall not be construed as a waiver or relinquishment of any such term, covenant, condition, or provision. No term or condition of this Grant Contract shall be held to be waived, modified, or deleted except

by a written amendment by the appropriate parties as indicated on the signature page of this Grant.

- D.11. Insurance. The Recipient shall maintain adequate public liability and other appropriate forms of insurance, including other appropriate forms of insurance on the Recipient's employees, and to pay all applicable taxes incident to this Grant Contract.
- D.12. Metro Liability. Metro shall have no liability except as specifically provided in this Grant Contract.
- D. 13. Independent Contractor. Nothing herein shall in any way be construed or intended to create a partnership or joint venture between the Recipient and Metro or to create the relationship of principal and agent between or among the Recipient and Metro. The Recipient shall not hold itself out in a manner contrary to the terms of this paragraph. Metro shall not become liable for any representation, act, or omission of any other party contrary to the terms of this paragraph.
- D. 14. Indemnification and Hold Harmless.
- (a) Recipient shall indemnify, defend, and hold harmless Metro, its officers, agents and employees from any claims, damages, penalties, costs and attorney fees for injuries or damages arising, in part or in whole, from the negligent or intentional acts or omissions of Recipient, its officers, employees and/or agents, including its sub or independent contractors, in connection with the performance of the contract, and any claims, damages, penalties, costs and attorney fees arising from any failure of Recipient, its officers, employees and/or agents, including its sub or independent contractors, to observe applicable laws, including, but not limited to, labor laws and minimum wage laws.
- (b) Metro will not indemnify, defend or hold harmless in any fashion the Recipient from any claims, regardless of any language in any attachment or other document that the Recipient may provide.
- (c) Recipient shall pay Metro any expenses incurred as a result of Recipient's failure to fulfill any obligation in a professional and timely manner under this Contract.
- (d) Grantee's duties under this section shall survive the termination or expiration of the grant.
- D.15. Force Majeure. The obligations of the parties to this Grant Contract are subject to prevention by causes beyond the parties' control that could not be avoided by the exercise of due care including, but not limited to, acts of God, riots, wars, strikes, epidemics or any other similar cause.
- D.16. State, Local and Federal Compliance. The Recipient agrees to comply with all applicable federal, state and local laws and regulations in the performance of this Grant Contract.
- D.17. Governing Law and Venue. The validity, construction and effect of this Grant Contract and any and all extensions and/or modifications thereof shall be governed by and construed in accordance with the laws of the State of Tennessee. The venue for legal action concerning this Grant Contract shall be in the courts of Davidson County, Tennessee.
- D. 18 Attorney Fees. Recipient agrees that, in the event either party deems it necessary to take legal action to enforce any provision of the Grant Contract, and in the event Metro prevails, Recipient shall pay all expenses of such action including Metro's attorney fees and costs at all stages of the litigation.
- D.19. Completeness. This Grant Contract is complete and contains the entire understanding between the parties relating to the subject matter contained herein, including all the terms and conditions of the parties' agreement. This Grant Contract supersedes any and all prior understandings, representations, negotiations, and agreements between the parties relating hereto, whether written or oral.

- D. 20. Headings. Section headings are for reference purposes only and shall not be construed as part of this Grant Contract.
- D. 21. Licensure. The Recipient and its employees and all sub-grantees shall be licensed pursuant to all applicable federal, state, and local laws, ordinances, rules, and regulations and shall upon request provide proof of all licenses. Recipient will obtain all permits, licenses, and permissions necessary for the grant project.
- D. 22. Waiver. No waiver of any provision of this contract shall affect the right of any party thereafter to enforce such provision or to exercise any right or remedy available to it in the event of any other default.
- D. 23. Inspection. The Grantee agrees to permit inspection of the project and/or services provided for herein, without any charge, by members of the Grantor and its representatives.
- D. 24. Assignment—Consent Required. The provisions of this contract shall inure to the benefit of and shall be binding upon the respective successors and assignees of the parties hereto. Except for the rights of money due to Recipient under this contract, neither this contract nor any of the rights and obligations of Recipient hereunder shall be assigned or transferred in whole or in part without the prior written consent of Metro. Any such assignment or transfer shall not release Recipient from its obligations hereunder. Notice of assignment of any rights to money due to Recipient under this Contract must be sent to the attention of the Metro Department of Finance.
- D.25. Gratuities and Kickbacks. It shall be a breach of ethical standards for any person to offer, give or agree to give any employee or former employee, or for any employee or former employee to solicit, demand, accept or agree to accept from another person, a gratuity or an offer of employment in connection with any decision, approval, disapproval, recommendation, preparations of any part of a program requirement or a purchase request, influencing the content of any specification or procurement standard, rendering of advice, investigation, auditing or in any other advisory capacity in any proceeding or application, request for ruling, determination, claim or controversy in any proceeding or application, request for ruling, determination, claim or controversy or other particular matter, pertaining to any program requirement of a contract or subcontract or to any solicitation or proposal therefore. It shall be a breach of ethical standards for any payment, gratuity or offer of employment to be made by or on behalf of a subcontractor under a contract to the prime contractor or higher tier subcontractor or a person associated therewith, as an inducement for the award of a subcontract or order. Breach of the provisions of this paragraph is, in addition to a breach of this contract, a breach of ethical standards which may result in civil or criminal sanction and/or debarment or suspension from participation in Metropolitan Government contracts.
- D.26. Communications and Contacts. All instructions, notices, consents, demands, or other communications from the Recipient required or contemplated by this Grant Contract shall be in writing and shall be made by facsimile transmission, email, or by first class mail, addressed to the respective party at the appropriate facsimile number or address as set forth below or to such other party, facsimile number, or address as may be hereafter specified by written notice.

Metro:

For contract-related matters and enquiries regarding invoices:

Metropolitan Housing Trust Fund Commission / Barnes Housing Trust Fund
Planning Department – Housing Division
800 2nd Avenue South
Nashville, TN 37210
(615) 862-7190
Ashley.Brown2@Nashville.Gov

Recipient:

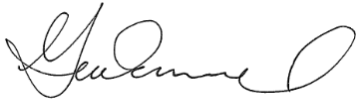
Urban Housing Solutions, Inc.
Brent Elrod
822 Woodland Street
Nashville, TN 37206
615-726-2696
brent@urbanhousingsolutions.org

- D.27. Lobbying. The Recipient certifies, to the best of its knowledge and belief, that:
- a. No federally appropriated funds have been paid or will be paid, by or on behalf of the Recipient, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, and entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement.
 - b. If any funds other than federally appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this grant, loan, or cooperative agreement, the Recipient shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.
 - c. The Recipient shall require that the language of this certification be included in the award documents for all sub-awards at all tiers (including sub-grants, subcontracts, and contracts under grants, loans, and cooperative agreements) and that all subcontractors of federally appropriated funds shall certify and disclose accordingly.
- D. 28 Effective Date. This contract shall not be binding upon the parties until it has been signed first by the Recipient and then by the authorized representatives of the Metropolitan Government and has been filed in the office of the Metropolitan Clerk. When it has been so signed and filed, this contract shall be effective as of the date first written above.

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THE METROPOLITAN GOVERNMENT
OF NASHVILLE AND DAVIDSON
COUNTY:

APPROVED AS TO PROGRAM SCOPE:



Gina Emmanuel, Chair,
Metropolitan Housing Trust Fund
Commission

APPROVED AS TO AVAILABILITY OF
FUNDS:



Kelly Flannery, Director
Department of Finance



APPROVED AS TO FORM AND
LEGALITY:



Assistant Metropolitan Attorney

APPROVED AS TO RISK AND
INSURANCE:



Director of Risk Management Services

APPROVED BY METROPOLITAN
GOVERNMENT OF NASHVILLE AND
DAVIDSON COUNTY:

Metropolitan Clerk

RECIPIENT:

Urban Housing Solutions, Inc.

By:  _____

Title: Executive Director

Sworn to and subscribed to before me a
Notary Public, this 20th
of August, 2022.

Notary Public



My Commission
expires 5-5-25

BARNES HOUSING TRUST FUND RENTAL BUDGET

Unit Address	26th and Clarksville - Phase 4				
Development Type	New Construction - Townhouses				
Accessible Bus Line Routes	#22, 42, 75, 77				
Number of Studios	0				
Number of 1 Bedrooms	0				
Number of 2+ Bedrooms	16				
Square Feet	26,734				
Number of Stories	2				
Acquisition Costs					
Vacant Land	\$0				
Land with Structure	\$0				
Title & Recording	\$3,000				
Legal	\$8,000				
Sub-Total	\$11,000				
Predevelopment Costs					
Appraisal	\$4,000				
Survey	Included below				
Relocation (if applicable)	NA				
Insurance/Taxes/Utilities	\$224,000				
Architect/Engineering/Surveys	\$255,850				
Engineering	Included above				
Planning/Zoning	NA				
Other	\$0				
Sub-Total	\$483,850				
Construction Costs					
Structure					
Footer/Foundation	\$170,000				
Framing	\$890,000				
Electrical	\$253,000				

BARNES HOUSING TRUST FUND RENTAL BUDGET

Plumbing	\$265,000			
Roofing	\$93,450			
HVAC	\$200,250			
Drywall/Insulation	\$181,000			
Paint/Stain	\$209,000			
Windows/Doors	\$220,000			
Floor Coverings	\$134,000			
Cabinets	\$96,000			
Brick/Siding	\$257,575			
Sub-Total	\$2,969,275			
Other				
Site Work	\$70,250			
Appliances	\$56,070			
Decks/Porches	\$25,000			
Side Walks/Driveways	\$30,000			
Landscaping	\$50,000			
Utility Hookups	\$50,000			
Building Permits/Fees	\$40,000			
Demolition	\$15,000			
Fees	\$11,780			
Materials and Labor Market Contingency Cost Overrun	\$663,475			
Sub-Total	\$1,011,575		\$1,011,575	
Construction Contingency	\$223,785			
Profit (if organization has own construction crew)	NA			
Sub-Total	\$223,785			
Total Construction Cost	\$4,699,485			
Cost per Unit	\$293,718			

BARNES HOUSING TRUST FUND RENTAL BUDGET

Developer's Fee (capped at 20%)	\$250,000				
Total Cost/Unit	\$309,343				


Secretary of State
Corporations Section

James K. Polk Building, Suite 1800
Nashville, Tennessee 37243-0306

DATE: 05/10/00
REQUEST NUMBER: 3905-0412
TELEPHONE CONTACT: (615) 741-2286
FILE DATE/TIME: 05/09/00 1423
EFFECTIVE DATE/TIME: 05/09/00 1630
CONTROL NUMBER: 0240804

TO:
ALAN D. MAZER, ATTORNEY
212 THIRD AVE, N
NASHVILLE, TN 37201

RE:
URBAN HOUSING SOLUTIONS, INC.
ARTICLES OF AMENDMENT TO THE CHARTER


Instr: 200008150048767 Page: 1 OF 3
REC'D FOR REC 05/15/2000 1:48:58PM
RECORD FEE: \$7.00
R. TAX: \$0.00 T. TAX: \$0.00

THIS WILL ACKNOWLEDGE THE FILING OF THE ATTACHED DOCUMENT WITH AN EFFECTIVE DATE AS INDICATED ABOVE.

WHEN CORRESPONDING WITH THIS OFFICE OR SUBMITTING DOCUMENTS FOR FILING, PLEASE REFER TO THE CORPORATION CONTROL NUMBER GIVEN ABOVE.

PLEASE BE ADVISED THAT THIS DOCUMENT MUST ALSO BE FILED IN THE OFFICE OF THE REGISTER OF DEEDS IN THE COUNTY WHEREIN A CORPORATION HAS ITS PRINCIPAL OFFICE IF SUCH PRINCIPAL OFFICE IS IN TENNESSEE.

FOR: ARTICLES OF AMENDMENT TO THE CHARTER

ON DATE: 05/10/00

FROM:
ALAN D. MAZER
3600 WOODMONT LN.
NASHVILLE, TN 37215-0000

RECEIVED: FEES \$20.00 \$0.00
TOTAL PAYMENT RECEIVED: \$20.00
RECEIPT NUMBER: 00002686251
ACCOUNT NUMBER: 00339844



Riley C. Darnell

RILEY C. DARNELL
SECRETARY OF STATE

FILED

ARTICLES OF AMENDMENT TO THE CHARTER

CORPORATE CONTROL NUMBER (IF KNOWN) 0240804

PURSUANT TO THE PROVISIONS OF SECTION 48-60-105 OF THE TENNESSEE NONPROFIT CORPORATION ACT, THE UNDERSIGNED CORPORATION ADOPTS THE FOLLOWING AMENDMENT TO ITS CHARTER:

- AMENDMENT IS TO BE EFFECTIVE WHEN FILED BY THE SECRETARY OF STATE.
- AMENDMENT IS TO BE EFFECTIVE, _____
MONTH DAY YEAR

(NOT TO BE LATER THAN THE 90TH DAY AFTER THE DATE THIS DOCUMENT IS FILED.) IF NEITHER BLOCK IS CHECKED, THE AMENDMENT WILL BE EFFECTIVE AT THE TIME OF FILING.

1. PLEASE INSERT THE NAME OF THE CORPORATION AS IT APPEARS ON RECORD:
CCS HOUSING SYSTEMS, INC.

IF CHANGING THE NAME, INSERT THE NEW NAME ON THE LINE BELOW:
URBAN HOUSING SOLUTIONS, INC.

2. PLEASE INSERT ANY CHANGES THAT APPLY:

A. PRINCIPAL ADDRESS: (street) 411 Murfreesboro Road
(city) Nashville (state) Tn (zip code) 37210

B. REGISTERED AGENT: Rusty Lawrence

C. REGISTERED ADDRESS: (street) 411 Murfreesboro Road
(city) Nashville (state) TN (zip code) 37210 (county) Davidson

D. OTHER CHANGES: The corporation is to have members, and the members shall include but not be limited to voluntary governmental agencies, community organizations, and individuals who are (see Exhibit A)

- 3. THE CORPORATION IS A NONPROFIT CORPORATION.
- 4. THE MANNER (IF NOT SET FORTH IN THE AMENDMENT) FOR THE IMPLEMENTATION OF ANY EXCHANGE, RECLASSIFICATION, OR CANCELLATION OF MEMBERSHIPS IS AS FOLLOWS:
- 5. THE AMENDMENT WAS DULY ADOPTED ON April 4 2000 BY:
MONTH DAY YEAR

(NOTE: PLEASE MARK THE BLOCK THAT APPLIES)

- THE INCORPORATORS WITHOUT MEMBERS' APPROVAL, AS SUCH WAS NOT REQUIRED.
- THE BOARD OF DIRECTORS WITHOUT MEMBERS' APPROVAL, AS SUCH WAS NOT REQUIRED.
- THE MEMBERS.

6. INDICATE WHICH OF THE FOLLOWING STATEMENTS APPLIES BY MARKING THE APPLICABLE BLOCK:

ADDITIONAL APPROVAL FOR THE AMENDMENT (AS PERMITTED BY SECTION 48-60-301 OF THE TENNESSEE NONPROFIT CORPORATION ACT) WAS NOT REQUIRED.

ADDITIONAL APPROVAL FOR THE AMENDMENT WAS REQUIRED BY THE CHARTER AND WAS OBTAINED.

EXECUTIVE DIRECTOR
SIGNER'S CAPACITY

COUNCIL OF COMMUNITY SERVICES, INC.
BY: Arthur J Perovick Jr
SIGNATURE

ARTHUR J PEROVICK JR
NAME OF SIGNER (TYPED OR PRINTED)



SS-4416 (Rev. 12/93)

RDA 1678

.S. 501(C)(3) 13-1-13

EXHIBIT A

2.D. (cont.) interested in community service and who subscribe to the goals of the Corporation.

The Corporation is organized exclusively for charitable, educational, literary, and scientific purposes within the meaning of Section 501(C)(3) of the Internal Revenue Code ("the Code"), including the receipt and and acceptance of property, whether real, personal, or mixed, by gift or bequest from any person or entity; the retention, administration, and investment of such property in accordance with the terms of this Charter, as amended, and the Corporation's by-laws; and the distribution of such property for the purposes herein delineated. The Corporation is organized to engage in any activity and to exercise any and all powers, rights, and privileges afforded a nonprofit corporation under the Act. Specifically, the Corporation is organized primarily for the purpose of developing and operating housing facilities for people with special needs.

URBAN HOUSING SOLUTIONS, INC.

BYLAWS

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ARTICLE I

OFFICES

The principal office of Urban Housing Solutions, Inc. shall be 411 Murfreesboro Rd., Nashville, Tn. 37210. The Corporation may have such other offices as the Board of Directors may designate or as the business of the corporation may require from time to time.

The registered office of the Corporation required to be maintained in the State of Tennessee by the Tennessee Nonprofit Corporation Act, as amended from time to time (the "Act") may, but need not, be identical with the principal office in the State of Tennessee. The address of the registered office may be changed from time to time by the Board of Directors.

ARTICLE II

PURPOSE AND USE OF FUNDS

Section 2.1 Purpose. The purpose of the Corporation is to develop and operate low income and special needs residential housing in the Middle Tennessee area.

Section 2.2 Use of Funds. In making distributions to effectuate the charitable purposes of the Corporation, as delineated in the Charter, the Board of Directors shall have the authority to make distributions of both income and principal in such proportions and amounts as the Board, in its sole discretion, determines advisable, provided that all such distributions are consistent with all applicable federal tax laws and regulations, as herein provided. The Corporation is not formed for financial or pecuniary gain; and no part of the assets, income, or profits of the Corporation is distributable to, or inures to, the benefit of its directors or officers or any other private person, except as provided in Section 4.10 and Section 5.3 as reimbursement for expenses or reasonable compensation for services rendered to the Corporation, and except to make payments and distributions in furtherance of the purposes of the Corporation, as set forth in the Charter. No substantial part of the activities of the Corporation shall be the carrying on of propaganda, or otherwise attempting to influence

legislation; and no part of the activities of the Corporation shall be the participation in, or intervention in (including the publishing or distributing of statements), any political campaign on behalf of (or in opposition to) any candidate for public office.

Section 2.3. Administration of Funds. The Corporation shall distribute its income for each tax year in such manner so that it will not become subject to the tax on undistributed income imposed by Section 4942 of the Code, or corresponding provisions of any later federal tax laws. The Corporation will not engage in any act of self-dealing, as defined in Section 4941(d) of the Code, or corresponding provisions of any later federal tax laws; nor retain any excess business holdings, as defined in Section 4943(c) of the Code, or corresponding provisions of any later federal tax laws; nor make any investments in a manner that would incur tax liability under Section 4944 of the Code, or corresponding provisions of any later federal tax laws; nor make any taxable expenditures, as defined in Section 4945(d) of the Code, or corresponding provisions of any later federal tax laws. In order fully to effectuate the provisions of this Section, the Corporation shall adopt such grant procedures, and shall otherwise adhere to such administrative requirements as may from time to time be necessary, in order fully to comply with all applicable federal tax laws and regulations.

Section 2.4. Dissolution of Corporation. The Board of Directors shall have the authority to dissolve and terminate the Corporation at any time that, by a unanimous vote, it deems such termination appropriate or advisable. In such event, after paying, or making provision for the payment of, all liabilities of the Corporation then outstanding and unpaid, the Board of Directors shall distribute the assets of the Corporation exclusively for its charitable purposes, as delineated in the Charter, in such manner as the Board of Directors shall determine. Any assets not so distributed shall be distributed to one or more organizations then described under Section 501(c)(3) of the Code, or any corresponding provision of any future federal tax laws, as the Board of Directors shall determine. Any assets not so disposed of by the Board of Directors shall be disposed of by a court having equity jurisdiction in the county in which the principal office of the Corporation is then located, with the distribution of assets to be made for such charitable purposes, or to such organization or organizations which are organized and operated exclusively for such purposes, as such court shall determine.

ARTICLE III

MEMBERS

The Corporation is to have members, and the members shall include but not be limited to voluntary government agencies, community organizations, and individuals who are interested in community service and who subscribe to the goals of the Corporation.

ARTICLE IV

BOARD OF DIRECTORS

Section 4.1 General Powers. The business and affairs of the Corporation shall be supervised by its Board of Directors, which shall exercise in the name of and on behalf of the Corporation all of the rights and privileges legally exercisable by the Corporation as a corporate entity, except as may otherwise be provided by law, the Charter, or these By-Laws. The Board of Directors, as the governing body of the Corporation, shall have the authority to receive, administer, invest and distribute property on behalf of the Corporation in accordance with the provisions set forth in these By-Laws.

Section 4.2 Numbers, Tenure, and Qualifications. The Board of Directors shall be composed of no fewer than _____ members and no more than _____ members and shall be elected to serve _____ years in terms. No Director can serve more than _____ consecutive terms. Election shall be by majority vote of the Directors at any scheduled meeting. No less than one-third of the Board of Directors will be residents of low-income neighborhoods, other low-income community residents., or elected representatives of low-income neighborhood organizations. No more than one-third of the Board of Directors shall be public officials or appointed by State or local government. Any Board members appointed by State or local government shall not, in turn, appoint remaining members of the Board of Directors.

Section 4.3 Limited Personal Liability of Directors. No person who is or was a director of the Corporation, nor such person's heirs, executors or administrators (hereinafter collectively referred to as a "director"), shall be personally liable to the Corporation for monetary damages for breach of fiduciary duty as a director. However, this provision shall not eliminate or limit the liability of a director (a) for any breach of a director's duty of loyalty to the Corporation, (b) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, or (c) under Section 48-58-304 of the Act. No repeal or modification of the provisions of this Section 4.3, either directly or by the adoption of a provision inconsistent with the provisions of this Section, shall adversely affect any right or protection, as set forth herein, existing in favor of a particular individual at the time of such repeal or modification.

Section 4.4 Annual Meeting. The annual meeting of the Board of Directors shall be held in the fourth (4th) month following the close of the Corporation's fiscal year, or at such other time and date following the close of the Corporation's fiscal year as shall be determined by the Board of Directors.

The purpose of the annual meeting shall be to transact such business as may properly be brought before the meeting.

Section 4.5 Special Meetings. Special meetings of the Board of Directors may be called by the President, or at the request of any director with the agreement of two-thirds (2/3) of the Board. The President shall fix the place, either within or without the State of Tennessee, as the place for holding any special meeting.

Section 4.6 Notices. Notice of each annual meeting shall be given at least two (2) weeks prior thereto, and notice of any special meeting shall be given at least five (5) business days prior thereto. The attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called or convened. The business to be transacted at, or the purpose of, any special meeting of the Board of Directors must be specified in the notice of such meeting.

Section 4.7 Quorum and Participation in Meeting. A majority of the total number of directors in office shall constitute a quorum for the transaction of business at any meeting of the Board of Directors. The members of the Board of Directors, or any committee designated by the Board, may participate in a meeting of the Board, or of such committee, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear one another; and participation in a meeting pursuant to this provision shall constitute presence in person at such meeting. The directors shall be promptly furnished a copy of the minutes of the meetings of the Board of Directors.

Section 4.8 Manner of Acting. Each director shall be entitled to one (1) vote upon any matter properly submitted for a vote to the Board of Directors. The act of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, except as may otherwise be specifically provided by law, by the Charter, or by these ByLaws. Members of the Board of Directors absent from any meeting shall be permitted to vote at such meeting by written proxies.

Section 4.9 Action Without a Meeting. Any action required or permitted to be taken at a meeting by the Board of Directors, or by any committee thereof, may be taken without a meeting if all voting members of the Board or committee, as the case may be, consent in writing to taking such action without a meeting. If all members entitled to vote on the action consent in writing to taking such action without a meeting, the affirmative vote of the numbers of votes that would be necessary to authorize or take such action at a meeting shall be the act of the members. The action must be evidenced by one or more written

consents describing the action taken, signed in one or more counterparts by each member entitled to vote on the action, indicating each signing member's vote or abstention on the action taken. All such written consents and actions shall be filed with the minutes of the proceedings of the Board or committee. A consent signed under this Section shall have the same force and effect as a meeting vote of the Board, or any committee thereof, and may be described as such in any document.

Section 4.10 Compensation and Reimbursement of Expenses. Each director may receive reasonable compensation, as may from time to time be set by the Board of Directors, for services rendered to the Corporation. No such payments shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor.

Section 4.11 Presumption of Assent. A director of the Corporation who is present at a meeting of the Board of Directors at which action on any Corporation matter is taken shall be presumed to have assented to the action taken, unless his dissent shall be entered in the minutes of the meeting, or unless he shall file his written dissent to such action with the person acting as the secretary of the meeting before the adjournment thereof, or forward such dissent by registered mail to the Secretary of the Corporation immediately after the adjournment of the meeting. The right to dissent shall not apply to a director who voted in favor of an action.

Section 4.12 Removal. Any or all of the directors may be removed for cause or without cause by vote of two-thirds (2/3) of the Board of Directors, exclusive of the director whose removal is at issue. Removal of a director shall also constitute removal as an officer of the Corporation and as a member of all committees of the Board.

Section 4.13 Resignation. A director may resign his membership at any time by tendering his resignation in writing to the President or, in the case of the resignation of the President, to the Secretary-Treasurer. A resignation shall become effective upon the date specified in such notice or, if no date is specified, upon receipt of the resignation by the Corporation at its principal place of business.

ARTICLE V

OFFICERS

Section 5.1 Designation The principal officers of the Corporation shall be the President, Vice-President, and Secretary Treasurer.

Section 5.2 Election, Terms of Office, Duties. The Corporation's officers will be elected by majority vote of the Board of Directors and will serve _____ year terms. Nominations may come from the floor at any regularly scheduled meeting or from a Nominating Committee, appointed by the President.

Section 5.3 Salaries and Expenses. The officers of the Corporation may receive reasonable compensation, as may be set by the Board of Directors from time to time, for services rendered to the Corporation. Reasonable expenses incurred by all of the officers in the course of coordinating the affairs of the Corporation may be reimbursed by the Corporation upon proper substantiation and a resolution of the Board.

Section 5.4 Voting Securities of Corporation. Unless otherwise ordered by the Board of Directors, the President shall have full power and authority on behalf of the Corporation to attend and to act and vote at any meetings of security holders, partnerships, or corporations in which the Corporation may hold securities, and at such meetings shall possess and may execute any and all rights and powers incident to the ownership of such securities which the Corporation might have possessed and exercised if it had been present. The Board of Directors may from time to time by resolution confer like powers upon any other person or persons.

ARTICLE VI

STANDARDS OF CONDUCT

Section 6.1 Standards of Conduct. A director or an officer of the Corporation shall discharge his duties as a director or as an officer, including duties as a member of a committee:

- (a) In good faith;
- (b) With the care an ordinarily prudent person in a like position would exercise under similar circumstances; and
- (c) In a manner he reasonably believes to be in the best interest of the Corporation.

Section 6.2 Reliance on Third Parties. In discharging his duties, a director or officer is entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, if prepared or presented by:

(a) One or more officers or employees of the Corporation who the director or officer reasonably believes to be reliable and competent in the matters presented;

(b) Legal counsel, public accountants or other persons as to matters the director or officer reasonably believes are within the person's professional or expert competence; or

(c) A committee of the Board of Directors of which the director or officer is not a member, as to matters within its jurisdiction, if the director or officer reasonably believes the committee merits confidence.

Section 6.3 Bad Faith. A director or officer is not acting in good faith if he has knowledge concerning the matter in question that makes reliance otherwise permitted by Section 6.2 unwarranted.

Section 6.4 No Liability. A director or officer is not liable for any action taken, or any failure to take action, as a director or officer, if he performs the duties of his or her office in compliance with the provisions of this Article, or if he is immune from suit under the provisions of Section 48-58-601 of the Act.

Section 6.5 No Fiduciary. No director or officer shall be deemed to be a fiduciary with respect to the Corporation or with respect to any property held or administered by the Corporation, including, without limitation, property that may be subject to restrictions imposed by the donor or transferor of such property.

ARTICLE VII

COMMITTEES

Section 7.1 Committees of the Board. All committees shall consist of two (2) or more members, shall be under the control and serve at the pleasure of the Board of Directors, shall have charge of such duties as may be assigned to them by the Board or these By-Laws, shall maintain a permanent record of their actions and proceedings, and shall regularly submit a report of their actions to the Board, which shall ratify the actions of each committee. The President, or his or her designee, shall serve on each committee as an ex-officio member.

Section 7.2 General Provisions for Standing Committees. The Board of Directors may maintain such standing committees as it may determine from time to time to be necessary or desirable for its proper functioning.

(a) Unless otherwise provided herein, the Board of Directors shall appoint the members of all standing committees at the annual meeting of the Board, or as soon thereafter as practical, to hold office for a term of one (1) year, commencing immediately following the meeting at which they are appointed and ending after the close of the next annual meeting of the Board, until their successors are appointed and qualified, or until their earlier death, resignation or removal. A retiring committee member may succeed himself.

(b) Unless otherwise provided herein, the President shall appoint all chairmen of all standing committees from among the membership of the Board of Directors.

(c) A member of a standing committee may resign at any time by giving written notice both to the President and the chairman of the committee from which the member is resigning.

(d) The Board may remove a member of a standing committee when, in its judgment, the best interests of the Corporation will be served by such removal.

(e) The President shall fill all vacancies in chairmanships of standing committees, and the Board shall fill all other vacancies in standing committees.

(f) Meetings of standing committees may be called by their respective chairmen or by the President. Each committee shall meet as often as is necessary to perform its functions.

(g) Each standing committee may adopt rules for its own governance, provided such rules are not inconsistent with the law, the Charter or these By-Laws.

(h) A majority of the voting members of a committee shall constitute a quorum for the transaction of business at any committee meeting. The act of a majority of the members of a standing committee present at a meeting at which a quorum is present shall be the act of the committee. Unless otherwise provided, a chairman of a standing committee shall be entitled to vote on any question before the committee.

(i) Each standing committee may invite additional individuals with expertise or familiarity in a pertinent area to meet with and assist the committee. Such individuals shall not vote or be counted in determining the existence of a quorum and may be excluded from any executive session of the committee.

Section 7.3 Ad Hoc Committees. The President, with the approval of the Board as evidenced by resolution, may from time to time create such ad hoc committees as the President believes necessary or desirable to investigate matters or advise the Board. Ad hoc committees shall limit their activities to the accomplishment of the tasks for which created and shall have no power to act except as specifically conferred by resolution of the Board. Such committees shall operate until their tasks have been accomplished or until earlier discharged by the Board.

Section 7.4 Advisory Committees. The Corporation shall utilize project specific advisory committees to provide a formal process for the participation of program beneficiaries in the decisions affecting the development and management of its projects.

ARTICLE VIII

CONTRACTS, LOANS, CHECKS, DEPOSITS, INVESTMENTS

Section 8.1 Contracts and Employment of Agents. The Board of Directors may authorize any director, officer, or agent to enter into any contract, or execute and deliver any instrument, in the name of and on behalf of the Corporation. The Board of Directors shall be specifically authorized, in its sole discretion, to employ and to pay the compensation of such agents, accountants, custodians, experts, scholarship consultants and other counsel, legal, investment or otherwise, as the Board shall deem advisable, and to delegate discretionary powers to, and rely upon information furnished by, such individuals or entities. Such authority may be general or confined to specific instances.

Section 8.2 Loans. No loans shall be contracted on behalf of the Corporation, and no evidences of indebtedness shall be issued in its name, unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances.

Section 8.3 Checks, Drafts, etc. All checks, drafts, or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation shall be signed by such officer or officers, agent or agents, of the Corporation, and in such manner, as shall from time to time be determined by resolution of the Board of Directors.

Section 8.4 Deposits. All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation with such banks, trust companies, brokerage accounts, investment managers, or other depositories as the Board of Directors may from time to time select.

Section 8.5 Incorporation of Statutory Powers and Investment Authority. The Board of Directors is specifically authorized to exercise all fiduciary powers specifically enumerated in Section 35-50-110, Tennessee Code Annotated. These powers, as set out in this statute as of the date of the execution of these ByLaws, are granted, notwithstanding that this statute may be subsequently amended or repealed. Further, without in any way intending to limit the discretionary authority granted by statute, the Board of Directors shall be authorized to retain assets distributed to it, even though such assets may constitute an over-concentration in one or more similar

investments. Further, the Board shall have the authority to make investments in unproductive property, or to hold unproductive property to the extent necessary until it can be converted into productive property at an appropriate time, provided the retention of such property is in the best interest of the Corporation and does not in any way jeopardize the tax-exempt status of the Corporation.

Section 8.6 Audit. The Board of Directors shall employ an independent certified public accounting firm to conduct an audit of the Corporation's books and records at any time at which the assets of the Corporation exceed in value \$1,000,000.00.

ARTICLE IX

INDEMNIFICATION AND ADVANCEMENT OF EXPENSES

Section 9.1 Mandatory Indemnification of Directors and Officers. To the maximum extent permitted by the provisions of Sections 48-58-501, et seq., of the Act, as amended from time to time (provided, however, that if an amendment to the Act in any way limits or restricts the indemnification rights permitted by law as of the date hereof, such amendment shall apply only to the extent mandated by law and only to activities of persons subject to indemnification under this Section which occur subsequent to the effective date of such amendment), the Corporation shall indemnify and advance expenses to any person who is or was a director or officer of the Corporation, or to his heirs, executors, administrators and legal representatives, for the defense of any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, and whether formal or informal (any such action, suit or proceeding being hereinafter referred to as the "Proceeding"), to which such person was, is or is threatened to be made, a named defendant or respondent, which indemnification and advancement of expenses shall include counsel fees actually incurred as a result of the Proceeding or any appeal thereof, reasonable expenses actually incurred with respect to the Proceeding, all fines (including any excess tax assessed with respect to an employee benefit plan), judgments, penalties and amounts paid in settlement thereof, subject to the following conditions:

(a) The Proceeding was instituted because such person is or was a director or officer of the Corporation; and

(b) The director or officer conducted himself in good faith, and he reasonably believed (i) in the case of conduct in his official capacity with the Corporation, that his conduct was in its best interest; (ii) in all other cases, that his conduct was at least not opposed to the best interests of the

Corporation; and (iii) in the case of any criminal proceeding, that he had no reasonable cause to believe his conduct was unlawful. The conduct of a director or officer with respect to an employee benefit plan for a purpose he reasonably believed to be in the interest of the participants in, and beneficiaries of, the plan shall be conduct that satisfies the requirements that such person's conduct was at least not opposed to the best interests of the Corporation. The termination of a proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent is not, of itself, determinative that the director or officer did not meet the standard of conduct herein described.

Section 9.2. Permissive Indemnification of Employees and Agents. The Corporation may, to the maximum extent permitted by the provisions of Section 48-58-501, et seq., of the Act, as amended from time to time (provided, however, that if an amendment to the Act in any way limits or restricts the indemnification rights permitted by law as of the date hereof, such amendment shall apply only to the extent mandated by law and only to activities of persons subject to indemnification under this Section which occur subsequent to the effective date of such amendment), indemnify and advance expenses in a Proceeding to any person who is or was an employee or agent of the Corporation, or to his heirs, executors, administrators and legal representatives, to the same extent as set forth in Section 10.1 above, provided that the Proceeding was instituted by reason of the fact that he is or was an employee or agent of the Corporation and met the standards of conduct set forth in Subsection 10.1(b) above. The Corporation may also indemnify and advance expenses in a Proceeding to any person who is or was an employee or agent of the Corporation to the extent, consistent with public policy, as may be provided by the Charter, by these By-Laws, by contract, or by general or specific action of the Board of Directors.

Section 9.3 Non-Exclusive Application. The rights to indemnification and advancement of expenses set forth in Sections 9.1 and 9.2 above are contractual between the Corporation and the person being indemnified, and his heirs, executors, administrators and legal representatives, and are not exclusive of other similar rights of indemnification or advancement of expenses to which such person may be entitled, whether by contract, by law, by the Charter, by a resolution of the Board of Directors, by these By-Laws, by the purchase and maintenance by the Corporation of insurance on behalf of a director, officer, employee or agent of the Corporation, or by an agreement with the Corporation providing for such indemnification, all of which means of indemnification and advancement of expenses are hereby specifically authorized.

Section 9.4 Non-Limiting Application. The provisions of this Article IX shall not limit the power of the Corporation to pay or reimburse expenses incurred by a director, officer,

employee or agent of the Corporation in connection with his appearance as a witness in a Proceeding at a time when he is not a named defendant or respondent in the Proceeding.

Section 9.5 Prohibited Indemnification. Notwithstanding any other provision of this Article IX, the Corporation shall not indemnify or advance expenses to or on behalf of any director, officer, employee or agent of the Corporation, or such person's heirs, executors, administrators or legal representatives:

(a) If a judgment or other final adjudication adverse to such person establishes his liability for any breach of the duty of loyalty to the Corporation, for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, or under Section 48-58-304 of the Act; or

(b) In connection with a Proceeding by or in the right of the Corporation in which such person was adjudged liable to the Corporation; or

(c) In connection with any other Proceeding charging improper personal benefit to such person, whether or not involving action in his or her official capacity, in which he was adjudged liable on the basis that personal benefit was improperly received by him.

Section 9.6 Repeal or Modification Not Retroactive. No repeal or modification of the provisions of this Article IX, either directly or by the adoption of a provision inconsistent with the provisions of this Article, shall adversely affect any right or protection, as set forth herein, existing in favor of a particular individual at the time of such repeal or modification.

ARTICLE X

CONFLICTS OF INTEREST

Section 10.1 General. A conflict of interest transaction is a transaction with the Corporation in which a director or officer of the Corporation has a direct or indirect interest. A director or officer of the Corporation has an indirect interest in a transaction if, but not only if, a party to the transaction is another entity in which the director or officer has a material interest, or of which the director or officer is a general partner, director, officer or director. A conflict of interest transaction is not voidable or the basis for imposing liability on the director or officer if the transaction was fair at the time it was entered into, or if the transaction is approved as provided in Section 10.2.

Section 10.2 Manner of Approval. A transaction in which a director or officer of the Corporation has a conflict of interest may be approved if:

(a) The material facts of the transaction and the interest of the director or officer were disclosed or known to the Board of Directors, or to a committee consisting entirely of members of the Board of Directors, and the Board of Directors or such committee authorized, approved or ratified the transaction; or

(b) Approval is obtained from the Attorney General of the State of Tennessee, or from a court of record having equity jurisdiction in an action in which the Attorney General is joined as a party.

Section 10.3 Quorum Requirements. For purposes of Section 10.2, a conflict of interest transaction is authorized, approved or ratified if it receives the affirmative vote of a majority of the directors on the Board of Directors, or on a committee consisting entirely of members of the Board of Directors, who have no direct or indirect interest in the transaction; but a transaction may not be authorized, approved or ratified under this Article by a single director. A quorum is present for the purpose of taking action under this Article if a majority of the directors on the Board who have no direct or indirect interest in the transaction vote to authorize, approve or ratify the transaction. The presence of, or vote cast by, a director with a direct or indirect interest in the transaction does not affect the validity of any action taken under subsection 10.2(a) if the transaction is otherwise approved as provided in Section 10.2.

ARTICLE XI

NOTICES AND WAIVER OF NOTICE

The notices provided for in these ByLaws shall be by telegram or written notice delivered personally or mailed to each individual entitled to receive the notice at his business or home address. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, so addressed, with postage thereon prepaid. If notice be given by telegram, such notice shall be deemed to be delivered when the telegram is delivered to the telegraph company. Whenever any notice is required to be given to any director, officer or committee member of the Corporation under the provisions of these By-Laws, the Charter, or the Act, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE XII

AMENDMENTS

These By-Laws and the Charter may be altered, amended, or repealed, and a new Charter or By-Laws adopted, upon the affirmative vote of a majority of the Board of Directors at any annual or special meeting, except to the extent that such alteration, amendment or repeal is inconsistent with Article XIII hereof.

ARTICLE XIII

EXEMPT STATUS

The Corporation has been organized and will be operated exclusively for exempt purposes within the meaning of Section 501(c)(3) of the Code and, as such, will be exempt from taxation under Section 501(a) of the Code. The Corporation intends to apply for recognition of its exempt status by filing Internal Revenue Service Form 1023 within the time prescribed under Section 508 of the Code and Treas. Reg. § 1.508-1(a)(2). Any provision of these By-Laws or of the Charter which would in any manner adversely affect the Corporation's tax exempt status shall be void and shall be deleted or modified as necessary to comply with all applicable federal and state requirements for the maintenance of the Corporation's tax exempt status.

wp:CMCCSByLaw

AMENDMENT
CCS HOUSING SYSTEM, INC.
BYLAWS

The Bylaws of CCS Housing Systems, Inc. are hereby amended as follows:

SECTION 2.1 PURPOSE: The purpose of the corporation is to develop and operate low income and special needs residential housing in the Middle Tennessee area.

SECTION 4.2 BOARD OF DIRECTORS: The Board of Directors shall be composed of the officers of the Council of Community Services Board of Directors and others duly nominated and elected by the CCS Board of Directors. No less than one-third of the CCS Housing Systems Board of Directors will be residents of low-income neighborhoods, other low-income community residents, or elected representatives of low-income neighborhood organizations. No more than one-third of the CCS Housing Systems Board of Directors shall be public officials or appointed by State or local government. Any Board members appointed by State or local government shall not in turn, appoint the remaining members of the Board of Directors.

SECTION 7.4 COMMITTEES: CCS Housing Systems, Inc. shall utilize project specific advisory committees to provide a formal process for the participation of program beneficiaries in the decisions affecting the development and management of its projects.

FILED

STATE OF TENNESSEE
CHARTER
OF
CCS HOUSING SYSTEMS, INC.

BOOK 8358 PAGE 191

Article I: Name and Filing of Charter

The name of the corporation is CCS HOUSING SYSTEMS, INC. The Charter of the corporation is being filed pursuant to the Tennessee Nonprofit Corporation Act.

Article II: Public Benefit Corporation

The corporation is a nonprofit public benefit corporation.

Article III: Office, Registered Agent and Incorporator.

The initial registered office of the corporation is located at 2012 21st Avenue, South, Nashville, Davidson County, Tennessee 37212; and the name of the registered agent at this address is Rusty Lawrence.

The incorporator of the corporation is Richard F. Warren, Jr., whose mailing address is 222 Third Avenue North, P.O. Box 198062, Nashville, Tennessee 37219.

The principal office of the corporation is located at 2012 21st Avenue, South, Nashville, Davidson County, Tennessee 37212.

Article IV: Members

The corporation will have a single member, Council of Community Services, a Tennessee non-profit corporation.

Article V: Purpose

The corporation is organized exclusively for charitable, educational, literary and scientific purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), including the receipt and acceptance of property, whether real, personal or mixed, by gift or bequest from any person or entity; the retention, administration and investment of such property in accordance with

the terms of this Charter and the corporation's bylaws; and the distribution of such property for the purposes herein delineated. The corporation is organized to engage in any activity, and to exercise any and all powers, rights and privileges, afforded a nonprofit corporation under the Act. Specifically, the corporation is organized primarily for the purpose of establishing single room occupancy facilities for the homeless of Metropolitan Nashville, Davidson County.

Article VI: Limited Personal Liability of Directors

No person who is or was a director of the corporation, nor such person's heirs, executors, administrators or legal representatives (collectively referred to as a "director"), shall be personally liable to the corporation for monetary damages for breach of fiduciary duty as a director. However, this provision shall not eliminate or limit the liability of a director (1) for any breach of a director's duty of loyalty to the corporation, (2) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, or (3) under Section 48-58-304 of the Act. No repeal or modification of the provisions of this Article, either directly or by the adoption of provisions inconsistent with the provisions of this Article, shall adversely affect any right or protection, as set forth herein, existing in favor of a particular individual at the time of such repeal or modification.

Article VII: Indemnification and Advancement of Expenses

1. Mandatory Indemnification of Directors and Officers. To the maximum extent permitted by the provisions of Sections 48-58-501, et seq., of the Act, as amended from time to time (provided, however, that if an amendment to the Act in any way limits or restricts the indemnification rights permitted by law as of the date hereof, such amendment shall apply only to the extent mandated by law and only to activities of persons subject to indemnification under this paragraph 1 which occur subsequent

to the effective date of such amendment), the corporation shall indemnify and advance expenses to any person who is or was a director or officer of the corporation, or to such person's heirs, executors, administrators and legal representatives, for the defense of any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, and whether formal or informal (any such action, suit or proceeding being hereinafter referred to as the "Proceeding"), to which such person was, is or is threatened to be made, a named defendant or respondent, which indemnification and advancement of expenses shall include counsel fees actually incurred as a result of the Proceeding or any appeal thereof, reasonable expenses actually incurred with respect to the Proceeding, all fines (including any excess tax assessed with respect to an employee benefit plan), judgments, penalties and amounts paid in settlement thereof, subject to the following conditions:

(a) The Proceeding was instituted by reason of the fact that such person is or was a director or officer of the corporation; and

(b) The director or officer conducted himself or herself in good faith, and he or she reasonably believed (i) in the case of conduct in his or her official capacity with the corporation, that his or her conduct was in its best interest; (ii) in all other cases, that his or her conduct was at least not opposed to the best interests of the corporation; and (iii) in the case of any criminal proceeding, that he or she had no reasonable cause to believe his or her conduct was unlawful. The termination of a proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent is not, of itself, determinative that the director or officer did not meet the standard of conduct herein described.

2. Permissive Indemnification of Employees and Agents. The corporation may, to the maximum extent permitted by

the provisions of Section 48-58-501, et seq., of the Act, as amended from time to time (provided, however, that if an amendment to the Act in any way limits or restricts the indemnification rights permitted by law as of the date hereof, such amendment shall apply only to the extent mandated by law and only to activities of persons subject to indemnification under this paragraph 2 which occur subsequent to the effective date of such amendment), indemnify and advance expenses in a Proceeding to any person who is or was an employee or agent of the corporation, or to such person's heirs, executors, administrators and legal representatives, to the same extent as set forth in paragraph 1 above, provided that the Proceeding was instituted by reason of the fact that such person is or was an employee or agent of the corporation and met the standards of conduct set forth in subparagraph 1(b) above. The corporation may also indemnify and advance expenses in a Proceeding to any person who is or was an employee or agent of the corporation to the extent, consistent with public policy, as may be provided by its bylaws, by contract, or by general or specific action of the Board of Directors.

3. Non-Exclusive Application. The rights to indemnification and advancement of expenses set forth in paragraphs 1 and 2 above are contractual between the corporation and the person being indemnified, and his or her heirs, executors, administrators and legal representatives, and are not exclusive of other similar rights of indemnification or advancement of expenses to which such person may be entitled, whether by law, by this Charter, by a resolution of the Board of Directors, by the bylaws of the corporation, by the purchase and maintenance by the corporation of insurance on behalf of a director, officer, employee or agent of the corporation, or by an agreement with the corporation providing for such indemnification, all of which means of indemnification and advancement of expenses are hereby specifically authorized. The

she was adjudged liable on the basis that personal benefit was improperly received by him or her.

6. Repeal or Modification Not Retroactive. No repeal or modification of the provisions of this Article VII, either directly or by the adoption of a provision inconsistent with the provisions of this Article, shall adversely affect any right or protection, as set forth herein, existing in favor of a particular individual at the time of such repeal or modification.

Article VIII: Prohibited Transactions

No part of the net earnings of the corporation shall inure to the benefit of, or be distributable to, its directors, officers or other private persons, except that the corporation shall be authorized and empowered to pay reasonable compensation for services rendered to it or on its behalf, pay reimbursements for expenses incurred on its behalf, and make payments and distributions in furtherance of the purposes set forth in Article V hereof. No substantial part of the activities of the corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation; and the corporation shall not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of (or in opposition to) any candidate for public office. Notwithstanding any other provision of these Articles, the corporation shall not carry on any other activities not permitted to be carried on by (a) a corporation exempt from federal income tax under Section 501(c)(3) of the Code, or any corresponding provision of any future federal tax laws; or (b) a corporation contributions to which are deductible under Sections 170(c)(2) and 2055(a) of the Code, or any corresponding provisions of any future federal tax laws.

The corporation shall not engage in any act of self-dealing, as defined in Section 4943(d) of the Code, or any corresponding provision of any future federal tax laws. The corporation shall not retain any excess business holdings, as

defined in Section 4943(c) of the Code, or any corresponding provision of any future federal tax laws. The corporation shall not make any investments in a manner that would subject it to tax under Section 4944 of the Code, or any corresponding provision of any future federal tax laws. The corporation shall not make any taxable expenditures, as defined in Section 4945(d) of the Code, or any corresponding provisions of any future federal tax laws.

Article IX: Distributions on Dissolution

Upon the dissolution of the corporation, after paying or making provision for the payment of all liabilities of the corporation then outstanding and unpaid, the Board of Directors shall distribute the assets of the corporation exclusively for the charitable purposes of the Corporation in such manner as the Board of Directors shall determine. Any assets not so distributed shall be distributed to one or more organizations then described under Section 501(c)(3) of the Code, or any corresponding provision of any future federal tax laws, as the Board of Directors shall determine. Any assets not so disposed of by the Board of Directors shall be disposed of by a court having equity jurisdiction in the county in which the principal office of the corporation is then located, with the distribution of assets to be made for such charitable purposes, or to such organization or organizations which are organized and operated exclusively for such purposes, as such court shall determine.

This Charter shall be effective upon the filing of these Articles with the Secretary of State of Tennessee.

Dated: May 22, 1991.

CCS HOUSING SYSTEMS, INC.

By: Richard F. Warren, Jr.
Richard F. Warren, Jr.
Incorporator



Department of the Treasury
Internal Revenue Service

P.O. Box 2508
Cincinnati OH 45201

In reply refer to: 0248164838
Oct. 30, 2012 LTR 4168C E0
62-1466422 000000 00

00014004
BODC: TE

URBAN HOUSING SOLUTIONS INC
822 WOODLAND ST
NASHVILLE TN 37206

11090

Employer Identification Number: 62-1466422
Person to Contact: MR. BROWN
Toll Free Telephone Number: 1-877-829-5500

Dear TAXPAYER:

This is in response to your Oct. 18, 2012, request for information regarding your tax-exempt status.

Our records indicate that you were recognized as exempt under section 501(c)(3) of the Internal Revenue Code in a determination letter issued in SEPTEMBER 1992.

Our records also indicate that you are not a private foundation within the meaning of section 509(a) of the Code because you are described in section(s) 509(a)(1) and 170(b)(1)(A)(vi).

Donors may deduct contributions to you as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to you or for your use are deductible for Federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522 of the Code.

Please refer to our website www.irs.gov/eo for information regarding filing requirements. Specifically, section 6033(j) of the Code provides that failure to file an annual information return for three consecutive years results in revocation of tax-exempt status as of the filing due date of the third return for organizations required to file. We will publish a list of organizations whose tax-exempt status was revoked under section 6033(j) of the Code on our website beginning in early 2011.

INTERNAL REVENUE SERVICE
P. O. BOX 2508
CINCINNATI, OH 45201

DEPARTMENT OF THE TREASURY

Date: **AUG 29 2007**

URBAN HOUSING SOLUTIONS INC
411 MURFREESBORO ROAD
NASHVILLE, TN 37210-2838

Employer Identification Number:
62-1466422

DLN:
407159014

Contact Person:
JACK D NEITZEL

ID# 95127

Contact Telephone Number:
(877) 829-5500

Date of Exemption:
May 1991

Internal Revenue Code
Section 501(c) (3)

Dear Applicant:

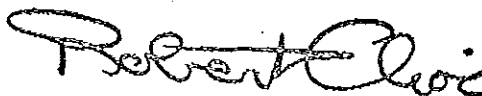
Thank you for submitting the information shown on the enclosure. We have made it a part of your file.

The changes indicated do not adversely affect your exempt status and the exemption letter issued to you continues in effect.

Please let us know about any future change in the character, purpose, method of operation, name or address of your organization. This is a requirement for retaining your exempt status.

Thank you for your cooperation.

Sincerely yours,



Robert Choi
Director, Exempt Organizations
Rulings and Agreements


URBAN HOUSING SOLUTIONS INC

Item Changed

From

To

CHANGE FOUNDATION CLASSIFICATION FROM 509(a) (3) TO 509(a) (2)

 Department of the Treasury
Internal Revenue Service

OGDEN, UT 84201

In reply refer to: 2917042082
Dec. 07, 2001 LTR 252C
62-1466422 000000 00

00750

URBAN HOUSING SOLUTIONS INC
411 MURFREESBORO RD
NASHVILLE TN 37210-2821112

Taxpayer Identification Number: 62-1466422

Dear Taxpayer:

Thank you for the inquiry dated Nov. 09, 2001.

We have changed the name on your account as requested. The number shown above is valid for use on all tax documents.

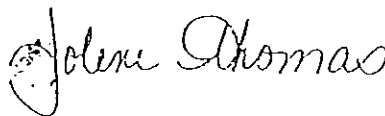
If you have any questions, please call us toll free at 1-800-829-1040. If you prefer, you may write to us at the address shown at the top of the first page of this letter.

Whenever you write, please include this letter and, in the spaces below, give us your telephone number with the hours we can reach you. Also, you may want to keep a copy of this letter for your records.

Telephone Number () _____ Hours _____

Thank you for your cooperation.

Sincerely yours,



Jolene Thomas
Dept. Manager, Code & Edit/Entity 3

Enclosure(s):
Copy of this letter

Date: OCT 1 1992

CCS HOUSING SYSTEMS INC
2012 21ST AVENUE SOUTH
NASHVILLE, TN 37212

Employer Identification Number:
62-1466422
Contact Person:
VICKY BAKER
Contact Telephone Number:
(404) 331-0930

Accounting Period Ends:
December 31
Form 990 Required:
Yes
Appendix Applies:
Yes

Dear Applicant:

Based on information supplied, and assuming your operations will be as stated in your application for recognition of exemption, we have determined you are exempt from Federal income tax under section 501(a) of the Internal Revenue Code as an organization described in section 501(c)(3).

We have further determined that you are not a private foundation within the meaning of section 509(a) of the Code, because you are an organization described in section 509(a)(3).

If your sources of support, or your purposes, character, or method of operation change, please let us know so we can consider the effect of the change on your exempt status and foundation status. In the case of an amendment to your organizational document or bylaws, please send us a copy of the amended document or bylaws. Also, you should inform us of all changes in your name or address.

As of January 1, 1984, you are liable for taxes under the Federal Insurance Contributions Act (social security taxes) on remuneration of \$100 or more you pay to each of your employees during a calendar year. You are not liable for the tax imposed under the Federal Unemployment Tax Act (FUTA).

Since you are not a private foundation, you are not subject to the excise taxes under Chapter 42 of the Code. However, you are not automatically exempt from other Federal excise taxes. If you have any questions about excise, employment, or other Federal taxes, please let us know.

Grantors and contributors may rely on this determination unless the Internal Revenue Service publishes notice to the contrary. However, if you lose your section 509(a)(3) status, a grantor or contributor may not rely on this determination if he or she was in part responsible for, or was aware of, the act or failure to act, or the substantial or material change on the part of the organization that resulted in your loss of such status, or if he or she acquired knowledge that the Internal Revenue Service had given notice that you would no longer be classified as a section 509(a)(3) organization.

Letter 947105/05

Donors may deduct contributions to you as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to you or for your use are deductible for Federal estate and gift tax purposes if they meet the applicable provisions of Code sections 2055, 2106, and 2522.

Contribution deductions are allowable to donors only to the extent that their contributions are gifts, with no consideration received. Ticket purchases and similar payments in conjunction with fundraising events may not necessarily qualify as deductible contributions, depending on the circumstances. See Revenue Ruling 67-246, published in Cumulative Bulletin 1967-2, on page 104, which sets forth guidelines regarding the deductibility of charitable contributions, of payments made by taxpayers for admission to or other participation in fundraising activities for charity.

In the heading of this letter we have indicated whether you must file Form 990, Return of Organization Exempt From Income Tax. If Yes is indicated, you are required to file Form 990 only if your gross receipts each year are normally more than \$25,000. However, if you receive a Form 990 package in the mail, please file the return even if you do not exceed the gross receipts test. If you are not required to file, simply attach the label provided, check the box in the heading to indicate that your annual gross receipts are normally \$25,000 or less, and sign the return.

If a return is required, it must be filed by the 15th day of the fifth month after the end of your annual accounting period. A penalty of \$10 a day is charged when a return is filed late, unless there is reasonable cause for the delay. However, the maximum penalty charged cannot exceed \$5,000 or 5 percent of your gross receipts for the year, whichever is less. This penalty may also be charged if a return is not complete, so please be sure your return is complete before you file it.

You are not required to file Federal income tax returns unless you are subject to the tax on unrelated business income under section 511 of the Code. If you are subject to this tax, you must file an income tax return on Form 990-B, Exempt Organization Business Income Tax Return. In this letter we are not determining whether any of your present or proposed activities are unrelated trade or business as defined in section 513 of the Code.

You need an employer identification number even if you have no employees. If an employer identification number was not entered on your application, a number will be assigned to you and you will be advised of it. Please use this number on all returns you file and in all correspondence with the Internal Revenue Service.

If we have indicated in the heading of this letter that an addendum applies, the enclosed addendum is an integral part of this letter.

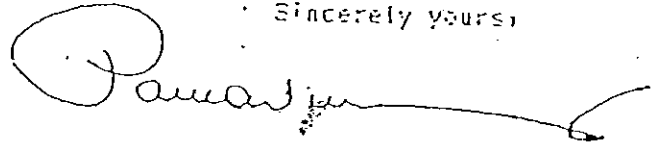
Because this letter could help resolve any questions about your exempt status and foundation status, you should keep it in your permanent records.

CCS HOUSING SYSTEMS INC

We have sent a copy of this letter to your representative as indicated in your power of attorney.

If you have any questions, please contact the person whose name and telephone number are shown in the heading of this letter.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Paul Williams", with a long horizontal flourish extending to the right.

Paul Williams
District Director

Enclosure(s):
Addendum

About Urban Housing Solutions

Having a Place to Call Home Changes Everything.

As Nashville's largest non-profit provider of affordable housing, Urban Housing Solutions develops creative alternatives for individuals and families seeking attractive, accessible communities. Practicing sustainable construction, we rehabilitate aging structures and build new ones to offer decent, affordable options for Nashvillians and surrounding Middle Tennessee residents.

In partnership with other nonprofits and government organizations, we go beyond housing assistance to match clients with transportation providers, social service agencies, and community health care access. It's through this service continuum that our team seeks to impact families and enhance Nashville neighborhoods in compassionate, forward-thinking ways.



"Heartland Stories" featuring Urban Housing Solutions

URBAN HOUSING SOLUTIONS, INC.

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORTS**

DECEMBER 31, 2020 AND 2019

URBAN HOUSING SOLUTIONS, INC.

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BELLENFANT

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Urban Housing Solutions, Inc.
Nashville, Tennessee

Report on the Financial Statements

We have audited the accompanying combined financial statements of Urban Housing Solutions, Inc. and affiliates, which comprise the combined statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, 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 combined 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 combined financial statements based on our audits. We did not audit the financial statements of 300 E. Webster Street Holdings, L.P., and 2125 26th Ave N Holdings, L.P., which represent 19.7% and 8.5%, 6.5% and 14.5%, and 18% and 1.7%, respectively of the assets, net assets, and revenues of Urban Housing Solutions, Inc. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for 300 E. Webster Street Holdings, L.P. and 2125 26th Ave N Holdings, L.P., is based solely on the report of the other auditors. 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 audits 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, based on our audit and the report of other auditors, the combined financial statements referred to above present fairly, in all material respects, the financial position of Urban Housing Solutions, Inc. and affiliates as of December 31, 2020 and 2019, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedule of Changes in Total OPEB Liability and Related Ratios, as listed in the Table of Contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Consolidating Statements of Financial Position, Consolidating Statements of Activities, and Consolidating Statements of Cash Flows, and the Schedule of Program Services Revenues and Expenses for 2020 and 2019 as listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal and state awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes 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 audit 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 September 27, 2021 on our consideration of Urban Housing Solutions, Inc.'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 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 Urban Housing Solution, Inc.'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 Urban Housing Solutions, Inc.'s internal control over financial reporting and compliance.

Bellenfant, PLLC

Nashville, Tennessee

September 27, 2021

URBAN HOUSING SOLUTIONS, INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2020 AND 2019

ASSETS

	2020	2019
Current Assets		
Cash	\$ 28,746,101	\$ 12,178,009
Restricted cash:		
Tenant security deposits	904	284,161
Replacement reserves	522,728	585,421
Investment securities	15,149,705	14,862,804
Accounts receivable:		
Grants	210,132	286,512
Tenants, net of doubtful accounts	143,415	51,469
Other	78,557	79,221
Investment - Skyliner	-	716,619
Prepaid expenses	6,074	6,074
Total Current Assets	44,857,616	29,050,290
Fixed Assets - net of accumulated depreciation of \$22,776,291 and \$19,780,426 for 2020 and 2019	89,278,780	66,652,061
Other Assets		
Intangible expenses	218,143	-
Total Other Assets	218,143	-
Total Assets	134,354,539	95,702,351
Deferred Outflows of Resources	3,173	2,361
Total Assets and Deferred Outflows	\$ 134,357,712	\$ 95,704,712

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

URBAN HOUSING SOLUTIONS, INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS OF DECEMBER 31, 2020 AND 2019

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable and accrued expenses	\$ 961,846	\$ 1,826,520
Due to related party	-	-
Line of credit	6,500,000	-
Tenant security deposits	317,126	287,821
Development fee payable	-	5,080,523
Prepaid rent	16,107	22,894
Current notes payable	4,625,879	11,515,680
Total Current Liabilities	12,420,958	18,733,438

Noncurrent Liabilities

Bonds payable	15,000,000	14,945,082
OPEB Liability	32,195	38,309
Non-current notes payable	46,719,454	20,867,502
Total Noncurrent Liabilities	61,751,649	35,850,893

Total Liabilities	74,172,607	54,584,331
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Deferred Inflows of Resources	23,106	10,711
-------------------------------	--------	--------

Net Assets

Without donor restrictions	60,161,999	41,109,670
With donor restrictions	-	-
Total Net Assets	60,161,999	41,109,670

Total Liabilities, Deferred Inflows, and Net Assets	\$ 134,357,712	\$ 95,704,712
---	----------------	---------------

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

URBAN HOUSING SOLUTIONS, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020			2019		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUES						
Public Support:						
Individual and corporate gifts & Barnes Fund	\$ 849,149	\$ -	\$ 849,149	\$ 5,019,811	\$ -	\$ 5,019,811
Grants:						
Government	1,103,119	-	1,103,119	893,163	-	893,163
Total Public Support	<u>1,952,268</u>	<u>-</u>	<u>1,952,268</u>	<u>5,912,974</u>	<u>-</u>	<u>5,912,974</u>
Revenues:						
Rental Income	9,561,153	-	9,561,153	7,192,948	-	7,192,948
Laundry and vending machine income	39,033	-	39,033	36,606	-	36,606
Investment income	106,232	-	106,232	453,406	-	453,406
Interest income	403,050	-	403,050	-	-	-
Developer fees	-	-	-	253,300	-	253,300
Insurance proceeds	369,196	-	369,196	737,835	-	737,835
Miscellaneous	413,988	-	413,988	97,088	-	97,088
Application fees	30,265	-	30,265	25,091	-	25,091
Net assets released from restrictions:						
Satisfaction of time and purpose restricitons:	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,000</u>	<u>(4,000)</u>	<u>-</u>
Total support and revenues	<u>12,875,185</u>	<u>-</u>	<u>12,875,185</u>	<u>14,713,248</u>	<u>(4,000)</u>	<u>14,709,248</u>

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

URBAN HOUSING SOLUTIONS, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020			2019		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Expenses:						
Program services:						
Rental projects	9,462,575	-	9,462,575	7,062,605	-	7,062,605
Resident support programs	922,383	-	922,383	628,451	-	628,451
Total program services	10,384,958	-	10,384,958	7,691,056	-	7,691,056
Supporting services:						
Management and general	260,357	-	260,357	632,964	-	632,964
Total expenses	10,645,315	-	10,645,315	8,324,020	-	8,324,020
Change in net assets	2,229,870	-	2,229,870	6,389,228	(4,000)	6,385,228
Net Assets - Beginning of Year	41,109,670	-	41,109,670	33,811,751	4,000	33,815,751
Prior Period Adjustment	5,080,523	-	5,080,523	42,073	-	42,073
Syndication	-	-	-	(178,524)	-	(178,524)
Capital Contributions	11,741,936	-	11,741,936	1,045,142	-	1,045,142
Net Assets - End of Year	<u>\$ 60,161,999</u>	<u>\$ -</u>	<u>\$ 60,161,999</u>	<u>\$ 41,109,670</u>	<u>\$ -</u>	<u>\$ 41,109,670</u>

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

URBAN HOUSING SOLUTIONS, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	TOTAL PROGRAM SERVICES	TOTAL MANAGEMENT & GENERAL	TOTAL EXPENSES
	<u> </u>	<u> </u>	<u> </u>
Payroll and related expenses	\$ 2,687,382	\$ 39,958	\$ 2,727,340
OPEB Expense	5,469	-	5,469
Advertising	9,308	6,581	15,889
Bad debt expense	27,586	-	27,586
Contract Services	650,180	13,219	663,399
Dues and subscriptions	-	5,400	5,400
Insurance	555,697	194	555,891
Interest	320,163	-	320,163
Legal and professional	216,375	101,831	318,206
Miscellaneous	8,299	17,747	26,046
Printing and postage	10,231	7,971	18,202
Rebate expense	115,122	-	115,122
Repairs and maintenance	683,010	4,422	687,432
Security services	28,003	-	28,003
Social program funds	61,095	1,252	62,347
Supplies	120,517	33,893	154,410
Taxes and licenses	652,353	13,263	665,616
Telephone	17,576	7,334	24,910
Travel	34,904	661	35,565
Utilities	1,085,638	-	1,085,638
	<u> </u>	<u> </u>	<u> </u>
Total Functional Expenses before Depreciation and Amortization	7,288,908	253,726	7,542,634
Depreciation and Amortization	3,096,050	6,631	3,102,681
	<u> </u>	<u> </u>	<u> </u>
Total Functional Expenses	<u>\$ 10,384,958</u>	<u>\$ 260,357</u>	<u>\$ 10,645,315</u>

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

URBAN HOUSING SOLUTIONS, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

	TOTAL PROGRAM SERVICES	TOTAL MANAGEMENT & GENERAL	TOTAL EXPENSES
Payroll and related expenses	\$ 1,893,747	\$ 273,345	\$ 2,167,092
OPEB Expense	-	6,213	6,213
Advertising	8,248	195	8,443
Contract services	691,051	5,848	696,899
Insurance	364,549	1,914	366,463
Interest	453,764	22,357	476,121
Legal and professional	79,799	71,803	151,602
Miscellaneous	1,723	112,953	114,676
Printing and postage	4,238	6,760	10,998
Repairs and maintenance	534,799	3,637	538,436
Social program funds	109,552	255	109,807
Supplies	105,381	29,871	135,252
Taxes and licenses	232,168	41,945	274,113
Telephone	17,964	3,828	21,792
Travel	40,959	2,623	43,582
Utilities	957,485	19,943	977,428
Total Functional Expenses before Depreciation and Amortization	5,495,427	603,490	6,098,917
Depreciation and amortization	2,195,629	29,474	2,225,103
Total Functional Expenses	<u>\$ 7,691,056</u>	<u>\$ 632,964</u>	<u>\$ 8,324,020</u>

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

URBAN HOUSING SOLUTIONS, INC.
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Cash Flows From Operating Activities:		
Change in net assets	\$ 2,229,870	\$ 6,385,228
Adjustments to reconcile increase in net assets		
Depreciation and amortization	3,102,681	2,225,103
Changes in:		
Restricted deposits	869,582	(47,821)
Accounts receivable	76,380	
Grants	(122,849)	1,035,469
Tenants	-	23,808
Development fee receivable	(2,250,000)	-
Due from related parties	(38,934)	-
Other	-	174,779
Prepaid expenses	(70,711)	(6,074)
Other assets	(812)	(496,945)
Deferred outflows	-	(2,077)
Accounts payable and accrued expenses	3,108,250	816,815
Due to related parties	2,250,000	-
Tenant security deposits payable	182,422	91,855
Prepaid rent	(6,787)	22,894
Development fee payable	1,027,500	5,080,523
OPEB liability	(6,114)	(997)
Deferred inflows	12,395	9,287
Net cash provided by operating activities	<u>10,362,873</u>	<u>15,311,847</u>
Cash Flows from Investing Activities:		
Purchase of property and equipment	(24,546,582)	(20,930,649)
Payments for deferred charges	(163,850)	
Payment of contractor payable	(613,892)	-
Purchase of investment securities	(17,792,118)	-
Sale of investment securities, net	14,862,804	102,944
Net cash used in investing activities	<u>(28,253,638)</u>	<u>(20,827,705)</u>
Cash Flows from Financing Activities:		
Change in line of credit	6,500,000	-
Loan closing costs incurred	64,043	39,212
Payments to affiliates	(186,118)	
Bond issue costs	(10,000)	(54,918)
Proceeds from bonds payable	15,000,000	-
Payments on bonds payable	(15,000,000)	-
Proceeds from notes payable	26,274,339	7,639,446

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

URBAN HOUSING SOLUTIONS, INC.
STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Cash Flows from Financing Activities (Continued):		
Principal payments on notes payable	(9,401,711)	(2,364,802)
Contributions	11,741,936	1,045,142
Syndication	-	(178,524)
Net cash provided by financing activities	<u>34,982,489</u>	<u>6,125,556</u>
Change in cash and restricted cash	17,091,724	609,698
Cash and restricted cash - beginning of year	12,178,009	11,526,238
Prior period adjustment	-	42,073
Cash and restricted cash - end of year	<u>\$ 29,269,733</u>	<u>\$ 12,178,009</u>

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

URBAN HOUSING SOLUTIONS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Organization and Purpose:

Urban Housing Solutions, Inc. ("UHS") was founded in 1991 as a Tennessee not-for-profit corporation. UHS provides affordable rental housing and social services for low-income residents of Nashville, primarily those with special needs.

Basis of Presentation:

UHS prepares its financial statements and maintains its financial accounting records on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Financial statement presentation follows the requirements of the Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic related to Presentation of Financial Statements of Not-for Profit Organizations. Under the FASB Accounting Standards Codification, the Association is required to report information regarding its financial position and activities according to two classes of net assets; net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions - These are net assets that are not subject to donor-imposed stipulations. UHS had \$60,161,199 and \$41,109,670 of net assets without donor restrictions as of December 31, 2020 and 2019, respectively.

Net assets with donor restrictions - These are net assets subject to donor-imposed stipulations that may or will be met, either by actions of UHS and/or the passage of time. This classification also includes net assets subject to donor-imposed stipulations that may be maintained permanently by UHS. Generally, donors of these assets permit UHS to use all or part of the income earned for general or specific purposes. UHS had \$0 of net assets with donor restrictions as of both December 31, 2020 and 2019, respectively.

Contributions and Support:

Contributions are recorded as with donor restrictions or without donor restrictions, depending on the existence and/or nature of any donor restrictions.

Contributions are considered to without donor restrictions unless specifically restricted by the donor. Amounts received that are restricted by the donor for future periods or for specific purposes are reported as net assets with donor restrictions support that increases that net asset class. When a restriction is fulfilled (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to unrestricted and reported in the Statement of Activities as net assets released from restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, the support is reported as unrestricted.

UHS also receives grant revenue from various federal, state and local agencies, principally from the U.S. Department of Housing and Urban Development and the Metropolitan Development and Housing Agency. Grant revenue is recognized in the period a liability is incurred for eligible expenditures under the terms of the grant. Grant funds received prior to recognition are recorded initially as deferred revenue.

URBAN HOUSING SOLUTIONS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

Contributions and Support (Continued)

UHS reports any gifts of equipment or materials as unrestricted support unless explicit donor restrictions specify how the assets must be used. Gifts of long-lived assets with explicit restrictions as to how the assets are to be used or funds restricted for the acquisition of long-lived assets are reported as restricted support. Expirations of donor restrictions are recognized when the donated or acquired long-lived assets are placed in service.

Income Taxes

UHS has been determined by the Internal Revenue Service to be exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code. Accordingly, the financial statements do not reflect a provision for income taxes.

UHS has evaluated its tax position in accordance with the Codification Standard relating to Accounting for Uncertainty in Income Taxes. UHS believes that it has taken no uncertain tax positions. The Organization files U.S. Federal Form 990 - *Return of Organization Exempt from Income Tax*. The Organization's returns for those years prior to calendar year 2017 are no longer open for examination.

Fixed Assets

Fixed assets with a cost above \$500 are recorded at acquisition costs, or estimated fair market value if donated, and are depreciated using the straight-line method over their estimated useful lives of three to ten years for furniture and equipment and fifteen to thirty years for buildings and improvements.

New Pronouncements

In February 2016, FASB issued ASU 2016-02, Leases. The standard requires all leases with lease term over 12 months to be capitalized as a right of use asset and lease liability on the balance sheet at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the income statement. This standard will be effective for the fiscal year ending December 31, 2021. UHS is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.

Program and Supporting Services

The following program and supporting services are included in the accompanying financial statements:

Woodland - this building is used as our main administrative and leasing office.

Mercury Courts and The Park - provides 155 units of housing for formerly homeless and low-income adults, as well as access to the agency's shuttle service, on-site classes, service coordination, and health advocacy.

Hope Terrace (formerly known as Centennial Commons), Crown Courts, and Vultee Gardens - three properties that provide a total of 65 housing units for low-income individuals and families who are in recovery from drug and alcohol addiction, some of whom are homeless. UHS's Journeys of Hope program provides supportive services for these residents.

URBAN HOUSING SOLUTIONS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

Program and Supporting Services (Continued)

Rental Projects (continued):

Mercury North - provides 32 units of housing for low-income adults and families, many of whom are homeless.

Greentree Terrace - provides 57 units of housing for low-income individuals and families, some of whom are homeless.

River Terrace - provides 20 units of housing for low-income adults and families.

Porter East - provides 20 apartments for low-income adults and families with a focus on deaf individuals, as well as space for a variety of small commercial enterprises.

Neely Meadows - provides 148 units of housing for low-to-moderate income individuals and families.

Eastwood Courts - provides 61 units of housing for low-income adults and families.

Village Place - provides 69 units of housing for low-income adults and families.

Clarksville Highway - provides 141 units of housing for low-income adults and families.

Millennium - provides 25 units of housing for low-to-moderate income individuals and family.

Lewis (1233-1235) - provides 20 units of housing for developmentally-challenged adults and their friends from the Vanderbilt Divinity School.

Old Hickory - land purchase

Rex Courtyard - provides 96 units of housing for low-income individuals and families, many of whom are homeless.

Resident Support Programs:

Neighborhood Stabilization Program II - Thirteen properties, which were purchased to rehabilitate the neighborhoods in the Nashville area, including a total of 131 residential units for lower income adults and families. All properties are complete.

Service Coordinator Program - provides the supportive service staff that is essential to assess and assist the formerly homeless residents of Mercury Courts and those in need at other properties. Service coordinators provide referrals to community services, and assist residents in obtaining employment.

Journeys of Hope Program - provides addiction recovery services to residents living in 65 units of housing in three different properties - Vultee Gardens, Crown Courts, and Hope Terrace. In addition to weekly group meetings and regular drug testing, residents also have access to a full-time addictions specialist.

URBAN HOUSING SOLUTIONS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

Program and Supporting Services (Continued)

Resident Support Programs (Continued):

Client Fund Program - provides direct financial assistance to residents in order to meet their transportation, healthcare, or other emergency needs. The fund covers the cost of the resident shuttle, bus passes, medical and dental co-pays, food, rent concessions and basic starter household supplies for many of the agency's formerly homeless residents. This fund has recently been used to assist flood victims.

Health Matters - offers a full-time health advocate, health-related workshops, and semiannual health fairs for UHS residents - primarily to those living at Mercury Courts and The Park. The program helps to connect residents to primary care physicians, insurance and prescription assistance programs, and wellness programs in order to reduce dependency on emergency services and improve health outcomes.

HOPWA (Housing Opportunities for Persons with AIDS) - provides subsidized rent and case management for UHS residents living with HIV/AIDS.

Homeless Recovery Program (SHP) - At the end of 2015, the Permanent SHP, SOAR SHP and Mainstream SHP programs were consolidated into the Homeless Recovery Program. This program provides subsidized rent and case management services for people who are homeless and disabled. The SOAR SHP provided subsidized rent and supportive services for people who have applied for SSI/SSDI through the SOAR process. The Mainstream SHP provided subsidized rent and case management for people who are homeless.

Vanderbilt - provides the Safety Net grant for lab and medication fees. The grant proceeds pass-through Urban Housing Solutions from the State of Tennessee to the Clinic at Mercury Court.

Low Income Housing Tax Credit Programs:

Gibson Creek:

In December 2017, UHS paid earnest fees and expenses amounting to \$244,515 for the purchase of Hampton Terrace, which occurred in April 2018. This property was transferred to 300 E Webster Street Holdings, LP, a limited partnership, for a .01% ownership interest through its wholly owned subsidiary, 300 E. Webster Street Holdings GP, LLC. These expenses were reimbursed once the closing was complete. UHS is the developer of the property.

The property is managed by S&S Property Management. UHS is responsible for paying insurance, taxes, and other fees which are reimbursed by 300 E Webster Street Holdings, LP.

300 E Webster Street Holdings, LP qualifies 100% of the units for low income housing credits in accordance with Section 42 of the Internal Revenue Code as enacted by the Tax Reform Act of 1986. The applicable low-income housing tax credits will be available to the limited partner over a ten-year period. The units must meet the provisions of Section 42 of the Internal Revenue Code during fifteen years in order to remain qualified to receive the credits. After meeting the fifteen-year requirement, all tax credits have been earned. The project was completed by December 31, 2019.

URBAN HOUSING SOLUTIONS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

Program and Supporting Services (Continued)

Low Income Housing Tax Credit Programs (Continued):

26th Avenue North (Clarksville Phase 3):

In December 2018, UHS conveyed Unit 3 and an appurtenant interest in the common elements of 26th and Clarksville Commons to 2125 26th Ave N Holding, LP. Project was completed in the fall of 2020.

Skyliner:

In 2019 and 2020, UHS paid pre-development costs, fees, and expenses amounting to \$716,619 and \$2,948,630, respectively, for the closing of Skyliner. This property was transferred to Skyliner, LP, a limited partnership, for a .01% ownership interest through its wholly owned subsidiary, Skyliner Development, LLC. Expenses of \$306,217 were reimbursed in 2020. The majority of expenses will be reimbursed once the substantial funding occurs in 2021.

Management and General - includes the functions necessary to ensure an adequate working environment and costs not identifiable with a single program or fund-raising activity. Includes costs associated with providing coordination and articulation of UHS's program strategy, business management, general record keeping, budgeting and related purposes.

Allocation of Functional Expenses

Expenses that can be directly attributed to a particular function are charged to that function. Certain costs have been allocated among more than one program or activity benefited based on objectively evaluated financial and nonfinancial data or reasonable subjective methods determined by management.

Use of estimates in the preparation of financial statements

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.

Allowance for uncollectible accounts/bad debts

At the end of each year, management reviews accounts receivable in detail and writes off any account that is deemed uncollectible. Based on assessment of specific accounts and historical collection experience of rental income, an allowance for uncollectible accounts was considered to be 20% of total balance as of December 31, 2020 and 2019, which was \$32,474 and \$10,929, respectively.

2. GRANTS RECEIVABLE

Grants receivable consists of receivables from programs funded by the U.S. Department of Housing and Urban Development ("HUD"), the Metropolitan Development and Housing Agency ("MDHA") and the Tennessee Department of Health. Financial activities of those programs are summarized in the schedule of expenditures of federal awards.

URBAN HOUSING SOLUTIONS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

3. FIXED ASSETS

Fixed assets consist of the following as of December 31:

	2020	2019
Land	\$ 10,121,299	\$ 6,781,299
Buildings and improvements	95,522,363	73,111,435
Furniture and equipment	3,569,610	5,489,960
Construction in progress	3,869,299	1,049,793
Eliminations	(1,027,500)	-
	112,055,071	86,432,487
Less accumulated depreciation	(22,776,291)	(19,780,426)
Total Fixed Assets	\$ 89,278,780	\$ 66,652,061

4. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used by UHS in estimating its fair value disclosures for financial instruments:

Cash, cash equivalents, investments, accounts receivable, prepaid expenses, accounts payables, unearned revenue and accrued expenses: The carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.

5. NOTES PAYABLE

Notes payable consist of the following at December 31:

	2020	2019
Note payable - Renasant Bank (prime rate - 4.00%); payable in monthly installments of \$6,400 beginning January 2017 final balloon payment for balance due January 2022; secured by real estate.	\$ 328,346	\$ 404,505
Note payable - Pinnacle Bank (index rate - 4.00%); payable in monthly principal and interest payment of \$5,479 beginning October 2008, final balloon payment for the balance due August 2027; secured by real estate at Mercury Courts.	443,868	508,852
Note payable - Regions Bank (3.50%); payable in monthly principal and interest payment of \$5,751 beginning March 2010, final payment for balance due August 2021; secured by real estate.	36,402	102,832
Note payable - Bank of TN (prime rate - 4.00%); payable in monthly principal payment of \$7,640 plus interest beginning February 2011, final balloon payment for balance due January 2026; secured by real estate.	465,840	557,520
Note payable - Bank of TN (prime rate - 4.00%); payable in monthly principal payment of \$6,390 plus interest beginning February 2011, final balloon payment for balance due January 2026; secured by real estate.	389,590	466,270

URBAN HOUSING SOLUTIONS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

5. NOTES PAYABLE (CONTINUED)

	<u>2020</u>	<u>2019</u>
Note payable - Truxton Trust (prime rate - 4.00%); payable in monthly principal payments of \$11,031 plus interest, beginning February 2018, final balloon payment January 2028; secured by real estate.	948,645	1,081,017
Note payable - Renasant (prime rate - 4%); interest only until January 2020, then payable in monthly principal payment of \$4,167 plus interest, beginning February 2020, final balloon payment for balance due January 2023; secured by real estate.	2,777,102	2,153,422
Note Payable - Truxton Trust (prime rate - 4.00%); payable in monthly principal and interest payments of \$4,149; beginning June 2016, final balloon payment for balance due December 2024; secured by real estate.	813,188	863,068
Note Payable - Truxton Trust (prime rate - 4.00%); payable in monthly principal and interest payments of \$4,518; beginning January 2020, final balloon payment for balance due June 2024; secured by real estate.	650,989	703,829
Note Payable - Pinnacle (prime rate - 4.00%); payable in monthly principal and interest payments of \$5,416; beginning January 2020, final balloon payment for balance due May 2024; secured by real estate.	1,026,917	1,089,577
Note Payable - 300 E Webster St Holdings, LP; First Horizon (prime rate - 4.00%, 0.75% per annum as of December 31, 2019); Interest only will be payable monthly for the first 24 months, final balloon payment for balance due April 2035; secured by real estate.	12,242,881	12,497,484
Note Payable - 300 E Webster St Holdings, LP; First Horizon (prime rate - 4.00%, 0.75% per annum as of December 31, 2019); Interest only will be due and payable monthly for the first 24 months, all principal and interest payments are due on April 26, 2020; secured by real estate.	3,351,916	5,499,024
Note Payable - 2125 26th Ave. N Holdings, LP; Pinnacle Bank (prime rate 4.00%); secured by real estate. Interest only due until full balance due 1/6/2020. Subject to SWAP agreement stating fixed rate of 1.62%.	-	5,000,000
Note Payable - 2125 26th Ave. N. Holdings, LP; Pinnacle Bank (prime rate - 4.00%); payable in monthly principal and interest payments of \$4,000; beginning December 2020, and payments of \$5,000 beginning December 2024; final balloon payment for balance due May 2029; secured by real estate. Subject to a SWAP agreement stating a fixed rate of 1.62%.	1,679,651	1,679,651
Note payable - Regions Bank (prime rate - 4.00%); payable in monthly interest payments beginning January 2022, and final balloon payment for balance due December 2022; secured by real estate.	9,200,000	-

URBAN HOUSING SOLUTIONS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

5. NOTES PAYABLE (CONTINUED)

	2020	2019
Note payable - Fifth Third Bank (prime rate - 4.00%); payable in annual principal payments beginning January 2023, and final balloon payment for balance due January 2038; secured by real estate.	17,200,000	-
Total Notes Payable	51,555,335	32,607,051
Less: Unamortized Fees	(210,002)	(223,869)
Notes Payable, Net of Unamortized Fees	\$ 51,345,333	\$ 32,383,182

Annual principal maturities of notes payable as of December 31, 2020 are as follows:

2021		\$ 4,625,879
2022		10,666,261
2023		8,385,304
2024		2,756,688
2025		1,374,088
2026 and thereafter		23,747,115
		\$ 51,555,335

Interest expense of \$320,163 and \$476,121 was paid in 2020 and 2019.

6. BONDS PAYABLE

On April 26, 2018, the Organization obtained financing from the issuance of Health and Educational Facilities Board issued by the Metro Government of Nashville and Davidson County. The bond bears interest at 2.05% per annum and are secured by the mortgage. All outstanding principal and interest was due and payable at maturity on April 26, 2020. As of December 31, 2020 and 2019, the outstanding principal balance was \$0 and \$15,000,000, respectively.

In January 2020, the Organization obtained financing from the issuance of Health and Educational Facilities Board issued by the Metro Government of Nashville and Davidson County. The bond bears interest at 2.01% per annum and are secured by the mortgage. Interest is paid annually. The outstanding principal is due and payable at maturity on January 5, 2023. As of December 31, 2020, the outstanding principal balance was \$15,000,000.

The bonds payable consist of the following at December 31:

	2020	2019
Principal balance	\$ 15,000,000	\$ 15,000,000
Less: unamortized bond fees	-	(54,918)
Bonds payable, net of unamortized bond fees	\$ 15,000,000	\$ 14,945,082

Debt issuance costs are amortized to interest expense over the term of the loan. For the year ended December 31, 2020, the effective interest rate was 2.05%. Amortization expense for debt issuance costs was \$67,294 and \$180,397 for the years ended December 31, 2020 and 2019, respectively.

URBAN HOUSING SOLUTIONS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

7. CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject UHS to concentrations of credit risk consist principally of grants and tenant accounts receivable. Tenant accounts receivable are widely dispersed to mitigate credit risk. Grants receivable represent concentrations of credit risk to the extent they are receivable from concentrated sources.

UHS maintains deposit accounts with nine financial institutions whose accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000 each. UHS had excess uninsured balances in 2020 and 2019. In management's opinion, the risk is mitigated by the use of high-quality financial institutions.

8. COMMITMENTS AND CONTINGENCIES

Federal and State Grants

UHS received federal, state and local grants for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could result in disallowances of expenditures, management believes that any required reimbursements would not be significant. Accordingly, no provision has been made for any potential reimbursements to the grantor.

9. ACCRUE PAYMENTS IN LIEU OF TAXES (PILOT)

UHS is not required to pay property taxes on several of its properties that have been granted property tax exempt status. Under this exempt status, UHS is required to make a payment in lieu of taxes (PILOT) to the city and county.

The Metropolitan Council approved the formula for calculating PILOT payments to be 25% of the normal property taxes. PILOT expenses were \$225,887 and \$66,655 for the years ended December 31, 2020 and 2019, respectively.

10. CONSORTIUM AGREEMENT

UHS is a consortium member with Metropolitan Development and Housing Agency (MDHA) to implement the Neighborhood Stabilization Program 2 (NSP2) by conducting certain activities including:

- Redevelopment of Demolished or Vacant Property as Housing (New Construction).
- Acquisition and Rehab of Abandoned or Foreclosed Homes of Residential Properties.

11. COMPENSATED ABSENCES

Employees of UHS are entitled to paid vacation and sick days. Employees are allowed to carryover 5 unused vacation days at December 31; sick days are not paid if the employee leaves. Accordingly, the accrued leave has been calculated as the total of vacation days available. As of December 31, 2020 and 2019, the amount of accrued leave was \$39,559 and \$23,639, respectively.

12. PENSION

UHS maintains a 401(k) plan. Matching contributions are made on each employee's behalf up to 5.0% of compensation. Employees are eligible after ninety days of service. Total contributions were \$95,859 and \$75,814 for the years ended December 31, 2020 and 2019, respectively.

URBAN HOUSING SOLUTIONS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

13. CLOSED LOCAL GOVERNMENT OPEB PLAN

Plan description - Employees of UHS are provided with pre-65 retiree health insurance benefits through the Local Government OPEB Plan (LGOP) administered by the Tennessee Department of Finance and Administration. This plan is considered to be a multiple-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB). However, for accounting purposes, this plan will be treated as a single-employer plan. All eligible pre-65 retired employees and disability participants of local governments, who choose coverage, participate in the LGOP.

Benefits provided - UHS offers the LGOP to provide health insurance coverage to eligible pre-65 retirees and disabled participants of local governments. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with TCA 8-27-701 establishes and amends the benefit terms of the LGOP. All members have the option of choosing between the premier preferred provider organization (PPO), standard PPO, limited PPO or the wellness health savings consumer driven health plan (CDHP) for healthcare benefits. Retired plan members, of the LGOP, receive the same plan benefits as active employees, at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct subsidies provided for the retiree premiums. UHS does not directly subsidize and are only subject to the implicit subsidy. The LGOP is funded on a pay-as-you-go basis and there are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

Employees covered by benefit terms - At July 1, 2020, the following employees of UHS were covered by the benefit terms of the LGOP:

Inactive employees currently receiving benefit payments	-
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	44
Total	44

An insurance committee, created in accordance with TCA 8-27-701, establishes the required payments to the LGOP by member employers and employees through the blended premiums established for active and retired employees.

Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. For the fiscal year ended June 30, 2020, UHS paid \$386 to the LGOP for OPEB benefits as they came due.

Total OPEB Liability

Actuarial assumptions - The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.10%
Salary increases	Graded salary ranges from 3.44 to 8.72 percent based on age, including inflation, averaging 4 percent.
Healthcare costs and trends	7.56% for 2021, decreasing annually over a 10 year period to an ultimate rate of 4.50%.
Retiree's share of benefit-related costs	Members are required to make monthly contributions in order to maintain their coverage. For the purpose of this Valuation a weighted average has been used with weights derived from the current distribution of members among plans offered.

URBAN HOUSING SOLUTIONS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

13. CLOSED LOCAL GOVERNMENT OPEB PLAN (CONTINUED)

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2017, valuations were the same as those employed in the July 1, 2017 Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS). These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2012 - June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the RP-2014 Healthy Participant Mortality Table for Annuitants for non-disabled post-retirement mortality, with mortality improvement projected to all future years using Scale MP-2016. Post-retirement tables are Blue Collar and adjusted with a 2% load for males and a -3% load for females. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10% load.

Discount rate - The discount rate used to measure the total OPEB liability was 2.21 percent. This rate reflects the interest rate derived from yields on 20-year, tax-exempt general obligation municipal bonds, prevailing on the measurement date, with an average rating of AA/Aa as shown on the Fidelity 20-Year Municipal GO AA index.

Changes in the Total OPEB Liability

	Total OPEB Liability (a)
Total OPEB liability – beginning balance	\$ 38,309
Changes for the year:	
Service cost	6,655
Interest	1,621
Changes for benefit terms	-
Differences between expected and actual experience	(15,644)
Change in assumption	1,640
Benefit payments	(386)
Net changes	(6,114)
Total OPEB liability – ending balance	\$ 32,195

Changes in assumptions - The discount rate was changed from 3.62% as of the beginning of the measurement period to 3.51% as of June 30, 2019. This change in assumption decreased the total OPEB liability. It was also decided to change the status of the LGOP from a closed plan to one that is open to all eligible employees regardless of initial hire date. This change in status will increase the OPEB liability. Other changes in assumptions include adjustments to initial per capita costs and slight changes to the near term health trend rates.

Sensitivity of total OPEB liability to changes in the discount rate - The following presents the total OPEB liability related to the LGOP, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate.

URBAN HOUSING SOLUTIONS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

13. CLOSED LOCAL GOVERNMENT OPEB PLAN (CONTINUED)

	1% Decrease (2.51%)	Discount Rate (3.51%)	1% Increase (4.51%)
Total OPEB liability	\$ 35,001	\$ 32,195	\$ 29,604

Sensitivity of total OPEB liability to changes in the healthcare cost trend rate - The following presents the total OPEB liability related to the LGOP, as well as what the total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate.

	1% Decrease (6.56% decreasing to 3.5%)	Healthcare Cost Trend Rates (7.56% decreasing to 4.5%)	1% Increase (8.56% decreasing to 5.5%)
Total OPEB liability	\$ 28,155	\$ 32,195	\$ 37,021

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

OPEB expense - For the fiscal year ended June 30, 2019, UHS recognized OPEB expense of \$6,599.

Deferred outflows of resources and deferred inflows of resources - For the fiscal year ended June 30, 2019, UHS reported deferred outflows of resources and deferred inflows of resources related to OPEB benefits in the LGOP from the following sources:

	Deferred Outflows of resources	Deferred Inflows of resources
Differences between actual and expected experience	\$ -	\$ (22,010)
Changes of assumptions	3,173	(1,096)
Employer payments subsequent to the measurement date	-	-
Total	\$ 3,173	\$ (23,106)

The amounts shown above for "Employer payments subsequent to the measurement date" will be recognized as a reduction to total OPEB liability in the following measurement period.

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

For the year ended June 30:

2022	\$	(2,807)
2023	\$	(2,807)
2024	\$	(2,807)
2025	\$	(2,807)
2026	\$	(2,807)
Thereafter	\$	(5,898)

URBAN HOUSING SOLUTIONS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

14. PRIOR PERIOD ADJUSTMENT

A prior period adjustment for Urban Housing Solutions in the amount of \$5,080,523 for the year ended December 31, 2020. This adjustment was to record a development fee receivable from 300 E. Webster Street Holdings, L.P. This transaction is eliminated in consolidation.

15. SUBSEQUENT EVENTS

Subsequent events have been evaluated through September 27, 2021, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

URBAN HOUSING SOLUTIONS, INC.
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
DECEMBER 31, 2020

	<u>2018</u>	<u>2019</u>	<u>2020</u>
Total OPEB liability			
Service cost	\$ 6,837	\$ 6,054	\$ 6,655
Interest	1,160	1,610	1,621
Changes of benefit terms	-	-	-
Differences between expected and actual	-	(10,590)	(15,644)
Changes of assumptions	(1,588)	2,213	1,640
Benefit payments	-	(284)	(386)
Net change in total OPEB liability	<u>6,409</u>	<u>(997)</u>	<u>(6,114)</u>
Total OPEB liability - beginning	<u>32,897</u>	<u>39,306</u>	<u>38,309</u>
Total OPEB liability - ending (a)	<u><u>\$ 39,306</u></u>	<u><u>\$ 38,309</u></u>	<u><u>\$ 32,195</u></u>

Covered-employee payroll \$ 2,421,857

**Total OPEB liability as a percentage of
covered-employee payroll** 1.62%

Notes to Schedule

There are no assets accumulating, in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, related to this OPEB plan.

The amounts reported for each fiscal year were determined as of the prior fiscal year-end.

This schedule is intended to display ten years of information. Additional years will be displayed as they become available.

SUPPLEMENTAL INFORMATION

URBAN HOUSING SOLUTIONS, INC.
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2020

	Urban Housing Solutions	300 E . Webster St. Holdings, LP	2125 26th Ave. N. Holdings, LP	Skyliner	Eliminations	Consolidated
	<u>ASSETS</u>					
Current Assets						
Cash	\$ 11,221,748	\$ 418,967	\$ 115,261	\$ 16,990,125	\$ -	\$ 28,746,101
Restricted cash:						
Tenant security deposits	904	-	-	-	-	904
Replacement reserves	27,033	495,695	-	-	-	522,728
Investments securities	-	-	-	15,149,705	-	15,149,705
Accounts receivable:						
Grants	210,132	-	-	-	-	210,132
Tenants, net of doubtful accounts	129,894	-	13,521	-	-	143,415
Development fee receivable	6,261,140	-	-	153,117	(6,414,257)	-
Due from related parties	2,250,000	-	-	-	(2,250,000)	-
Other	-	39,623	13,133	25,801	-	78,557
Investment - Skyliner	3,359,032	-	-	-	(3,359,032)	-
Prepaid expenses	-	6,074	-	-	-	6,074
Total Current Assets	<u>23,459,883</u>	<u>960,359</u>	<u>141,915</u>	<u>32,318,748</u>	<u>(12,023,289)</u>	<u>44,857,616</u>
Fixed Assets - net of accumulated depreciation of \$22,776,291	<u>47,887,181</u>	<u>25,599,889</u>	<u>11,249,248</u>	<u>5,569,962</u>	<u>(1,027,500)</u>	<u>89,278,780</u>
Intangible assets	<u>-</u>	<u>152,146</u>	<u>65,997</u>	<u>-</u>	<u>-</u>	<u>218,143</u>
Total Other Assets	<u>-</u>	<u>152,146</u>	<u>65,997</u>	<u>-</u>	<u>-</u>	<u>218,143</u>
Total Assets	<u>71,347,064</u>	<u>26,712,394</u>	<u>11,457,160</u>	<u>37,888,710</u>	<u>(13,050,789)</u>	<u>134,354,539</u>
Deferred outflows of resources	<u>3,173</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,173</u>
Total assets and deferred outflows	<u><u>\$ 71,350,237</u></u>	<u><u>\$ 26,712,394</u></u>	<u><u>\$ 11,457,160</u></u>	<u><u>\$ 37,888,710</u></u>	<u><u>\$ (13,050,789)</u></u>	<u><u>\$ 134,357,712</u></u>

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

URBAN HOUSING SOLUTIONS, INC.
CONSOLIDATING STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS OF DECEMBER 31, 2020

LIABILITIES AND NET ASSETS

	Urban Housing Solutions	300 E . Webster St. Holdings, LP	2125 26th Ave. N. Holdings, LP	Skyliner	Eliminations	Consolidated
Current Liabilities						
Accounts payable and accrued expenses	\$ 734,351	\$ 187,412	\$ 40,082	\$ 3,359,033	\$ (3,359,032)	\$ 961,846
Due to related parties	-	2,000,000	-	250,000	(2,250,000)	-
Line of credit	6,500,000	-	-	-	-	6,500,000
Tenant security deposits	243,639	73,487	-	-	-	317,126
Development fee payable	-	5,080,523	1,027,500	153,117	(6,261,140)	-
Prepaid rent	-	16,107	-	-	-	16,107
Current notes payable	815,717	3,810,162	-	-	-	4,625,879
Total Current Liabilities	<u>8,293,707</u>	<u>11,167,691</u>	<u>1,067,582</u>	<u>3,762,150</u>	<u>(11,870,172)</u>	<u>12,420,958</u>
Bonds payable	-	-	-	15,000,000	-	15,000,000
OPEB liability	32,195	-	-	-	-	32,195
Non-current notes payable	16,212,618	11,627,185	1,679,651	17,200,000	-	46,719,454
Total Noncurrent Liabilities	<u>16,244,813</u>	<u>11,627,185</u>	<u>1,679,651</u>	<u>32,200,000</u>	<u>-</u>	<u>61,751,649</u>
Total Liabilities	<u>24,538,520</u>	<u>22,794,876</u>	<u>2,747,233</u>	<u>35,962,150</u>	<u>(11,870,172)</u>	<u>74,172,607</u>
Deferred inflows of resources	<u>23,106</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,106</u>
Net Assets						
Without donor restrictions	46,788,611	3,917,518	8,709,927	1,926,560	(1,180,617)	60,161,999
With donor restrictions	-	-	-	-	-	-
Total net assets	<u>46,788,611</u>	<u>3,917,518</u>	<u>8,709,927</u>	<u>1,926,560</u>	<u>(1,180,617)</u>	<u>60,161,999</u>
Total liabilities						
Deferred inflows and net assets	<u>\$ 71,350,237</u>	<u>\$ 26,712,394</u>	<u>\$ 11,457,160</u>	<u>\$ 37,888,710</u>	<u>\$ (13,050,789)</u>	<u>\$ 134,357,712</u>

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

URBAN HOUSING SOLUTIONS
CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Urban Housing Solutions</u>	<u>300 E . Webster St. Holdings, LP</u>	<u>2125 26th Ave. N. Holdings,</u>	<u>Skyliner</u>	<u>Eliminations</u>	<u>Consolidated</u>
SUPPORT AND REVENUES						
Public Support:						
Individual and corporate gifts & Barnes Fund	\$ 849,149	\$ -	\$ -	\$ -	\$ -	\$ 849,149
Grants:						
Government	1,103,119	-	-	-	-	1,103,119
Total public support	1,952,268	-	-	-	-	1,952,268
Revenues:						
Rental income	7,111,866	2,303,438	145,849	-	-	9,561,153
Laundry and vending machine income	23,166	15,867	-	-	-	39,033
Investment income	25,318	4,191	76,723	-	-	106,232
Interest income	-	-	-	403,050	-	403,050
Developer fees	1,180,617	-	-	-	(1,180,617)	-
Insurance proceeds	369,196	-	-	-	-	369,196
Miscellaneous	412,314	-	1,674	-	-	413,988
Application fees	30,265	-	-	-	-	30,265
Net assets released from restrictions:						
Satisfaction of time and purpose restrictions	-	-	-	-	-	-
TOTAL SUPPORT AND REVENUES	<u>11,105,010</u>	<u>2,323,496</u>	<u>224,246</u>	<u>403,050</u>	<u>(1,180,617)</u>	<u>12,875,185</u>

URBAN HOUSING SOLUTIONS
CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Urban Housing Solutions	300 E . Webster St. Holdings, LP	2125 26th Ave. N. Holdings,	Skyliner	Eliminations	Consolidated
EXPENSES						
Program services:						
Rental projects	\$ 6,740,477	\$ 2,302,560	\$ 239,090	\$ 180,448	\$ -	\$ 9,462,575
Resident support programs	922,383	-	-	-	-	922,383
Total program services	<u>7,662,860</u>	<u>2,302,560</u>	<u>239,090</u>	<u>180,448</u>	<u>-</u>	<u>10,384,958</u>
Supporting services:						
Management and general	124,256	136,101	-	-	-	260,357
TOTAL EXPENSES	<u>7,787,116</u>	<u>2,438,661</u>	<u>239,090</u>	<u>180,448</u>	<u>-</u>	<u>10,645,315</u>
CHANGE IN NET ASSETS	3,317,894	(115,165)	(14,844)	222,602	(1,180,617)	2,229,870
Net Assets, Beginning of year	38,390,194	666,020	2,053,456	-	-	41,109,670
Prior Period Adjustment	5,080,523	-	-	-	-	5,080,523
Syndication	-	-	-	-	-	-
Capital Contributions	-	3,366,663	6,671,315	1,703,958	-	11,741,936
Net Assets, End of year	<u>\$ 46,788,611</u>	<u>\$ 3,917,518</u>	<u>\$ 8,709,927</u>	<u>\$ 1,926,560</u>	<u>\$ (1,180,617)</u>	<u>\$ 60,161,999</u>

URBAN HOUSING SOLUTIONS, INC.
CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

PROGRAM SERVICES									
URBAN HOUSING SOLUTIONS				<u>300 E.</u> <u>WEBSTER ST.</u> <u>HOLDINGS, LP</u>	<u>2125 26TH</u> <u>AVE. N.</u> <u>HOLDINGS, LP</u>	<u>Skyliner</u>	<u>Eliminations</u>	<u>TOTAL</u> <u>PROGRAM</u> <u>SERVICES</u>	
	<u>RENTAL</u> <u>PROJECTS</u>	<u>RESIDENT</u> <u>SUPPORT</u> <u>PROGRAMS</u>	<u>Total</u>						
Payroll and related expenses	\$ 1,852,294	\$ 529,605	\$ 2,381,899	\$ 279,241	\$ 26,242	\$ -	\$ -	-	2,687,382
OPEB Expense	-	5,469	5,469	-	-	-	-	-	5,469
Advertising	-	-	-	9,308	-	-	-	-	9,308
Bad debt expense	-	-	-	27,586	-	-	-	-	27,586
Contract services	638,182	5,156	643,338	6,842	-	-	-	-	650,180
Dues and subscriptions	-	-	-	-	-	-	-	-	-
Insurance	415,712	8,644	424,356	121,902	9,439	-	-	-	555,697
Interest	19,029	1	19,030	98,213	27,920	175,000	-	-	320,163
Legal and professional	138,168	9,941	148,109	53,386	14,880	-	-	-	216,375
Miscellaneous	-	1,892	1,892	1	958	5,448	-	-	8,299
Printing and postage	8,471	1,760	10,231	-	-	-	-	-	10,231
Rebate expense	-	-	-	115,122	-	-	-	-	115,122
Repairs and maintenance	270,447	2,181	272,628	394,811	15,571	-	-	-	683,010
Security services	-	-	-	28,003	-	-	-	-	28,003
Social program funds	43,961	16,457	60,418	-	677	-	-	-	61,095
Supplies	103,003	16,204	119,207	-	1,310	-	-	-	120,517
Taxes and licenses	503,158	-	503,158	146,064	3,131	-	-	-	652,353
Telephone	13,675	3,686	17,361	-	215	-	-	-	17,576
Travel	30,861	3,639	34,500	-	404	-	-	-	34,904
Utilities	947,234	-	947,234	113,451	24,953	-	-	-	1,085,638
Total functional expenses before depreciation and amortization	4,984,195	604,635	5,588,830	1,393,930	125,700	180,448	-	-	7,288,908
Depreciation and amortization	1,756,282	317,748	2,074,030	908,630	113,390	-	-	-	3,096,050
Total Functional Expenses	\$ 6,740,477	\$ 922,383	\$ 7,662,860	\$ 2,302,560	\$ 239,090	\$ 180,448	\$ -	\$ -	\$ 10,384,958

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

URBAN HOUSING SOLUTIONS, INC.
CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020

Supporting Services

Management and General

	<u>URBAN HOUSING SOLUTIONS</u>	<u>300 E. WEBSTER ST. HOLDINGS, LP</u>	<u>2125 26TH AVE. N. HOLDINGS, LP</u>	<u>Skyliner</u>	<u>TOTAL MANAGEMENT & GENERAL</u>	<u>Eliminations</u>	<u>TOTAL EXPENSES</u>
Payroll and related expenses	\$ 39,958	\$ -	\$ -	\$ -	\$ 39,958	\$ -	\$ 2,727,340
OPEB Expense	-	-	-	-	-	-	5,469
Advertising	6,581	-	-	-	6,581	-	15,889
Bad debt expense	-	-	-	-	-	-	27,586
Contract services	1,025	12,194	-	-	13,219	-	663,399
Dues and subscriptions	-	5,400	-	-	5,400	-	5,400
Insurance	194	-	-	-	194	-	555,891
Interest	-	-	-	-	-	-	320,163
Legal and professional	22,934	78,897	-	-	101,831	-	318,206
Miscellaneous	-	17,747	-	-	17,747	-	26,046
Printing and postage	3,353	4,618	-	-	7,971	-	18,202
Rebate expense	-	-	-	-	-	-	115,122
Repairs and maintenance	4,422	-	-	-	4,422	-	687,432
Security services	-	-	-	-	-	-	28,003
Social program funds	1,252	-	-	-	1,252	-	62,347
Supplies	21,665	12,228	-	-	33,893	-	154,410
Taxes and licenses	13,263	-	-	-	13,263	-	665,616
Telephone	2,866	4,468	-	-	7,334	-	24,910
Travel	112	549	-	-	661	-	35,565
Utilities	-	-	-	-	-	-	1,085,638
Total functional expenses before depreciation and amortization	117,625	136,101	-	-	253,726	-	7,542,634
Depreciation and amortization	6,631	-	-	-	6,631	-	3,102,681
Total Functional Expenses	\$ 124,256	\$ 136,101	\$ -	\$ -	\$ 260,357	\$ -	\$ 10,645,315

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

URBAN HOUSING SOLUTIONS, INC.
CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Urban Housing Solutions	300 E . Webster St. Holdings, LP	2125 26th Ave. N. Holdings, LP	Skyliner	Eliminations	Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES						
Change in net assets:	\$ 3,317,894	\$ (115,165)	\$ (14,844)	\$ 222,602	\$ (1,180,617)	\$ 2,229,870
Adjustments to reconcile change in net assets to cash provided by (used in) operating activities:						
Depreciation and amortization	2,080,661	908,630	113,390	-	-	3,102,681
(Increase) decrease in:						
Restricted deposits	807,496	62,086	-	-	-	869,582
Accounts receivable:						
Grants	76,380	-	-	-	-	76,380
Tenants	(78,425)	(30,903)	(13,521)	-	-	(122,849)
Development free receivable	(1,180,617)	-	-	-	1,180,617	-
Due from related parties	(2,250,000)	-	-	-	-	(2,250,000)
Other	-	-	(13,133)	(25,801)	-	(38,934)
Prepaid expenses	-	-	-	-	-	-
Other assets	-	-	(70,711)	-	-	(70,711)
Deferred Outflows	(812)	-	-	-	-	(812)
Increase (decrease) in:						
Accounts payable and accrued expenses	180,775	171,997	(603,555)	3,359,033	-	3,108,250
Due to related parties	-	2,000,000	-	250,000	-	2,250,000
Tenant security deposits payable	17,904	11,401	-	153,117	-	182,422
Prepaid rent	-	(6,787)	-	-	-	(6,787)
Development fee payable	-	-	1,027,500	-	-	1,027,500
OPEB Liability	(6,114)	-	-	-	-	(6,114)
Deferred Inflows	12,395	-	-	-	-	12,395
Net cash provided (used) by operating activities	<u>2,977,537</u>	<u>3,001,259</u>	<u>425,126</u>	<u>3,958,951</u>	<u>-</u>	<u>10,362,873</u>

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

URBAN HOUSING SOLUTIONS, INC.
CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property and equipment	(10,816,765)	(13,500)	(7,993,238)	(5,723,079)	-	(24,546,582)
Payments for deferred charges	-	(163,850)	-	-	-	(163,850)
Payment of contractor payable	-	(613,892)	-	-	-	(613,892)
Purchase of investment securities	(2,642,413)	-	-	(15,149,705)	-	(17,792,118)
Sale of investment securities, net	-	14,862,804	-	-	-	14,862,804
Net cash provided (used) by investing activities	<u>(13,459,178)</u>	<u>14,071,562</u>	<u>(7,993,238)</u>	<u>(20,872,784)</u>	<u>-</u>	<u>(28,253,638)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Changes in line of credit	6,500,000	-	-	-	-	6,500,000
Loan closing costs incurred	64,043	-	-	-	-	64,043
Payments to affiliates	-	(186,118)	-	-	-	(186,118)
Bond issue costs	-	(10,000)	-	-	-	(10,000)
Proceeds from bonds payable	-	-	-	15,000,000	-	15,000,000
Payments on bonds payable	-	(15,000,000)	-	-	-	(15,000,000)
Proceeds from notes payable	9,074,339	-	-	17,200,000	-	26,274,339
Principal payments on notes payable	-	(4,401,711)	(5,000,000)	-	-	(9,401,711)
Contributions	-	3,366,663	6,671,315	1,703,958	-	11,741,936
Syndication	-	-	-	-	-	-
Net cash provided by (used by) financing activities	<u>15,638,382</u>	<u>(16,231,166)</u>	<u>1,671,315</u>	<u>33,903,958</u>	<u>-</u>	<u>34,982,489</u>
NET INCREASE (DECREASE) IN CASH	5,156,741	841,655	(5,896,797)	16,990,125	-	17,091,724
CASH - BEGINNING OF YEAR	6,092,944	73,007	6,012,058	-	-	12,178,009
PRIOR PERIOD ADJUSTMENT	-	-	-	-	-	-
CASH - END OF YEAR	<u>\$ 11,249,685</u>	<u>\$ 914,662</u>	<u>\$ 115,261</u>	<u>\$ 16,990,125</u>	<u>\$ -</u>	<u>\$ 29,269,733</u>

URBAN HOUSING SOLUTIONS, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2020

Federal Grantor/ Pass-Through Grantor	Program/Cluster Name	CFDA Number	Contract Number	Pass-through to Subrecipients	Expenditures
<u>Federal Awards</u>					
Direct Funding:					
US Department of Housing and Urban Development	Supportive Housing Program - Merged	14.235	TN0061L4J041811		\$ 60,725
US Department of Housing and Urban Development	Supportive Housing Program - Merged	14.235	TN0061L4J041912		507,815
	**Total Program 14.235				568,540
Pass-through Funding:					
US Department of Housing and Urban Development through Metropolitan Development and Housing Agency	Housing Opportunities for Persons with AIDS	14.241	N/A		394,615
	Total Program 14.241				394,615
TOTAL FEDERAL AWARDS					\$ 963,155
<u>State Financial Assistance</u>					
Tennessee Department of Health	Health Care Safety Net Primary Care Services for Uninsured Adult Tennesseans 19-64 Years of Age	N/A	N/A		10,912
Tennessee CARES Grant	CARES Act	N/A	N/A		130,408
TOTAL STATE FINANCIAL ASSISTANCE					\$ 141,320
TOTAL FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE					\$ 1,104,475

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance summarized the expenditures of Urban Housing Solutions, Inc. under programs of the federal and state governments for the year ended December 31, 2020. The schedule is presented using the accrual basis of accounting.

Urban Housing Solutions elected to use the 10% de minimis cost rate permitted in the Uniform Guidance.

** Tested as Major Program

NOTE: This schedule was prepared on a modified accrual basis in accordance with the format prescribed by the Tennessee Comptroller of the Treasury Division of Local Government Audit.

URBAN HOUSING SOLUTIONS, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2019

Federal Grantor/ Pass-Through Grantor	Program/Cluster Name	CFDA Number	Contract Number	Passed Through to Subrecipients	Expenditures
Federal Awards					
Direct Funding:					
US Department of Housing and Urban Development	Supportive Housing Program - Merged	14.235	TN0061L4J041508		516,671
	**Total Program 14.235				\$ 516,671
Pass-through Funding:					
US Department of Housing and Urban Development through Metropolitan Development and Housing Agency	Housing Opportunities for Persons with AIDS	14.241	N/A		349,537
	Total Program 14.241				\$ 349,537
	TOTAL FEDERAL AWARDS				\$ 866,208
State Financial Assistance					
Tennessee Department of Health	Health Care Safety Net Primary Care Services for Uninsured Adult Tennesseans 19-64 Years of Age	N/A	N/A		9,982
Tennessee Housing Development Agency	Lewis Rehabilitation	N/A	N/A		16,973
	TOTAL STATE FINANCIAL ASSISTANCE				\$ 26,955
	TOTAL FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE				\$ 893,163

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance summarized the expenditures of Urban Housing Solutions, Inc. under programs of the federal and state governments for the year ended December 31, 2019. The schedule is presented using the accrual basis of accounting.

Urban Housing Solutions elected to use the 10% de minimis cost rate permitted in the Uniform Guidance.

** Tested as Major Program

URBAN HOUSING SOLUTIONS, INC.
SCHEDULE OF PROGRAM SERVICES REVENUES AND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2020

PROGRAM SERVICES

	SKYLINER	WOODLAND	MERCURY COURTS	HOPE	CROWN	FISK	RUSSELL	MERCURY NORTH
REVENUES								
Rental Income	\$ 6,000	\$ -	\$ 891,767	\$ 98,931	\$ 104,931	\$ 138,692	\$ 108,157	\$ 185,027
Individual and corporate gifts & Barnes Fund	250,000	\$ -	\$ 51	\$ -	\$ -	\$ -	\$ -	\$ -
Grants	-	-	42,809	57,391	43,797	-	-	35,070
Other	12,704	29,576	38,569	5,652	207,404	1,246	54,471	6,243
Total Revenues	268,704	29,576	973,196	161,974	356,132	139,938	162,628	226,340
EXPENSES								
Payroll and related expenses	88,323	1,540	219,569	47,815	30,806	31,199	18,484	47,209
OPEB Expense	-	-	-	-	-	-	-	-
Advertising	-	-	-	-	-	-	-	-
Bad debt expense	-	-	-	-	-	-	-	-
Contract services	-	4,275	75,178	18,432	14,001	12,889	6,618	15,295
Dues and subscriptions	-	-	-	-	-	-	-	-
Insurance	554	777	40,615	8,278	7,047	5,020	3,411	9,126
Interest	-	-	766	-	391	-	-	-
Legal and professional	1,087	30	5,263	901	604	574	362	1,814
Miscellaneous	-	-	-	-	-	-	-	-
Printing and postage	-	4,657	2,153	-	-	-	-	-
Rebate expense	-	-	-	-	-	-	-	-
Repairs and maintenance	68	6,071	27,154	5,237	6,887	4,890	3,078	2,614
Security services	-	-	-	-	-	-	-	-
Resident/Social program funds	-	4	5,940	565	529	2,608	600	706
Supplies/Office	807	2,731	13,182	2,713	1,802	1,750	1,125	2,806
Taxes and licenses	-	-	-	4,038	4,178	1,435	-	1,460
Telephone	347	109	1,879	344	237	222	142	379
Travel	124	27	3,943	867	537	593	326	934
Utilities	-	10,042	181,614	16,686	12,692	15,361	7,104	45,919
TOTAL FUNCTIONAL EXPENSES BEFORE DEPRECIATION	91,310	30,263	577,256	105,876	79,711	76,541	41,250	128,262
REVENUE OVER EXPENSES BEFORE DEPRECIATION AND AMORTIZATION	177,394	(687)	395,940	56,098	276,421	63,397	121,378	98,078
Depreciation and amortization	1,226	16,250	103,963	31,533	19,922	16,857	21,362	49,155
REVENUE OVER EXPENSES	\$ 176,168	\$ (16,937)	\$ 291,977	\$ 24,565	\$ 256,499	\$ 46,540	\$ 100,016	\$ 48,923

URBAN HOUSING SOLUTIONS, INC.
SCHEDULE OF PROGRAM SERVICES REVENUES AND EXPENDITURES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020

PROGRAM SERVICES

	GREENTREE TERRACE	RIVER TERRACE	PORTER EAST	NEELY MEADOWS	HAPPY GARDEN	EASTWOOD COURTS	VILLAGE PLACE	MCA WALL
REVENUES								
Rental Income	\$ 348,806	\$ 108,512	\$ 342,410	\$ 1,061,924	\$ 64,339	\$ 430,346	\$ 454,066	\$ -
Individual and corporate gifts & Barnes Fund	-	-	-	-	-	-	-	-
Grants	31,875	17,119	45,946	94,217	-	56,074	71,039	-
Other	2,869	1,280	1,285	34,929	272	5,496	14,395	-
Total Revenues	383,550	126,911	389,641	1,191,070	64,611	491,916	539,500	-
EXPENSES								
Payroll and related expenses	84,437	30,806	34,288	226,968	11,710	93,958	107,895	29,388
OPEB Expense	-	-	-	-	-	-	-	-
Advertising	-	-	-	-	-	-	-	-
Bad debt expense	-	-	-	-	-	-	-	-
Contract services	27,558	10,051	29,790	84,555	5,756	45,458	55,324	-
Dues and subscriptions	-	-	-	-	-	-	-	-
Insurance	19,898	5,803	11,146	48,847	2,872	18,897	46,819	137
Interest	641	-	1,149	1,375	-	2,581	1,179	-
Legal and professional	1,680	604	669	8,570	245	3,591	4,067	346
Miscellaneous	-	-	-	-	-	-	-	-
Printing and postage	-	-	-	337	-	370	540	-
Rebate expense	-	-	-	-	-	-	-	-
Repairs and maintenance	12,547	5,608	5,013	51,779	1,323	14,293	34,358	(108)
Security services	-	-	-	-	-	-	-	-
Resident/Social program funds	609	79	207	4,563	32	818	1,275	-
Supplies/Office	5,130	1,802	1,922	13,278	747	5,496	6,331	229
Taxes and licenses	8,058	3,212	36,472	99,246	7,375	20,591	12,527	-
Telephone	658	237	265	1,740	97	723	805	100
Travel	1,568	544	551	5,139	222	1,655	2,216	56
Utilities	40,213	7,152	63,144	79,538	6,058	43,101	45,498	-
TOTAL FUNCTIONAL EXPENSES BEFORE DEPRECIATION	202,997	65,898	184,616	625,935	36,437	251,532	318,834	30,148
REVENUE OVER EXPENSES BEFORE DEPRECIATION AND AMORTIZATION	180,553	61,013	205,025	565,135	28,174	240,384	220,666	(30,148)
Depreciation and amortization	68,143	16,764	168,299	190,017	45,620	72,891	87,051	-
REVENUE OVER EXPENSES	\$ 112,410	\$ 44,249	\$ 36,726	\$ 375,118	\$ (17,446)	\$ 167,493	\$ 133,615	\$ (30,148)

URBAN HOUSING SOLUTIONS, INC.
SCHEDULE OF PROGRAM SERVICES REVENUES AND EXPENDITURES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020

	PROGRAM SERVICES							
	REX JR.	URBAN FLATS	PARLIAMENT	CLARKSVILLE HIGHWAY	1227-1235 LEWIS	OLD HICKORY	REX'S COURTYARD	VULTEE GARDENS
REVENUES								
Rental Income	\$ -	\$ -	\$ 22,730	\$ 639,932	\$ 120,973	\$ -	\$ 682,889	\$ 71,393
Individual and corporate gifts & Barnes Fund	-	-	-	276,760	-	-	-	-
Grants	-	-	-	45,871	-	-	75,087	21,394
Other	-	-	-	1,035,329	1,760	-	9,528	1,907
Total Revenues	<u>-</u>	<u>-</u>	<u>22,730</u>	<u>1,997,892</u>	<u>122,733</u>	<u>-</u>	<u>767,504</u>	<u>94,694</u>
EXPENSES								
Payroll and related expenses	34,485	16,360	-	232,784	29,275	-	138,743	23,565
OPEB Expense	-	-	-	-	-	-	-	-
Advertising	-	-	-	-	-	-	-	-
Bad debt expense	-	-	-	-	-	-	-	-
Contract services	-	-	-	38,046	10,635	-	62,060	14,258
Dues and subscriptions	-	-	-	-	-	-	-	-
Insurance	143	21	-	37,634	6,363	-	35,652	4,652
Interest	-	-	-	6,870	-	-	986	-
Legal and professional	413	165	-	95,351	612	-	2,762	469
Miscellaneous	-	-	-	-	-	-	-	-
Printing and postage	-	-	-	44	-	-	370	-
Rebate expense	-	-	-	-	-	-	-	-
Repairs and maintenance	48	33	-	12,858	2,507	-	33,366	6,778
Security services	-	-	-	-	-	-	-	-
Resident/Social program funds	-	-	-	20,413	79	-	3,129	63
Supplies/Office	327	129	-	12,904	1,742	-	8,577	1,441
Taxes and licenses	-	-	20	115,552	13,968	10,414	14,197	2,654
Telephone	113	32	-	1,491	243	-	1,112	185
Travel	47	-	-	2,901	555	-	2,686	441
Utilities	-	-	-	86,003	10,417	210	155,771	10,488
TOTAL FUNCTIONAL EXPENSES								
BEFORE DEPRECIATION	<u>35,576</u>	<u>16,740</u>	<u>20</u>	<u>662,851</u>	<u>76,396</u>	<u>10,624</u>	<u>459,411</u>	<u>64,994</u>
REVENUE OVER EXPENSES BEFORE DEPRECIATION AND AMORTIZATION	(35,576)	(16,740)	22,710	1,335,041	46,337	(10,624)	308,093	29,700
Depreciation and amortization	-	-	-	431,662	212,649	4,703	93,890	25,974
REVENUE OVER EXPENSES	<u>\$ (35,576)</u>	<u>\$ (16,740)</u>	<u>\$ 22,710</u>	<u>\$ 903,379</u>	<u>\$ (166,312)</u>	<u>\$ (15,327)</u>	<u>\$ 214,203</u>	<u>\$ 3,726</u>

URBAN HOUSING SOLUTIONS, INC.
SCHEDULE OF PROGRAM SERVICES REVENUES AND EXPENDITURES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020

	PROGRAM SERVICES			
	NEIGHBORHOOD STABILIZATION	THE PARK AT MERCURY COURT	MILLENNIUM	TOTAL RENTAL PROJECTS
REVENUES				
Rental Income	\$ 903,390	\$ 109,260	\$ 217,391	\$ 7,111,866
Individual and corporate gifts & Barnes Fund	-	-	-	526,811
Grants	19,188	27,130	378	684,385
Other	10,032	890	2,192	1,478,029
Total Revenues	932,610	137,280	219,961	9,801,091
EXPENSES				
Payroll and related expenses	188,721	36,008	47,958	1,852,294
OPEB Expense	-	-	-	-
Advertising	-	-	-	-
Bad debt expense	-	-	-	-
Contract services	80,864	13,062	14,077	638,182
Dues and subscriptions	-	-	-	-
Insurance	85,628	6,514	9,858	415,712
Interest	758	-	2,333	19,029
Legal and professional	3,932	1,775	2,282	138,168
Miscellaneous	-	-	-	-
Printing and postage	-	-	-	8,471
Rebate expense	-	-	-	-
Repairs and maintenance	23,863	2,748	7,434	270,447
Security services	-	-	-	-
Resident/Social program funds	1,018	370	354	43,961
Supplies/Office	11,205	2,117	2,710	103,003
Taxes and licenses	116,481	11,561	19,719	503,158
Telephone	1,567	289	359	13,675
Travel	3,546	599	784	30,861
Utilities	73,470	16,033	20,720	947,234
TOTAL FUNCTIONAL EXPENSES BEFORE DEPRECIATION	591,053	91,076	128,588	4,984,195
REVENUE OVER EXPENSES BEFORE DEPRECIATION AND AMORTIZATION	341,557	46,204	91,373	4,816,896
Depreciation and amortization	-	37,233	41,118	1,756,282
REVENUE OVER EXPENSES	\$ 341,557	\$ 8,971	\$ 50,255	\$ 3,060,614

URBAN HOUSING SOLUTIONS, INC.
SCHEDULE OF PROGRAM SERVICE REVENUES AND EXPENDITURES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020

	PROGRAM SERVICES							SUPPORTING SERVICES				
	SERVICE COORDINATOR PROGRAM	HEALTH MATTERS	CLIENT FUND PROGRAM	HOPWA	PERMANENT SUPPORTIVE HOUSING	VANDERBILT HEALTH	GENERAL DEVELOPMENT	TOTAL PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL SUPPORTING SERVICES	TOTAL
REVENUES												
Rental Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,111,866	\$ -	\$ -	\$ -	\$ 7,111,866
Individual and corporate gifts & Barnes Fund	-	39,564	202,583	-	25,000	-	-	793,958	55,191	-	55,191	\$ 849,149
Grants	-	10,912	130,408	68,766	208,648	-	-	1,103,119	-	-	-	1,103,119
Other	-	-	-	-	-	-	-	1,478,029	562,848	-	409,730	2,040,877
Total Revenues	-	50,476	332,991	68,766	233,648	-	-	10,486,972	618,039	-	464,921	11,105,011
EXPENSES												
Payroll and related expenses	25,415	59,615	21,873	73,714	251,805	-	97,183	2,381,899	39,958	31,630	39,958	2,421,857
OPEB Expenses	-	-	-	-	-	-	6,269	6,269	-	-	-	6,269
Advertising	-	-	-	-	-	-	-	-	6,581	-	6,581	6,581
Bad debt expense	-	-	-	-	-	-	-	-	-	-	-	-
Contract services	-	-	-	-	5,207	-	(51)	643,338	1,025	-	1,025	644,363
Dues and subscriptions	-	-	-	-	-	-	-	-	-	-	-	-
Insurance	776	1,221	440	1,082	4,477	-	648	424,356	194	294	194	424,550
Interest	-	-	-	-	-	-	1	19,030	-	-	-	19,030
Legal and professional	337	1,150	444	1,308	5,419	-	1,283	148,109	22,934	609	22,934	171,043
Miscellaneous	-	-	-	-	-	-	1,892	1,892	-	-	-	1,892
Printing and postage	-	-	-	4	-	-	1,756	10,231	3,353	1,746	3,353	13,584
Rebate expense	-	-	-	-	-	-	-	-	-	-	-	-
Repairs and maintenance	11	581	253	393	837	63	43	272,628	4,422	17	4,422	277,050
Security services	-	-	-	-	-	-	-	-	-	-	-	-
Resident/Social program funds	-	12,316	175	-	3,966	-	-	60,418	1,252	-	1,252	61,670
Supplies/Office	116	1,282	575	1,637	5,616	-	6,978	119,207	21,665	2,976	21,665	140,872
Taxes and licenses	-	-	-	-	-	-	-	503,158	13,263	-	13,263	516,421
Telephone	174	573	188	583	1,819	-	349	17,361	2,866	116	2,866	20,227
Travel	-	145	100	906	2,101	-	387	34,500	112	216	112	34,612
Utilities	-	-	-	-	-	-	-	947,234	-	-	-	947,234
TOTAL FUNCTIONAL EXPENSES BEFORE DEPRECIATION	26,829	76,883	24,048	79,627	281,247	63	116,738	5,589,630	117,625	37,604	117,625	5,707,255
REVENUE OVER EXPENSES BEFORE DEPRECIATION AND AMORTIZATION	(26,829)	(26,407)	308,943	(10,861)	(47,599)	(63)	(116,738)	4,897,342	500,414	(37,604)	347,296	5,397,756
Depreciation and amortization	-	-	-	-	294,644	-	23,104	2,074,030	6,631	-	6,631	2,080,661
REVENUE OVER EXPENSES	\$ (26,829)	\$ (26,407)	\$ 308,943	\$ (10,861)	\$ (342,243)	\$ (63)	\$ (139,842)	\$ 2,823,312	\$ 493,783	\$ (37,604)	\$ 340,665	\$ 3,317,095

URBAN HOUSING SOLUTIONS, INC.
SCHEDULE OF PROGRAM SERVICES REVENUES AND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2019

	PROGRAM SERVICES							
	SKYLINER	WOODLAND	MERCURY COURTS	HOPE	CROWN	FISK	RUSSELL	MERCURY NORTH
REVENUES								
Rental Income	\$ 37,935	\$ -	\$ 963,672	\$ 105,349	\$ 111,709	\$ 133,010	\$ 110,292	\$ 172,855
Grants	-	-	29,770	61,495	15,168	-	-	34,362
Other	-	5,019	26,196	6,180	3,388	1,483	521	2,032
Total Revenues	37,935	5,019	1,019,638	173,024	130,265	134,493	110,813	209,249
EXPENSES								
Payroll and related expenses	-	1,128	189,349	32,719	22,565	19,981	13,539	25,913
Advertising	-	-	1	-	4	-	2	-
Contract services	-	5,757	84,110	30,285	15,272	13,207	6,049	29,649
Insurance	-	1,797	32,507	4,871	3,727	1,786	1,957	5,372
Interest	-	-	7,114	-	2,446	-	-	-
Legal and professional	-	27	5,061	796	549	478	329	604
Miscellaneous	20	-	-	-	-	-	-	-
Printing and postage	-	-	2,151	20	14	15	8	24
Repairs and maintenance	-	5,453	26,569	8,954	5,409	3,482	1,814	7,796
Resident/Social program funds	-	338	14,319	989	126	1,778	543	3,109
Supplies/Office	-	6,426	13,794	2,724	1,753	1,583	1,049	2,388
Taxes and licenses	-	-	5,607	3,001	3,110	1,088	7	1,111
Telephone	-	13	1,841	379	263	186	158	264
Travel	9	34	6,159	984	678	575	407	775
Utilities	-	11,397	178,754	14,873	12,087	17,429	4,213	44,969
TOTAL FUNCTIONAL EXPENSES BEFORE DEPRECIATION	29	32,370	567,336	100,595	68,003	61,588	30,075	121,974
REVENUE OVER EXPENSES BEFORE DEPRECIATION AND AMORTIZATION	37,906	(27,351)	452,302	72,429	62,262	72,905	80,738	87,275
Depreciation and amortization	1,455	15,484	136,984	29,234	17,843	15,944	19,422	48,325
REVENUE OVER EXPENSES	\$ 36,451	\$ (42,835)	\$ 315,318	\$ 43,195	\$ 44,419	\$ 56,961	\$ 61,316	\$ 38,950

URBAN HOUSING SOLUTIONS, INC.
SCHEDULE OF PROGRAM SERVICES REVENUES AND EXPENDITURES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2019

	PROGRAM SERVICES							
	GREENTREE TERRACE	RIVER TERRACE	PORTER EAST	NEELY MEADOWS	EASTWOOD COURTS	VILLAGE PLACE	LINDSLEY	CLARKSVILLE HIGHWAY
REVENUES								
Rental Income	\$ 339,848	\$ 97,574	\$ 391,023	\$ 1,035,913	\$ 412,751	\$ 439,902	\$ -	\$ 146,981
Grants	37,698	15,710	27,327	97,998	45,536	60,030	-	27,785
Other	3,483	8,118	1,719	41,191	8,565	8,772	-	2,713
Total Revenues	381,029	121,402	420,069	1,175,102	466,852	508,704	-	177,479
EXPENSES								
Payroll and related expenses	64,310	22,565	22,565	154,294	68,823	100,864	-	23,589
Advertising	10	4	4	-	11	-	-	-
Contract services	36,292	13,952	20,272	101,952	49,627	65,021	-	15,689
Insurance	15,751	3,715	21,330	47,051	15,289	22,118	-	11,216
Interest	9,345	-	7,202	7,484	4,871	2,748	-	11,954
Legal and professional	1,565	549	549	3,386	1,674	2,454	-	562
Miscellaneous	-	-	-	-	-	-	-	-
Printing and postage	39	14	21	91	49	588	-	17
Repairs and maintenance	19,461	5,716	8,356	46,518	31,026	38,768	-	1,161
Resident/Social program funds	1,857	618	1,051	11,102	1,802	3,548	-	1,732
Supplies/Office	5,001	1,750	1,759	11,806	5,466	6,772	-	1,911
Taxes and licenses	5,987	2,388	25,429	72,274	15,429	9,396	-	22,126
Telephone	745	261	263	1,323	800	894	-	221
Travel	1,934	678	678	4,374	2,292	3,201	-	693
Utilities	34,942	6,352	68,864	93,363	38,020	41,987	-	18,327
TOTAL FUNCTIONAL EXPENSES BEFORE DEPRECIATION	197,239	58,562	178,343	555,018	235,179	298,359	-	109,198
REVENUE OVER EXPENSES BEFORE DEPRECIATION AND AMORTIZATION	183,790	62,840	241,726	620,084	231,673	210,345	-	68,281
Depreciation and amortization	65,864	16,344	168,090	169,144	65,597	82,983	-	232,044
REVENUE OVER EXPENSES	\$ 117,926	\$ 46,496	\$ 73,636	\$ 450,940	\$ 166,076	\$ 127,362	\$ -	\$ (163,763)

URBAN HOUSING SOLUTIONS, INC.
SCHEDULE OF PROGRAM SERVICES REVENUES AND EXPENDITURES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2019

	PROGRAM SERVICES							TOTAL RENTAL PROJECTS
	1227-1235 LEWIS	OLD HICKORY	REX'S COURTYARD	VULTEE GARDENS	NEIGHBORHOOD STABILIZATION	THE PARK AT MERCURY COURT	MILLENNIUM	
REVENUES								
Rental Income	\$ 118,225	\$ -	\$ 673,235	\$ 84,576	\$ 879,082	\$ 111,091	\$ 112,377	\$ 6,477,400
Grants	-	-	74,290	18,632	21,759	16,819	89	584,468
Other	110,477	-	22,659	1,749	719,244	1,205	675	975,389
Total Revenues	<u>228,702</u>	<u>-</u>	<u>770,184</u>	<u>104,957</u>	<u>1,620,085</u>	<u>129,115</u>	<u>113,141</u>	<u>8,037,257</u>
EXPENSES								
Payroll and related expenses	22,565	-	138,995	18,052	144,414	16,371	11,703	1,114,304
Advertising	4	-	-	3	23	-	-	66
Contract services	8,205	-	57,844	9,126	80,198	12,971	29,986	685,464
Insurance	5,595	-	29,130	3,040	85,641	5,842	7,540	325,275
Interest	-	-	2,298	-	4,666	-	7,489	67,617
Legal and professional	549	-	3,181	439	3,936	5,882	258	32,828
Miscellaneous	-	-	-	-	-	-	-	20
Printing and postage	14	-	74	11	87	11	6	3,254
Repairs and maintenance	1,566	-	23,071	4,161	22,410	4,525	16,699	282,915
Resident/Social program funds	253	-	4,926	423	8,258	1,907	839	59,518
Supplies/Office	1,752	-	8,643	1,400	11,220	1,982	1,254	90,433
Taxes and licenses	9,299	7,784	10,723	1,974	86,000	8,906	14,739	306,378
Telephone	261	-	1,332	209	1,676	166	112	11,367
Travel	678	-	3,780	543	4,341	491	330	33,634
Utilities	7,022	-	149,306	7,968	60,368	12,910	12,714	835,865
TOTAL FUNCTIONAL EXPENSES BEFORE DEPRECIATION	<u>57,763</u>	<u>7,784</u>	<u>433,303</u>	<u>47,349</u>	<u>513,238</u>	<u>71,964</u>	<u>103,669</u>	<u>3,848,938</u>
REVENUE OVER EXPENSES BEFORE DEPRECIATION AND AMORTIZATION	170,939	(7,784)	336,881	57,608	1,106,847	57,151	9,472	4,188,319
Depreciation and amortization	47,873	4,216	90,682	25,225	427,158	45,509	-	1,725,420
REVENUE OVER EXPENSES	<u>\$ 123,066</u>	<u>\$ (12,000)</u>	<u>\$ 246,199</u>	<u>\$ 32,383</u>	<u>\$ 679,689</u>	<u>\$ 11,642</u>	<u>\$ 9,472</u>	<u>\$ 2,462,899</u>

URBAN HOUSING SOLUTIONS, INC.
SCHEDULE OF PROGRAM SERVICES REVENUES AND EXPENDITURES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2019

	PROGRAM SERVICES							SUPPORTING	TOTAL	
	SERVICE COORDINATOR PROGRAM	HEALTH MATTERS	CLIENT FUND PROGRAM	HOPWA	PERMANENT SUPPORTIVE HOUSING	VANDERBILT HEALTH	RESIDENT SUPPORT PROGRAMS	TOTAL PROGRAM SERVICES		MANAGEMENT AND GENERAL
REVENUES										
Rental Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,477,400	\$ 135,541	\$ 6,612,941
Grants	-	26,955	-	54,370	227,370	-	308,695	893,163	-	893,163
Other	-	27,500	104,550	-	-	-	132,050	1,107,439	4,871,425	5,978,864
Total Revenues	-	54,455	104,550	54,370	227,370	-	440,745	8,478,002	5,006,966	13,484,968
EXPENSES										
Payroll and related expenses	(1,464)	49,883	109,622	53,953	306,314	-	518,308	1,632,612	273,345	1,905,957
OPEB Expenses	-	-	-	-	-	-	-	-	6,213	6,213
Advertising	-	-	-	-	-	-	-	66	195	261
Contract services	-	-	-	-	5,587	-	5,587	691,051	5,848	696,899
Insurance	-	639	1,343	592	4,190	-	6,764	332,039	1,914	333,953
Interest	-	-	-	-	-	-	-	67,617	22,357	89,974
Legal and professional	-	999	8,729	969	6,905	-	17,602	50,430	17,803	68,233
Miscellaneous	-	-	-	-	-	-	-	20	-	20
Printing and postage	-	15	854	14	101	-	984	4,238	6,760	10,998
Repairs and maintenance	-	-	100	-	73	-	173	283,088	3,637	286,725
Resident/Social program funds	-	21,239	23,396	113	5,286	-	50,034	109,552	255	109,807
Supplies/Office	-	1,147	5,659	1,081	7,061	-	14,948	105,381	29,871	135,252
Taxes and licenses	-	-	109	20	-	-	129	306,507	41,945	348,452
Telephone	-	969	817	606	4,205	-	6,597	17,964	3,828	21,792
Travel	19	1,180	991	846	4,289	-	7,325	40,959	2,623	43,582
Utilities	-	-	-	-	-	-	-	835,865	19,943	855,808
TOTAL FUNCTIONAL EXPENSES BEFORE DEPRECIATION	(1,445)	76,071	151,620	58,194	344,011	-	628,451	4,477,389	436,537	4,913,926
REVENUE OVER EXPENSES BEFORE DEPRECIATION AND AMORTIZATION	1,445	(21,616)	(47,070)	(3,824)	(116,641)	-	(187,706)	4,000,613	4,570,429	8,571,042
Depreciation and amortization	-	-	-	-	-	-	-	1,725,420	29,474	1,754,894
REVENUE OVER EXPENSES	\$ 1,445	\$ (21,616)	\$ (47,070)	\$ (3,824)	\$ (116,641)	\$ -	\$ (187,706)	\$ 2,275,193	\$ 4,540,955	\$ 6,816,148

URBAN HOUSING SOLUTIONS, INC.
SCHEDULE OF DIRECTORS AND MANAGEMENT OFFICIALS
DECEMBER 31, 2020

Commissioners:

John Gregory	Chairman
Steve Harris	HR Committee Chair
Elroy Mihailov	Equity Committee Chair
Kurt Schreiber	Strategic Planning Chair
Jennifer Carlat	Director
Kate Hyde	Director
Michael Lewis	Director
Chris Mayfield	Finance Committee Chair

Management Officials:

Brent Elrod	Managing Director
Laura Ward	Director of Finance



BELLENFANT

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

**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**

Board of Directors
Urban Housing Solutions, Inc.
Nashville, Tennessee

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 Urban Housing Solutions, Inc. which comprise the statement of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated September 27, 2020. Our report includes a reference to other auditors who audited the financial statements of 300 E. Webster Street Holdings, L.P. and 2125 26th Ave N Holdings, L.P., as described in our report on Urban Housing Solutions, Inc.'s financial statements. This report does not include the results of other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Urban Housing Solutions, Inc.'s internal control over financial reporting (internal control) to determine the 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 Urban Housing Solutions, Inc. internal control. Accordingly, we do not express an opinion on the effectiveness of the Urban Housing Solutions, Inc.'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 entity'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.

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 Urban Housing Solutions, Inc.'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 determination of financial statement amounts. 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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bellenfant, PLLC

Nashville, Tennessee

September 27, 2020



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors
Urban Housing Solutions, Inc.
Nashville, Tennessee

Report on Compliance for Each Major Federal Program

We have audited Urban Housing Solutions, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Urban Housing Solutions, Inc.'s major federal programs for the years ended December 31, 2020 and 2019. Urban Housing Solutions, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Urban Housing Solutions, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulation Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Urban Housing Solutions, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Urban Housing Solutions, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Urban Housing Solutions, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the years ended December 31, 2020 and 2019.

Report on Internal Control Over Compliance

Management of Urban Housing Solutions, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Urban Housing Solutions, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Urban Housing Solutions, Inc.'s internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Bellenfant, PLLC

Nashville, Tennessee

September 27, 2020

URBAN HOUSING SOLUTIONS, INC.
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2020

PART I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? _____ Yes X No

Significant deficiencies identified not considered to be material weaknesses? _____ Yes X None reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

Material weaknesses identified? _____ Yes X No

Significant deficiencies identified not considered to be material weaknesses? _____ Yes X None reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance _____ Yes X No

Identification of major programs:

14.235 Supporting Housing Program

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? X Yes _____ No

**URBAN HOUSING SOLUTIONS, INC.
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2020**

There were no audit findings for the year ended December 31, 2019.

**GRANT CONTRACT
 BETWEEN THE METROPOLITAN GOVERNMENT
 OF NASHVILLE AND DAVIDSON COUNTY, TENNESSEE
 BY AND THROUGH
 THE METROPOLITAN HOUSING TRUST FUND COMMISSION
 AND
 WOODBINE COMMUNITY ORGANIZATION (WCO), INC.**

This Grant Contract issued and entered into by and between the Metropolitan Government of Nashville and Davidson County, a municipal corporation of the State of Tennessee hereinafter referred to as "Metro", and Woodbine Community Organization (WCO), Inc., hereinafter referred to as the "Recipient," is for the provision of the construction of affordable housing units as further defined in the "SCOPE OF PROGRAM." Woodbine Community Organization (WCO), Inc. will be adding 60 affordable housing units located at 6962 Highway 70 S, Nashville TN 37221. The recipient's budget request, financial statements or audit, 501(c)3 letter, and/or charter documents are incorporated herein. The Recipient is a nonprofit charitable or civic organization.

A. SCOPE OF PROGRAM:

- A.1. Each Property to which these grant funds are provided for shall be subject to a Declaration of Restrictive Covenants ("Declaration") imposing certain affordability requirements to encumber the Property and run with the land over a 30-year term. Terms defined in the Declaration shall have the same meanings when used in this Agreement.
- A.2. The Recipient shall use the funds under this grant in accordance with the affordable housing project submitted in the application and any of its amendments, which application is incorporated herein, and subject to the terms and conditions set forth herein.
- A.3. The Recipient, under this Grant Contract, will spend funds solely for the purposes set forth in their application or proposal for grant funding which is incorporated herein. These funds shall be expended consistent with the Grant Budget, included in Attachment A. Although some variation in line-item amounts for the Grant is consistent with the Grant Budget, any change greater than 20% of a line-item shall require the prior written approval of Metro. However, in no event will the total amount of the Grant funds provided to Recipient go above the awarded Grant amount of \$2,470,000.00.

Additional Conditions for Rental Properties:

1. Tenants must be income-eligible at the time of initial occupancy, and Recipient must certify all incomes annually and maintain a certified rent roll. In the event a tenant's income increases above the income-requirement for the unit, the tenant is not disqualified from remaining in the unit. However, the tenant's rent shall be adjusted to the corresponding AMI level for the next lease term.
2. The Recipient will provide Metro with a management plan program oversight which includes certification of the rents, utility allowances and tenant incomes. The Grantee shall also provide Metro an annual certification that Barnes rental requirements are being met throughout the compliance period.
3. The Grantee will allow Metro or a Metro-approved contractor to conduct on-site inspections of the grantee for compliance Barnes program requirements including, but not limited to, reviewing tenant income calculations, rent determinations and utility allowances.
4. Compliance restrictions on both tenant income and maximum rents shall apply for thirty (30) years from the date of issuance of the certificate of occupancy for the final building within the project. If a certificate of occupancy is not issued, the compliance period will begin on the date of recordation of the notice of completion for the project.

5. Recipient shall not increase rents during a lease term.

B. GRANT CONTRACT TERM:

B.1. Grant Contract Term. The term of this Grant shall be from execution of the grant agreement until Project completion, but in no way greater than 24 months from the execution of the grant agreement. Metro shall have no obligation for services rendered by the Recipient which are not performed within this term. Pursuant to Metropolitan Code of Laws § 2.149.040 (G), in the event the recipient fails to complete its obligations under this grant contract within twenty-four months from execution, Metro is authorized to rescind the contract and to reclaim previously appropriated funds from the organization.

C. PAYMENT TERMS AND CONDITIONS:

C.1. Maximum Liability. In no event shall the maximum liability of Metro under this Grant Contract exceed Two Million, Four Hundred Seventy Thousand Dollars (\$2,470,000.00). The Grant Budget, attached and incorporated herein as part of Attachment A, shall constitute the maximum amount to be provided to the Recipient by Metro for all of the Recipient's obligations hereunder. The Grant Budget line-items include, but are not limited to, all applicable taxes, fees, overhead, and all other direct and indirect costs incurred or to be incurred by the Recipient.

This amount shall constitute the Grant Amount and the entire compensation to be provided to the Recipient by Metro.

C.2. Compensation Firm. The maximum liability of Metro is not subject to escalation for any reason. The Grant Budget amount is firm for the duration of the Grant Contract and is not subject to escalation for any reason unless the grant contract is amended.

C.3. Payment Methodology. The Recipient shall be compensated for actual costs based upon the Grant Budget, not to exceed the maximum liability established in Section C.1. Upon execution of the Grant Contract and receipt of a request for payment, the Recipient may be eligible to receive reimbursement for milestones as completed based upon the Grant Budget.

a. **Grant Draws**

Before a draw can be made, there must be a physical inspection of the property by Metro or an approved designee. The inspection must confirm appropriate completion of the project.

1) **Construction Grant Draw Schedule (% based on grant amount)**

- 12.5% - upon receipt of the Building Permit (check property address and contractors name) and Builder's Risk Insurance sufficient to cover cost of construction and confirmation of acquisition (make sure Metro is listed as lien holder)
- 25% - footing framing and foundation completed (25% complete)
- 25% - roofing completed and the plumbing, electric and mechanical are roughed in and approved by local Codes (50% complete)
- 25% - cabinets, counters, drywall, trim and doors are installed (75% complete)

Balance of grant upon receipt of a Final Use & Occupancy from local Codes (100% complete).

All draw requests except for the first 12.5% draw must be inspected before funding.

The above is the preferred draw method. Metro may occasionally fund based on a true percentage of completion as noted in a Construction Inspection report or if the application requested funds for land acquisition, understanding that the initial 12.5% or acquisition draw may overfund the grant, requiring later draws to be reduced.

2) **Construction Grant Draw Process**

- Draw request is received from the Recipient. It should be requested by the contractor and approved by the Recipient.
- Complete property inspection
- Metro or approved designee approves the request.
- Payments should be made to the Recipient.

All invoices shall be sent to:

Barnes Housing Trust Fund
Planning Department – Housing Division
800 2nd Avenue South
Nashville, TN 37210
(615) 862-7190

Said payment shall not exceed the maximum liability of this Grant Contract.

Final invoices for the contract period should be received by Metro Payment Services by 24 months from the execution of the grant agreement. Any invoice not received by the deadline date will not be processed and all remaining grant funds will expire.

- C.4. Close-out Expenditure and Narrative Report. The Recipient must submit a final grant Close-out Expenditure and Narrative Report, to be received by the Metropolitan Housing Trust Fund Commission / Barnes Housing Trust Fund within 45 days of the end of the Grant Contract. Said report shall be in form and substance acceptable to Metro and shall be prepared by a Certified Public Accounting Firm or the Chief Financial Officer of the Recipient Organization.
- C.5. Payment of Invoice. The payment of any invoice by Metro shall not prejudice Metro's right to object to the invoice or any matter in relation thereto. Such payment by Metro shall neither be construed as acceptance of any part of the work or service provided nor as an approval of any of the costs included therein.
- C.6. Unallowable Costs. The Recipient's invoice shall be subject to reduction for amounts included in any invoice or payment theretofore made which are determined by Metro, on the basis of audits or monitoring conducted in accordance with the terms of this Grant Contract, to constitute unallowable costs.
- C.7. Deductions. Metro reserves the right to adjust any amounts which are or shall become due and payable to the Recipient by Metro under this or any Contract by deducting any amounts which are or shall become due and payable to Metro by the Recipient under this or any Contract.
- C.8. Electronic Payment. Metro requires as a condition of this contract that the Recipient shall complete and sign Metro's form authorizing electronic payments to the Recipient. Recipients who have not already submitted the form to Metro will have thirty (30) days to complete, sign, and return the form. Thereafter, all payments to the Recipient, under this or any other contract the Recipient has with Metro, must be made electronically.
- C. 9. Recipient agrees and understands that procurement of goods and services for the grant project must comply with state and local law and regulations, including the Metropolitan Procurement Code. Recipient will provide Metro with all plans and specifications needed for these procurement purposes. Recipient will promptly review, and either approve or disapprove, in good

faith and with reasonable grounds all estimates, amendments to scope of work, and all work performed by a contractor prior to payment.

- C. 10. Public Meetings. At the reasonable request of Metro, Recipient agrees to attend public meetings, neighborhood meetings, and other events regarding this Project.
- C. 11. Recognition. Any signage, printed materials, or online publications erected at the applicable Project site or elsewhere regarding the Project shall include the following language or language acceptable by Metro acknowledging that the Project is partially funded with a grant from the Barnes Fund for Affordable Housing of the Metropolitan Government of Nashville and Davidson County:

This project funded in part by the Barnes Affordable Housing Trust Fund of the Metropolitan Government of Nashville & Davidson County.

Metropolitan Housing Trust Fund Commission

John Cooper, Mayor

Metropolitan Council of Nashville and Davidson County

D. STANDARD TERMS AND CONDITIONS:

- D.1. Required Approvals. Metro is not bound by this Grant Contract until it is approved by the appropriate Metro representatives as indicated on the signature page of this Grant.
- D.2. Modification and Amendment. This Grant Contract may be modified only by a written amendment that has been approved in accordance with all Metro procedures and by appropriate legislation of the Metropolitan Council.
- D.3. Default and Termination for Cause. Any failure by Owner to perform any term or provision of this Grant Contract shall constitute a "Default" (1) if such failure is curable within 30 days and Recipient does not cure such failure within 30 days following written notice of default from Metro, or (2) if such failure is not of a nature which cannot reasonably be cured within such 30-day period and Recipient does not within such 30-day period commence substantial efforts to cure such failure or thereafter does not within a reasonable time prosecute to completion with diligence and continuity the curing of such failure. Should the Recipient Default under this Grant Contract or if the Recipient violates any terms of this Grant Contract, Metro shall have the right to immediately terminate the Grant Contract and the Recipient shall return to Metro any and all grant monies for services or projects under the grant not performed as of the termination date. The Recipient shall also return to Metro any and all funds expended for purposes contrary to the terms of the Grant. Such termination shall not relieve the Recipient of any liability to Metro for damages sustained by virtue of any breach by the Recipient.
- D.4. Subcontracting. The Recipient shall not assign this Grant Contract or enter into a subcontract for any of the services performed under this Grant Contract without obtaining the prior written approval of Metro. Notwithstanding any use of approved subcontractors, the Recipient shall be considered the prime Recipient and shall be responsible for all work performed.
- D.5. Conflicts of Interest. The Recipient warrants that no part of the total Grant Amount shall be paid directly or indirectly to an employee or official of Metro as wages, compensation, or gifts in exchange for acting as an officer, agent, employee, subcontractor, or consultant to the Recipient in connection with any work contemplated or performed relative to this Grant Contract.

The Grantee also recognizes that no person identified as a Covered Person below may obtain a financial interest or benefit from a Metro Housing Trust Fund Competitive Grant assisted activity, or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds thereunder, either for themselves or those whom they have family or business ties, during their tenure or for one year thereafter.

Covered Persons include immediate family members of any employee or board member of the Grantee. Covered Persons are ineligible to receive benefits through the Metro Housing Trust Fund Competitive Grant program. Immediate family ties include (whether by blood, marriage or adoption) a spouse, parent (including stepparent), child (including a stepbrother or stepsister), sister, brother, grandparent, grandchild, and in-laws of a Covered Person.

D.6. Nondiscrimination. The Recipient hereby agrees, warrants, and assures that no person shall be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination in the performance of this Grant Contract or in the employment practices of the Recipient on the grounds of disability, age, race, color, religion, sex, national origin, or any other classification which is in violation of applicable laws. The Recipient shall, upon request, show proof of such nondiscrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination.

D.7. Records. All documents relating in any manner whatsoever to the grant project, or any designated portion thereof, which are in the possession of Recipient, or any subcontractor of Recipient shall be made available to the Metropolitan Government for inspection and copying upon written request by the Metropolitan Government. Furthermore, said documents shall be made available, upon request by the Metropolitan Government, to any state, federal or other regulatory authority and any such authority may review, inspect and copy such records. Said records include, but are not limited to, all drawings, plans, specifications, submittals, correspondence, minutes, memoranda, tape recordings, videos or other writings or things which document the grant project, its design and its construction. Said records expressly include those documents reflecting the cost of construction, including all subcontracts and payroll records of Recipient.

Recipient shall maintain documentation for all funds provided under this grant contract. The books, records, and documents of Recipient, insofar as they relate to funds provided under this grant contract, shall be maintained for a period of three (3) full years from the date of the final payment. The books, records, and documents of Recipient, insofar as they relate to funds provided under this grant contract, shall be subject to audit at any reasonable time and upon reasonable notice by Metro or its duly appointed representatives. Records shall be maintained in accordance with the standards outlined in the Metro Grants Manual. The financial statements shall be prepared in accordance with generally accepted accounting principles.

D.8. Monitoring. The Recipient's activities conducted and records maintained pursuant to this Grant Contract shall be subject to monitoring and evaluation by Metro or Metro's duly appointed representatives. The Recipient shall make all audit, accounting, or financial records, notes, and other documents pertinent to this grant available for review by the Metropolitan Office of Financial Accountability, Internal Audit or Metro's representatives, upon request, during normal working hours.

D.9. Reporting. The Recipient must submit an Interim Program Report, to be received by the Metropolitan Housing Trust Commission / Barnes Housing Trust Fund, by no later than September 1, 2023 and a Final Program Report, to be received by the Metropolitan Housing Trust Fund Commission within 45 [forty-five] days of the end of the Grant Contract. Said reports shall detail the outcome of the activities funded under this Grant Contract in the form required by Metro.

D.10. Strict Performance. Failure by Metro to insist in any one or more cases upon the strict performance of any of the terms, covenants, conditions, or provisions of this agreement shall not

be construed as a waiver or relinquishment of any such term, covenant, condition, or provision. No term or condition of this Grant Contract shall be held to be waived, modified, or deleted except by a written amendment by the appropriate parties as indicated on the signature page of this Grant.

- D.11. Insurance. The Recipient shall maintain adequate public liability and other appropriate forms of insurance, including other appropriate forms of insurance on the Recipient's employees, and to pay all applicable taxes incident to this Grant Contract.
- D.12. Metro Liability. Metro shall have no liability except as specifically provided in this Grant Contract.
- D. 13. Independent Contractor. Nothing herein shall in any way be construed or intended to create a partnership or joint venture between the Recipient and Metro or to create the relationship of principal and agent between or among the Recipient and Metro. The Recipient shall not hold itself out in a manner contrary to the terms of this paragraph. Metro shall not become liable for any representation, act, or omission of any other party contrary to the terms of this paragraph.
- D. 14. Indemnification and Hold Harmless.
- (a) Recipient shall indemnify, defend, and hold harmless Metro, its officers, agents and employees from any claims, damages, penalties, costs and attorney fees for injuries or damages arising, in part or in whole, from the negligent or intentional acts or omissions of Recipient, its officers, employees and/or agents, including its sub or independent contractors, in connection with the performance of the contract, and any claims, damages, penalties, costs and attorney fees arising from any failure of Recipient, its officers, employees and/or agents, including its sub or independent contractors, to observe applicable laws, including, but not limited to, labor laws and minimum wage laws.
- (b) Metro will not indemnify, defend or hold harmless in any fashion the Recipient from any claims, regardless of any language in any attachment or other document that the Recipient may provide.
- (c) Recipient shall pay Metro any expenses incurred as a result of Recipient's failure to fulfill any obligation in a professional and timely manner under this Contract.
- (d) Grantee's duties under this section shall survive the termination or expiration of the grant.
- D.15. Force Majeure. The obligations of the parties to this Grant Contract are subject to prevention by causes beyond the parties' control that could not be avoided by the exercise of due care including, but not limited to, acts of God, riots, wars, strikes, epidemics or any other similar cause.
- D.16. State, Local and Federal Compliance. The Recipient agrees to comply with all applicable federal, state and local laws and regulations in the performance of this Grant Contract.
- D.17. Governing Law and Venue. The validity, construction and effect of this Grant Contract and any and all extensions and/or modifications thereof shall be governed by and construed in accordance with the laws of the State of Tennessee. The venue for legal action concerning this Grant Contract shall be in the courts of Davidson County, Tennessee.
- D. 18 Attorney Fees. Recipient agrees that, in the event either party deems it necessary to take legal action to enforce any provision of the Grant Contract, and in the event Metro prevails, Recipient shall pay all expenses of such action including Metro's attorney fees and costs at all stages of the litigation.
- D.19. Completeness. This Grant Contract is complete and contains the entire understanding between the parties relating to the subject matter contained herein, including all the terms and conditions of the parties' agreement. This Grant Contract supersedes any and all prior understandings,

representations, negotiations, and agreements between the parties relating hereto, whether written or oral.

- D. 20. Headings. Section headings are for reference purposes only and shall not be construed as part of this Grant Contract.
- D. 21. Licensure. The Recipient and its employees and all sub-grantees shall be licensed pursuant to all applicable federal, state, and local laws, ordinances, rules, and regulations and shall upon request provide proof of all licenses. Recipient will obtain all permits, licenses, and permissions necessary for the grant project.
- D. 22. Waiver. No waiver of any provision of this contract shall affect the right of any party thereafter to enforce such provision or to exercise any right or remedy available to it in the event of any other default.
- D. 23. Inspection. The Grantee agrees to permit inspection of the project and/or services provided for herein, without any charge, by members of the Grantor and its representatives.
- D. 24. Assignment—Consent Required. The provisions of this contract shall inure to the benefit of and shall be binding upon the respective successors and assignees of the parties hereto. Except for the rights of money due to Recipient under this contract, neither this contract nor any of the rights and obligations of Recipient hereunder shall be assigned or transferred in whole or in part without the prior written consent of Metro. Any such assignment or transfer shall not release Recipient from its obligations hereunder. Notice of assignment of any rights to money due to Recipient under this Contract must be sent to the attention of the Metro Department of Finance.
- D.25. Gratuities and Kickbacks. It shall be a breach of ethical standards for any person to offer, give or agree to give any employee or former employee, or for any employee or former employee to solicit, demand, accept or agree to accept from another person, a gratuity or an offer of employment in connection with any decision, approval, disapproval, recommendation, preparations of any part of a program requirement or a purchase request, influencing the content of any specification or procurement standard, rendering of advice, investigation, auditing or in any other advisory capacity in any proceeding or application, request for ruling, determination, claim or controversy in any proceeding or application, request for ruling, determination, claim or controversy or other particular matter, pertaining to any program requirement of a contract or subcontract or to any solicitation or proposal therefore. It shall be a breach of ethical standards for any payment, gratuity or offer of employment to be made by or on behalf of a subcontractor under a contract to the prime contractor or higher tier subcontractor or a person associated therewith, as an inducement for the award of a subcontract or order. Breach of the provisions of this paragraph is, in addition to a breach of this contract, a breach of ethical standards which may result in civil or criminal sanction and/or debarment or suspension from participation in Metropolitan Government contracts.
- D.26. Communications and Contacts. All instructions, notices, consents, demands, or other communications from the Recipient required or contemplated by this Grant Contract shall be in writing and shall be made by facsimile transmission, email, or by first class mail, addressed to the respective party at the appropriate facsimile number or address as set forth below or to such other party, facsimile number, or address as may be hereafter specified by written notice.

Metro:

For contract-related matters and enquiries regarding invoices:

Metropolitan Housing Trust Fund Commission / Barnes Housing Trust Fund
Planning Department – Housing Division
800 2nd Avenue South
Nashville, TN 37210
(615) 862-7190
Ashley.Brown2@Nashville.Gov

Recipient:

Woodbine Community Organization (WCO), Inc.
Tony Woodham, Executive Director
643 Spence Lane
Nashville, TN 37217

D.27. Lobbying. The Recipient certifies, to the best of its knowledge and belief, that:

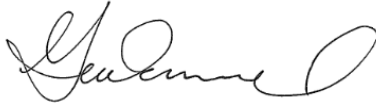
- a. No federally appropriated funds have been paid or will be paid, by or on behalf of the Recipient, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, and entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement.
- b. If any funds other than federally appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this grant, loan, or cooperative agreement, the Recipient shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.
- c. The Recipient shall require that the language of this certification be included in the award documents for all sub-awards at all tiers (including sub-grants, subcontracts, and contracts under grants, loans, and cooperative agreements) and that all subcontractors of federally appropriated funds shall certify and disclose accordingly.

D. 28 Effective Date. This contract shall not be binding upon the parties until it has been signed first by the Recipient and then by the authorized representatives of the Metropolitan Government and has been filed in the office of the Metropolitan Clerk. When it has been so signed and filed, this contract shall be effective as of the date first written above.

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THE METROPOLITAN GOVERNMENT
OF NASHVILLE AND DAVIDSON
COUNTY:

APPROVED AS TO PROGRAM SCOPE:



Gina Emmanuel, Chair,
Metropolitan Housing Trust Fund
Commission

APPROVED AS TO AVAILABILITY OF
FUNDS:



Kelly Flannery, Director
Department of Finance



APPROVED AS TO FORM AND
LEGALITY:



Assistant Metropolitan Attorney

APPROVED AS TO RISK AND
INSURANCE:



Director of Risk Management Services

APPROVED BY METROPOLITAN
GOVERNMENT OF NASHVILLE AND
DAVIDSON COUNTY:

Metropolitan Clerk

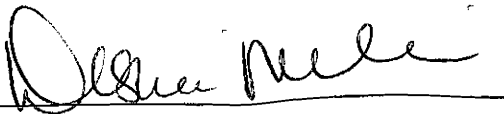
RECIPIENT:

Woodbine Community Organization
(WCO), Inc.

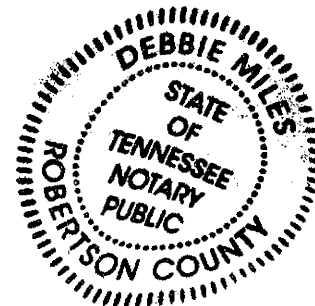
By: 
Title: Executive Director

Sworn to and subscribed to before me a
Notary Public, this 25 day
of August, 2022.

Notary Public



My Commission
expires 5/22/2024



BARNES HOUSING TRUST FUND RENTAL BUDGET

Unit Address	6962 HWY 70 S				
Development Type	Multi-Family				
Accessible Bus Line Routes	HWY 70 S				
Number of 1 Bedrooms	60				
Number of 2+ Bedrooms	0				
Number of 3+ Bedrooms	0				
Square Feet	33,360				
Number of Stories	2				
	TOTAL	Perm/CITC	LP Equity	Barnes Fund	WCO
Acquisition Costs					
Vacant Land	685,000.00			685,000.00	
Sub-Total	685,000.00	0.00	0.00	685,000.00	0.00
	TOTAL	Perm/CITC	LP Equity	Barnes Fund	WCO
Predevelopment Costs					
Appraisal	15,000.00				15,000.00
Phase1/Geo Report	5,000.00				5,000.00
Survey	10,000.00				10,000.00
Architect	40,000.00				40,000.00
Engineering	36,000.00				36,000.00
Tap Fees	76,000.00				76,000.00
Sub-Total	182,000.00		0.00	0.00	182,000.00
	TOTAL	Perm/CITC	LP Equity	Barnes Fund	WCO
Hard Construction Costs	3,700,000.00	1,915,000.00		1,785,000.00	
Sub-Total	3,700,000.00	1,915,000.00	0.00	1,785,000.00	0.00
	TOTAL	Perm/CITC	LP Equity	Barnes Fund	WCO
Construction Contingency	90,000.00				90,000.00
Operating Reserve	27,450.00				27,450.00
Sub-Total	117,450.00	0.00	0.00	0.00	117,450.00
	TOTAL	Perm/CITC	LP Equity	Barnes Fund	WCO
Dev Fee Payable	320,000.00				320,000.00
TOTAL PROJECT COST	5,004,450.00	1,915,000.00	0.00	2,470,000.00	619,450.00
Total Cost/Unit	\$83,407.50				

By-Laws of the Woodbine Community Organization, Inc.

Article I Identification

Section A - Name

The name of the organization shall be Woodbine Community Organization, Inc. The organization name will be abbreviated as WCO.

Section B - Purpose

The purposes for which the corporation is organized are:

1. To improve the lifestyles of the people in our service area by working together to preserve our neighborhoods;
2. To help provide residents of our service area access to decision-making processes of state, local, and federal governments;
3. To improve living conditions of residents in our service area, especially low and moderate income families;
4. To improve communications and cooperation of area residents, from all racial, ethnic and religious groups and of all ages;
5. To recruit any federal, state, or local funds that are available to the area for the purpose of maintaining and improving the residential neighborhoods.
6. To solicit and raise funds from public and private sources for the development and maintenance of such projects and activities that the corporation might develop in the furtherance of its goals.
7. To operate exclusively for charitable and educational purposes.
8. To help provide decent and affordable housing to low and moderate income persons.
9. To engage in other activities which are not inconsistent with a non-profit corporation and the purposes stated above.

Article II Steering Committee

Section A - Authority

The activities, affairs, business, and property of the corporation shall be controlled, governed, managed, and supervised by the Steering Committee. The Steering Committee shall determine the policies of the corporation and shall actively prosecute the corporate purposes and goals. The Steering Committee shall meet at least quarterly. The Executive Committee of the 4 officers shall have the power to act on any business situations between quarterly Steering Committee meetings.

Section B - Elections

Steering Committee members shall be elected by the existing Steering Committee. A sub-committee of at least three members of the current Steering Committee shall identify and interview candidates for Steering Committee membership and make a nomination to the full Steering Committee. Additional nominations shall be allowed upon duly seconded motion at a Steering Committee meeting. The Steering Committee shall not be less than seven (7) members nor shall the Steering Committee exceed fifteen (15) members, including 4 officers and the chairpersons of three (3) standing committees, the Fund Raising Committee, the Personnel Committee and the Real Property Oversight Committee. The Steering Committee shall maintain at least one-third of its membership for residents of low-income neighborhoods, other low-income community residents, or elected representatives of low-income neighborhood organizations. The Steering Committee shall not be composed of more than one-third of its membership by State or local government representatives including employees of the Participating Jurisdiction or State recipients and these representatives may not appoint more than one-third of the organization's governing body. The Steering Committee appointed by the State or local government may not, in turn, appoint the remaining two-thirds of the committee membership. The election of Steering Committee members is to occur no later than October in the year preceding the beginning of the Steering Committee term.

Section C - Qualifications for Steering Committee Membership

Steering Committee membership is open to all adult citizens of the United State of America and other adults who are legal residents.

Section D - Term of Office

The term of office for Steering Committee members begins on January 1. The four (4) officers, Chairperson, Vice Chairperson, Secretary, and Treasurer, plus the chairperson of the three (3) standing committees, Fund Raising Committee, Personnel Committee and Real Property Oversight Committee, will be filled by Steering Committee members who have had at least 2 prior years on the Steering Committee. For the first election of Steering Committee members after adoption of these by-laws, four (4) Steering Committee members will serve a term of one (1) year and four (4) Steering Committee members will serve a term of the (2) years. The remaining Steering Committee members will serve a term of three (3) years. In all succeeding years, Steering Committee members will be elected to terms of three (3) years.

Section E - Vacancies

Any vacancy on the Steering Committee shall be filled by the Steering Committee. The newly elected Steering Committee member will serve for the unexpired remaining term of the vacant Steering Committee position.

Section F - Removal

If a Steering Committee member misses four (4) consecutive Steering Committee meetings without providing prior notice to the Steering Committee, the members may be removed at the discretion of the Steering Committee. Any Steering Committee members may be removed by a majority vote of the Steering Committee whenever it is, in the judgment of the Steering Committee, in the best interest of the corporation. Such removal shall be undertaken only in the most extreme situations.

Section G - Quorum

A majority of the current Steering Committee members gathered for the purpose of a meeting shall constitute a quorum. A quorum can be established via physical presence or by real-time electronic participation, including, but not limited to, telephone, teleconference, video conference, and on-line chat communications in which all substantive discussions are available to all participants.

Article III Officers

The officers of the corporation shall be as follows:

- Chairperson
- Vice Chairperson
- Secretary
- Treasurer

Section A - Chairperson

The Chairperson shall preside over the affairs of the corporation, shall preside at all meetings of the corporation, and shall be chairperson of the Steering Committee.

Section B - Vice Chairperson

The Vice Chairperson shall preside in the absence of the Chairperson and oversee the supervision of the corporation as conducted by the operating staff.

Section C - Secretary

The Secretary, or the secretary's designee, shall keep the minutes of the Steering Committee meetings in books provided for that purpose. The Secretary shall be custodian of the corporate records and perform all duties accrued by the office and other duties so designated.

Section D - Treasurer

The Treasurer shall have charge and custody and be responsible for all funds of the corporation, receive and give receipts for monies due and payable to the corporation from any source whatsoever, and deposit all monies in the name of the corporation. In general, the Treasurer shall perform all duties accrued by this office and other duties so designated.

Article IV Committees

There shall be three (3) Standing Committees.

Section A - Personnel Committee

The Personnel Committee shall be responsible for developing job descriptions for the Executive Director. The personnel committee shall locate candidates for Executive Director job openings and recommend these to the Steering Committee for approval. The Personnel Committee will be responsible for an annual review and approval of the personnel handbook.

Section B - Finance Committee

The Finance Committee works with the Executive Director to develop a workable budget for WCO which shall be presented to the full Steering Committee no later than October 31 of the year prior to be budget year. Additionally, the Finance Committee plans the fund raising activities.

Section C - Real Property Oversight Committee

The Real Property Oversight Committee meets with the Executive Director to receive assurance that all real property is identified within the corporate accounting system, that taxes and insurance premiums are being monitored, that property maintenance is current and adequate, and that adequate funds are being set aside to cover larger expenditures that do not occur each year.

Article V Staff

Job descriptions for all staff positions shall be developed by the Executive Director. The Steering committee may establish other personnel policies as needed.

Article VI Books, Records and Contracts

Section A - Books and Records

The corporation shall keep correct and complete books and records of account and shall also keep minutes of the proceedings of the Steering Committee meetings. The books are to be audited, annually, by a firm appointed by the Steering Committee. The audit firm will present the audit report and audit findings to the Steering Committee.

Section B -Contracts

All contracts, other than contract for budgeted, recurring operations, must be presented to the Steering Committee for approval prior to entering into the contract.

Article VII Fiscal Year

The fiscal year of the corporation shall begin on the first day of January and end on the last day of December of each year.

Article VIII Amendments

These By-laws may be amended as deemed necessary by a two-thirds (2/3) vote of a properly constituted quorum at a Steering Committee meeting.

Article IX Effective Date

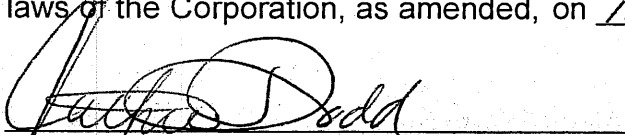
These Amended By-laws shall be effective upon approval by the Steering Committee.

Article X Rules for Order of Business

In general, Robert's Rules of order shall be used for the order of business at all meetings.

Certificate

I certify that the members of the Steering Committee, by two-thirds (2/3) vote of a properly constituted quorum at a duly called meeting did approve the above By-laws of the Corporation, as amended, on 11-24, 2010.



Cathie Dodd
Executive Director

CHARTER OF

THE WOODBINE COMMUNITY ORGANIZATION (WCO), INC.

FILL
 1985 DEC 17 PM 5:50
 (PARTY)

The undersigned natural persons, having capacity to contract and acting as the incorporators of a corporation under the Tennessee General Corporation Act, adopt the following charter for such corporation:

1. The name of the corporation is the Woodbine Community Organization (WCO), Inc.
2. The duration of the corporation is perpetual.
3. The address of the principal office of the corporation shall be 2403 Winford Avenue, Nashville, TN 37211, until such time as another address is designated by the organization.
4. The corporation is not for profit.
5. The purposes for which the corporation is organized are:
 - a. To improve the lifestyles of people in our area by working together to preserve our neighborhood;
 - b. To help provide residents in our area access to decision-making processes of city, state, and federal governments;
 - c. To improve living conditions of residents in the area, especially low and moderate income families;
 - d. To improve communication and cooperation of area residents, black and white, young and old;
 - e. To recruit any federal, state, or local funds that are available to the area for the purpose of maintaining and improving the residential neighborhood;
 - f. To solicit and raise funds from public and private sources for the development and maintenance of such projects and activities that the corporation might develop in the furtherance of its goals;
 - g. To operate exclusively for charitable and educational purposes.
6. No part of the earnings of this corporation may inure to the benefit of any private shareholder, member, or individual.
7. This corporation is not organized to attempt to influence legislation by carrying on propaganda and shall not participate or intervene in any political campaign on behalf of any candidate for public office.
8. Upon the termination or dissolution of the corporation in any manner or for any reason, its assets (if any) remaining after payment of all liabilities, shall be distributed to, and only to, one or more organizations described in Section 501(c)(3) of the Internal Revenue Code of 1954.
9. Notwithstanding any other provisions of these articles, this corporation shall not carry on any other activities not permitted to be carried on by:
 - a. A corporation exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code of 1954 or the corresponding provision of any future United States Internal Revenue Law, or
 - b. A corporation, contributions to which are deductible under section 170(c)(2) of the Internal Revenue Codes of 1954 or any other corresponding provision of any future United States Internal Revenue Law.
10. Notwithstanding any other provisions of these articles, the purposes for which the corporation is organized are exclusively charitable and educational within the meaning of section 501(c)(3) of the Internal Revenue Code.

DATED: 12/12, 1985.

Virginia Morgan

Rev. John B. Jobe

Faymie Williams

Donna K. Talbot

James E. Seli

Paula E. Peace

Annelle R. Laws

Geneva Hester

Internal Revenue Service
District Director

Department of the Treasury

Date: DEC 8 1986

62-1280006

Employer Identification Number:

Applied for
Accounting Period Ending:
December 31

Foundation Status Classification:
509(a)(2)

Advance Ruling Period-Ends: Begin: 12/17/
and Ending: 12/31/87

Person to Contact:
Ann Baker/nds

Contact Telephone Number:
(404) 331-4516
FFN: 580072760

Woodbine Community Organization (WCO), Inc.
313 Peachtree Street
Nashville, TN 37210

Dear Applicant:

Based on information supplied, and assuming your operations will be as stated in your application for recognition of exemption, we have determined you are exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code.

Because you are a newly created organization, we are not now making a final determination of your foundation status under section 509(a) of the Code. However, we have determined that you can reasonably be expected to be a publicly supported organization described in section 509(a)(2).

Accordingly, you will be treated as a publicly supported organization, and not as a private foundation, during an advance ruling period. This advance ruling period begins on the date of your inception and ends on the date shown above.

Within 90 days after the end of your advance ruling period, you must submit to us information needed to determine whether you have met the requirements of the applicable support test during the advance ruling period. If you establish that you have been a publicly supported organization, you will be classified as a section 509(a)(1) or 509(a)(2) organization as long as you continue to meet the requirements of the applicable support test. If you do not meet the public support requirements during the advance ruling period, you will be classified as a private foundation for future periods. Also, if you are classified as a private foundation, you will be treated as a private foundation from the date of your inception for purposes of sections 507(d) and 4940.

Grantors and donors may rely on the determination that you are not a private foundation until 90 days after the end of your advance ruling period. If you submit the required information within the 90 days, grantors and donors may continue to rely on the advance determination until the Service makes a final determination of your foundation status. However, if notice that you will no longer be treated as a section 509(a)(2) organization is published in the Internal Revenue Bulletin, grantors and donors may not rely on this determination after the date of such publication. Also, a grantor or donor may not rely on this determination if he or she was in part responsible for, or was aware of, the act or failure to act that resulted in your loss of section 509(a)(2) status, or acquired knowledge that the Internal Revenue Service had given notice that you would be removed from classification as a section 509(a)(2) organization.

(over)

P. O. Box 1055, Atlanta, GA 30370

Letter 1045(DO) (Rev. 10-83)

If your sources of support, or your purposes, character, or method of operation change, please let us know so we can consider the effect of the change on your exempt status and foundation status. Also, you should inform us of all changes in your name or address.

As of January 1, 1984, you are liable for taxes under the Federal Insurance Contributions Act (social security taxes) on remuneration of \$100 or more you pay to each of your employees during a calendar year. You are not liable for the tax imposed under the Federal Unemployment Tax Act (FUTA).

Organizations that are not private foundations are not subject to the excise taxes under Chapter 42 of the Code. However, you are not automatically exempt from other Federal excise taxes. If you have any questions about excise, employment, or other Federal taxes, please let us know.

Donors may deduct contributions to you as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to you or for your use are deductible for Federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522 of the Code.

You are required to file Form 990, Return of Organization Exempt from Income Tax, only if your gross receipts each year are normally more than \$25,000. If a return is required, it must be filed by the 15th day of the fifth month after the end of your annual accounting period. The law imposes a penalty of \$10 a day, up to a maximum of \$5,000, when a return is filed late, unless there is reasonable cause for the delay.

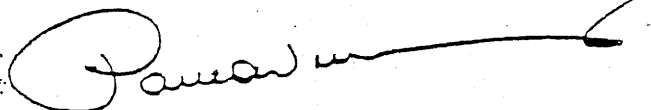
You are not required to file Federal income tax returns unless you are subject to the tax on unrelated business income under section 511 of the Code. If you are subject to this tax, you must file an income tax return on Form 990-T, Exempt Organization Business Income Tax Return. In this letter, we are not determining whether any of your present or proposed activities are unrelated trade or business as defined in section 513 of the Code.

You need an employer identification number even if you have no employees. If an employer identification number was not entered on your application, a number will be assigned to you and you will be advised of it. Please use that number on all returns you file and in all correspondence with the Internal Revenue Service.

Because this letter could help resolve any questions about your exempt status and foundation status, you should keep it in your permanent records.

If you have any questions, please contact the person whose name and telephone number are shown in the heading of this letter.

Sincerely yours,



District Director

INTERNAL REVENUE SERVICE

DEPARTMENT OF THE TREASURY

DISTRICT DIRECTOR

401 W. PEACHTREE ST. NW
ATLANTA, GA 30365

Date: NOV 15 1993

WOODBINE COMMUNITY ORGANIZATION
WCO, INC.
222 ORIEL AVENUE
NASHVILLE, TN 37210-4910

Employer Identification Number:
62-1280006
Case Number:
583223048
Contact Person:
VICKY BAKER
Contact Telephone Number:
(404) 331-0930
Date of Exemption:
December 8, 1986
Internal Revenue Code
Section 501(c)(3)

Dear Applicant:

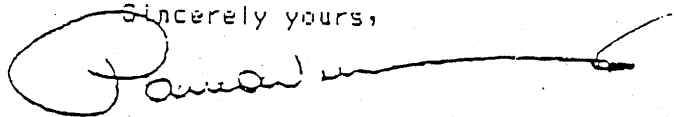
Thank you for submitting the information shown on the enclosure. We have made it a part of your file.

The changes indicated do not adversely affect your exempt status and the exemption letter issued to you continues in effect.

Please let us know about any future change in the character, purpose, method of operation, name or address of your organization. This is a requirement for retaining your exempt status.

Thank you for your cooperation.

Sincerely yours,



Paul Williams
District Director

51.
1985 DEC 17 AM 3 50

DESIGNATION, REVOCATION OR CHANGE

OF

REGISTERED AGENT

OF

THE WOODBINE COMMUNITY ORGANIZATION (WCO), INC.

To the Secretary of State of the State of Tennessee

Pursuant to the provisions of Section 48 1201 of the Tennessee General Corporation Act, the undersigned foreign or domestic corporation or the incorporator or incorporators of a domestic corporation being organized under the Act submit the following statement for the purpose of designating, revoking or changing, as the case may be, the registered agent for the corporation in the state of Tennessee:

1. The name of the corporation is THE WOODBINE COMMUNITY ORGANIZATION (WCO), INC

The address of the corporation is 2403 Winford Avenue
Nashville, TN 37211

If a foreign corporation, state or country of incorporation _____

2. The name and street address of its registered agent in the State of Tennessee shall be

Virginia Morgan

2403 Winford Avenue

Nashville, TN 37211

Dated Dec. 12 1985

THE WOODBINE COMMUNITY ORGANIZATION (WCO), INC.

Name of Corporation

By _____

(Title)

(Incorporator
or incorporators,
if corporation is
being organized)

Virginia Morgan — Melia P. Love
Rhonda Williams Donna K. Talbot
Jan E. Li Geneva House
Rev. John Gabe
Paula E. Peace



STATE OF TENNESSEE
SECRETARY OF STATE

THIS REPORT IS DUE ON OR BEFORE April 1, 1987

READ NOTICE AND INSTRUCTIONS ON OTHER SIDE BEFORE MAKING ENTRIES

(1) (a) CORPORATION CONTROL NUMBER: <u>0165649</u> THIS REPORT WILL NOT BE FILED WITHOUT THIS NUMBER	(2) ENTER CHANGE OF ADDRESS OF CORPORATION'S PRINCIPAL OFFICE IN THE STATE OF INCORPORATION.
(1) (b) NAME AND ADDRESS OF CORPORATION: Woodbine Community Organization (WCO), Inc. 2403 Winford Avenue Nashville, Tn. 37211 12/17/85 D Not for Profit	STREET ADDRESS
	P.O. BOX NUMBER
	CITY
	STATE ZIP CODE
NOTICE: ADDRESS CHANGE ENTERED ON THIS REPORT WILL NOT BE OF RECORD. SEE INSTRUCTIONS.	
(3) FEDERAL EMPLOYER IDENTIFICATION NUMBER (FEIN)	

IF THE ABOVE ADDRESS IS INCORRECT IN ANY WAY, PLEASE CORRECT IN BLOCK 2

(4) PRINCIPAL OFFICE OR PLACE OF BUSINESS IN TENNESSEE IF A FOREIGN CORPORATION:
 _STREET ADDRESS _____ CITY, STATE, ZIP CODE _____

(5) NAMES AND STREET AND MAILING ADDRESSES OF EACH OFFICER MUST BE COMPLETED: (ATTACH SEPARATE SHEET IF NECESSARY.)

TITLE	NAME	STREET AND MAILING ADDRESS	CITY, STATE, ZIP CODE
PRESIDENT			
VICE PRESIDENT		(N/A)	
SECRETARY			
TREASURER			

(6) NAMES AND STREET AND MAILING ADDRESSES OF BOARD OF DIRECTORS MUST BE COMPLETED: (ATTACH SEPARATE SHEET IF NECESSARY.)

NAME	STREET AND MAILING ADDRESS	CITY, STATE, ZIP CODE
	(N/A)	

FILED
SECRETARY OF STATE
NOV 13 11 12 33

(7) NAME AND ADDRESS OF REGISTERED AGENT: Virginia Morgan 2403 Winford Avenue Nashville, Tn. 37211	(8) CURRENT REGISTERED AGENT, IF DIFFERENT FROM BLOCK 7 OR NOT ON RECORD:
	NAME <u>Paula Peace</u>
	STREET ADDRESS <u>329 Valeria St.</u>
	CITY, STATE, ZIP CODE <u>Nashville, TN 37210</u>

714282

(9) THE NATURE AND CHARACTER OF THE BUSINESS IN WHICH THE CORPORATION IS ENGAGED IS:
Neighborhood Improvement; Benefit to low and moderate income people

REMIT TEN DOLLARS (\$10.00), MADE PAYABLE TO TENNESSEE SECRETARY OF STATE. (CHECKS OR MONEY ORDERS ARE PREFERRED)

MAIL PERMITTANCE AND COMPLETED FORM TO:
 TENNESSEE SECRETARY OF STATE
 JAMES K. POLK BUILDING, SUITE 500
 NASHVILLE, TENN. 37219

714282

(10) UNDER PENALTIES OF PERJURY, I DECLARE THAT I HAVE EXAMINED THIS REPORT, AND TO THE BEST OF MY KNOWLEDGE AND BELIEF, IT IS TRUE, CORRECT, AND COMPLETE.

SIGNATURE Paula Peace

TITLE Chairperson DATE 11-9-87

Internal Revenue Service
District Director

Department of the Treasury

Date: DEC 8 1986

Woodbine Community Organization (WCO), Inc.
313 Peachtree Street
Nashville, TN 37210

Employer Identification Number:

Applied for
Accounting Period Ending:
December 31

Foundation Status Classification:

509(a)(2)

Advance Ruling Period Ends: Begin: 12/17/85
and Ending: 12/31/87

Person to Contact:

Ann Baker/nds

Contact Telephone Number:

(404) 331-4516

FFN: 580072760

Dear Applicant:

Based on information supplied, and assuming your operations will be as stated in your application for recognition of exemption, we have determined you are exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code.

Because you are a newly created organization, we are not now making a final determination of your foundation status under section 509(a) of the Code. However, we have determined that you can reasonably be expected to be a publicly supported organization described in section 509(a)(2).

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(over)

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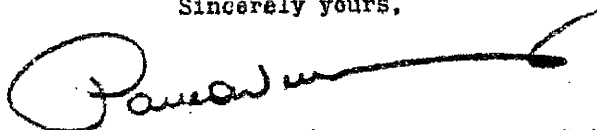
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Because this letter could help resolve any questions about your exempt status and foundation status, you should keep it in your permanent records.

If you have any questions, please contact the person whose name and telephone number are shown in the heading of this letter.

Sincerely yours,



District Director

Department of The Treasury

Internal Revenue Service
EB Group 7404
Suite 1109, Stop 520
101 West Peachtree St.
Atlanta, GA 30365

Houdbire Community Organization
HCO Inc
222 Oriel Avenue
Nashville, TN 37210

Person To Contact:
Kim Artis
Telephone Number:
(404)331-4989
Refer Reply To:
EO174041AH
EIN: 62-1280006

Date: JUL 21 1992

Dear Sir or Madam:

We have received and reviewed the amended organizing documents that you submitted on behalf of your organization, in which the organizing documents were approved and/or adopted on 02/01/92. This information has been made a part of your file.

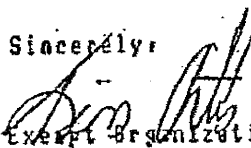
Your organization shall continue to be recognized as exempt under Section 501(C)(03) of the Internal Revenue Code, effective as of 12/86. You may continue to rely on this exemption until it is modified, terminated or revoked by the Internal Revenue Service.

Please continue to let us know of any changes in the purpose, character, method of operation, name or address of your organization. This is a requirement for retaining your exempt status.

A copy of this letter should remain in your permanent records, as it may help resolve any question about your exempt status.

Thank you for your cooperation.

Sincerely,


Exempt Organizations
Coordinator

INTERNAL REVENUE SERVICE
DISTRICT DIRECTOR
401 W. PEACHTREE ST. NW
ATLANTA, GA 30365

DEPARTMENT OF THE TREASURY

Date: NOV 15 1993

WOODBINE COMMUNITY ORGANIZATION
WCO, INC.
222 ORIEL AVENUE
NASHVILLE, TN 37210-4910

Employer Identification Number:
62-1280006
Case Number:
583223048
Contact Person:
VICKY BAKER
Contact Telephone Number:
(404) 331-0930
Date of Exemption:
December 8, 1986
Internal Revenue Code
Section 501(c)(3)

Dear Applicant:

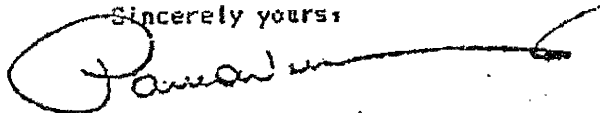
Thank you for submitting the information shown on the enclosure. We have made it a part of your file.

The changes indicated do not adversely affect your exempt status and the exemption letter issued to you continues in effect.

Please let us know about any future change in the character, purpose, method of operation, name or address of your organization. This is a requirement for retaining your exempt status.

Thank you for your cooperation.

Sincerely yours,



Paul Williams
District Director



Chartered in 1985, Woodbine Community Organization is a mission-driven community development organization dedicated to working together to create opportunities for people of diverse incomes and backgrounds to access affordable housing, financial education, economic opportunities, and to fully participate in the civic life of their community.

Serving Our Community Today

Although the mission of Woodbine Community Organization remains largely unchanged, our significant growth has expanded the reach the scope of our programs. Client outreach has grown beyond the black and white communities to include Kurdish, Latino, Laotian, Somali, and others. We achieve this by sustaining engaging, high-performing, and adaptive community-based programs that are supported by collaborative agreements with local partners, public /private investment, and leveraged with Woodbine Community Organization resources.

Woodbine Community Organization knows that a one-size-fits-all path to affordable housing is not realistic. We have a variety of programs to guide individuals and families along the different paths to affordable homeownership or rental readiness. From **single-family** to **multi-family** developments, we strive to help clients find a place they can call home. Let us help you reach financial stability and accomplish your long-term housing goals. **Call us today at 615-833-9580 to get started.**

WOODBINE COMMUNITY ORGANIZATION (WCO), INC.
And Its Wholly Owned Subsidiaries

Audited Financial Statements

For the Year Ended December 31, 2021
(With Independent Auditor's Report Thereon)

WOODBINE COMMUNITY ORGANIZATION (WCO), INC.
And Its Wholly Owned Subsidiaries

TABLE OF CONTENTS

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To the Board of Directors and
Tony Woodham, Executive Director
Woodbine Community Organization, Inc.
643 Spence Lane
Nashville, TN 37217

Opinion

We have audited the accompanying financial statements of Woodbine Community Organization (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Woodbine Community Organization as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Woodbine Community Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Woodbine Community Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Woodbine Community Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Woodbine Community Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

A handwritten signature in black ink that reads "Hopkins Page". The signature is written in a cursive style with a large initial "H".

Nashville, TN
May 16, 2022

WOODBINE COMMUNITY ORGANIZATION, INC.

Consolidated Statement of Financial Position

December 31, 2021

CURRENT ASSETS

Cash and cash equivalents	\$ 18,067,151
Accounts Receivable- Tenants/Grants	3,047,826
Prepaid Expenses	133,976
Inventory - Houses/Land	4,692,642
Note receivable - current	<u>7,598</u>
Total Current Assets	25,949,193

LONG-TERM ASSETS

Land	8,665,251
Rental property (houses and apartments)	72,514,531
Furniture and Fixtures	622,419
Equipment	<u>1,017,964</u>
	82,820,165
Accumulated depreciation	<u>(15,564,619)</u>
Total long-term assets-net	67,255,546

OTHER ASSETS

Reserve Replacement	756,614
Escrow deposits	122,285
Operating reserves	20,230
Rental properties under construction	-
Tenants security deposits	107,443
Investments (Note B)	537,755
Loan to affiliate (Note C)	4,183,547
Note receivable - long term	<u>940,502</u>
Total other assets	<u>6,668,376</u>

TOTAL ASSETS \$ 99,873,115

See the accompanying accountant's compilation report.

WOODBINE COMMUNITY ORGANIZATION, INC.

Consolidated Statement of Financial Position

December 31, 2021

CURRENT LIABILITIES

Accounts payable- programs	\$ 143,694
Cash overdraft	14,019
Accounts payable-management fees	23,631
Accrued mortgage interest	134,559
Accrued property taxes	198,053
Accrued payroll liabilities	5,150
Prepaid rent	97,579
Other current liabilities	84,374
Current portion - long-term notes payable (Note D)	2,140,923
Tenants security deposits	<u>65,250</u>
Total current liabilities	2,907,232

LONG-TERM LIABILITIES

Long-term notes payable (Note D)	41,462,327
Debt issuance cost (Note F)	(567,672)
Miscellaneous long-term liabilities (Note E)	<u>2,779,168</u>
Total long-term liabilities	<u>43,673,823</u>

Total liabilities 46,581,055

NET ASSETS

Net assets without donor restrictions	47,965,980
Net assets with donor restrictions (Note I)	<u>5,325,450</u>
Total net assets	<u>53,291,430</u>

TOTAL LIABILITIES AND NET ASSETS \$ 99,872,485

See the accompanying accountant's compilation report.

WOODBINE COMMUNITY ORGANIZATION, INC.

Combined Statement of Activities
For the Year Ended December 31, 2021

UNRESTRICTED NET ASSETS

Support and Revenue

Program fees	\$ 46,252
Contributions	5,000
Development income	1,443,732
Contract revenues	2,648,967
Donated land	-
Rental income	9,327,921
Portfolio income	76,466
NSP/Section 1602 Amortization	1,537,650
Gain on sale of property	-
Other income	74,357
	<hr/>
Total Support and Revenue	15,160,345

EXPENSES

Administrative	1,441,115
Utilities	828,494
Operating and Maintenance	1,292,052
Taxes and Insurance	1,168,249
Financial	2,683,906
Depreciation and amortization	2,405,268
	<hr/>
	9,819,084
	<hr/>

TOTAL INCREASE IN NET ASSETS

\$ 5,341,261

See the accompanying accountant's compilation report.

WOODBINE COMMUNITY ORGANIZATION, INC.

Consolidated Statement of Changes in Net Assets

For the Year Ended December 31, 2021

NET ASSETS Without Donor Restrictions, January 1, 2021	\$ 42,890,389
Increase in net assets without restrictions	5,341,261
Change in investments	11,109
Transfer to net assets without donor restrictions	<u>(276,779)</u>
TOTAL NET ASSETS, December 31, 2021	<u><u>\$ 47,965,980</u></u>
NET ASSETS With Donor Restrictions, January 1, 2021	\$ 6,181,717
Increase in net assets with donor restrictions	
Release from donor restrictions	<u>(856,267)</u>
TOTAL NET ASSETS With Donor Restrictions, December 31, 2021	<u><u>\$ 5,325,450</u></u>
NET ASSETS, January 1, 2021	\$ 49,072,106
Increase in net assets	5,341,261
Change in investments	11,109
Release from donor restrictions	<u>(1,133,046)</u>
TOTAL NET ASSETS, December 31, 2021	<u><u>\$ 53,291,430</u></u>

See the accompanying accountant's compilation report.

WOODBINE COMMUNITY ORGANIZATION, INC.

Consolidated Statement of Cash Flows
For the Year Ended December 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets \$ 5,341,261

Adjustments to reconcile change in net assets to cash

Provided by operating activities

Depreciation	2,369,050
Amortization of loan costs	36,218
Gain on sale of properties	-
Section 1602 Grant Amortization	(681,383)
NSP Grant Amortization	(856,267)
(Increase) / decrease in:	
Accounts receivables-tenants	(771,794)
Prepaid expenses	(4,956)
Inventory - houses/land	(2,865,253)
Tenant security deposits	(28,624)
Increase / (decrease) in:	
Accounts payable	(94,099)
Cash overdraft	14,019
Accounts payable - management fee	8,409
Accrued mortgage interest	(14,665)
Accrued property taxes	(1,014)
Accrued payroll liabilities	(23,933)
Prepaid rent	94,256
Accrued expenses	(3,022)
Tenant security deposits held	1,963

Cash provided operating activities 2,520,166

CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of property and equipment	(242,964)
Funding of reserves for replacement	69,845
Releases from escrow deposits	4,279
Funding of operating reserves	339
Change in Investments	(11,109)
Proceeds used for properties under construction	-

Cash used by investing activities (179,610)

See the accompanying accountant's compilation report.

WOODBINE COMMUNITY ORGANIZATION, INC.

Combined Statement of Cash Flows
For the Year Ended December 31, 2020

CASH FLOWS FROM FINANCING ACTIVITIES:

Net repayment of notes payables	(2,031,821)
Loans to related party	(600,625)
Money loaned on home sales	<u>7,295</u>

Cash provided by financing activities (2,625,151)

NET INCREASE IN CASH (284,595)

CASH AT BEGINNING OF YEAR 18,351,746

CASH AT END OF YEAR \$ 18,067,151

SUPPLEMENTAL INFORMATION

Interest paid \$ 2,698,571

See the accompanying accountant's compilation report.

WOODBINE COMMUNITY ORGANIZATION (WCO), INC.
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2021

NOTE A –SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The accompanying consolidated financial statements of Woodbine Community Organization (WCO), Inc. include transactions and accounts of Woodbine Community Organization (WCO), Inc., and its' wholly owned subsidiaries: WCO AL DP, LLC (“AL DP”), WCO Elm Hill Flats, LLC (“EHF”), Woodbine Oaks of Gallatin, LLC (“OGA”), WCO Oakwood Manor, LLC (“OMA”), WCO Kareday, LLC (“MKA”), Trinity-TN, LP (“AMA”), Cumberland Place CCA, LP (“CPA”), and Woodbine Cumberland Meadows, LP (“WCM”) which are all non-profit single-member limited liability companies.

Woodbine Community Organization (WCO), Inc. was organized in December 1985. The organization is a nonprofit organization, dedicated to meeting the needs of low-income residents, through HUD and NeighborWorks certified assistance for pre-purchase home buying, reverse mortgage, foreclosure prevention, rental readiness, financial literacy and volunteer income tax preparation. The organization has been determined by the Internal Revenue Service to be exempt from federal income tax under section 501(a) of the Internal Revenue Code of 1986, as amended, as an organization described in section 501(c)(3) to accept funding and provide job training, affordable housing, after school tutoring and other programs. The organization is funded by donations, public and private, along with fundraising sponsored by its members, and revenues generated by activities in performance of the organizations exempt purpose.

Since the mid-1990s the Organization has also developed a particular expertise in the development of both single and multi-family rental housing units for low to moderate income families. “EHF”, “OGA”, “OMA”, “MKA”, “AMA”, “CPA”, and “WCM” all operate multi-family apartments which provide low to moderate income families with affordable housing.

In April 2015, the organization expanded its activities to include providing shared housing to an unrelated company providing intermediate care for persons with intellectual and developmental disabilities. These activities are operated in “WCO AL DP” (See Note J).

Basis of Accounting

The financial statements of the organization have been prepared on the accrual basis of accounting and accordingly reflect all material receivables, payables, and other liabilities.

Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with maturity dates of less than three months. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those instruments.

WOODBINE COMMUNITY ORGANIZATION (WCO), INC.
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Property and Equipment

Acquisitions of property and equipment in excess of \$4,000 are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using primarily the straight-line method.

Revenue Recognition

Contributions and grants received are recorded as unrestricted or temporarily restricted net assets, depending on the nature of the restriction. As restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction. Development fees are earned on the development of low-income housing, as construction progress metrics are met.

Rental Revenue

Rental revenue is recognized as rentals become due. Rental payments received in advance are recorded as prepaid revenue.

WOODBINE COMMUNITY ORGANIZATION (WCO), INC.
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributed Services

The Organization receives a substantial number of services donated by its friends and families in carrying out the Organization's mission. No amounts have been reflected in financial statements for those services since they do not meet the criteria for recognition under SFAS No. 116, Accounting for Contributions Received and Contributions Made.

Functional Classification of Expenses

The following programs and supporting services are included in the financial statements:

Community activities include job education, job placement services, literacy education classes, English as a second language classes, and various other community services.

Housing Programs include the development and management of both single and multi-family affordable housing, education classes for prospective homeowners, and counseling for housing preservation and foreclosure prevention.

Resource persons assist the community by providing resources, such as housing, food, and technical assistance.

Supporting services include functions necessary to ensure an adequate working environment and cost not identifiable with a single program, including costs associated with providing coordination and articulation of the Organization's program strategy, business management, general record keeping, budgeting and related purposes, and fundraising cost.

Income Taxes

The Organization is a not-for-profit organization that is exempt from federal and state income taxes under Internal Revenue Code Section 501(c)(3).

The Organization follows FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*. Management has evaluated its tax positions taken and believes that the total amount of unrecognized tax benefits is not material to the financial statements as a whole. Therefore, no tax liability has been recorded. Additionally, the Organization files a Federal Form 990 informational tax returns. The Organization is currently open to examinations by the relevant taxing authorities for a period of three years from the date the return was filed or its due date (including approved extensions).

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

WOODBINE COMMUNITY ORGANIZATION (WCO), INC.
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2021

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Advertising Costs

Costs related to advertising are expensed as incurred. Advertising costs were \$14,457 in 2021.

NOTE B - INVESTMENTS

The Organization owns interest in sole purpose Corporations and Limited Liability Companies which are the general partners of the following limited partnerships with a minor ownership in Limited Liability Companies. These sole purpose entities are recorded at cost.

NAME	Ownership %	Investment
Cedar Creek Apartments, LP	0.01 %	\$ 1,000
Crockett Manor, LP	0.01%	11,109
Woodbine Cumberland Meadows, LP	0.01 %	1,000
Ellington View Apartments, LP	0.01 %	380,864
Hamilton Creek Apartments, LP	0.02 %	1,000
Townhomes at Nashboro Village, LP	0.01 %	1,000
The Parks at Leigh Springs, LP	0.01 %	1,000
Hallmark Selma, LP (Alabama)	0.01 %	1,000
Woodbine Meadows, LLC (Virginia)	0.01 %	7,449
Woodbine Willow Oaks, LLC. (Virginia)	0.01 %	33,834
Woodbine Oaks of Gallatin, LLC	100.00 %	97,700
Woodbine Magnolia Gardens GP, Inc.	100.00 %	16,132 ¹
WCO Oakwood Manor, LLC	100.00 %	108,068 ¹
WCO Elm Hill Flats, LLC	100.00 %	2,866,844 ¹
WCO Algood Manor, LLC	100.00 %	328,676 ¹
WCO Cumberland Place, LLC	100.00 %	650,550 ¹
WCO Kareday, LLC	100.00 %	12,000 ¹
WCO AL DP, LLC	100.00 %	100 ¹
WCO Village Green Apartments, LLC	100.00 %	100
WCO Cumberland Manor, LLC	100.00 %	100
WCO River City North, LLC	100.00 %	100
WCO Spence Lane, LLC	100.00 %	100
Woodbine Crocket Manor GP, Inc.	100.00 %	100
WCO Hermitage Flats GP, Inc.	100.00 %	100
WCO Patterson Flats GP, Inc.	100.00 %	<u>100</u>
Total		4,520,026
Less, consolidating elimination of wholly owned ¹		<u>(3,982,271)</u>
Net Investments		<u>\$ 537,755</u>

WOODBINE COMMUNITY ORGANIZATION (WCO), INC.
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2021

NOTE C – LOANS TO AFFILIATES

The Organization has lent monies to one of its affiliates. This is a multi-family low-income apartment complex. It is shown as loan to affiliates in the amount of \$82,922. The loan is a non-interest-bearing loan.

The Organization loaned its one of its affiliates \$625,000 during 2021. At December 31, 2021 the amount outstanding was \$625,000. Future minimum payments cannot be determined at this time. The note bears interest at 0%.

As part of Grant Contract between the Organization and the Metropolitan Housing Trust Fund, the Organization has entered into a promissory note to lend \$3,500,000 to an affiliate. The affiliate will utilize the funds to build low-income apartments. At December 31, 2021, the amount outstanding was \$3,500,000. Future minimum payments cannot be determined at this time. The stated interest rate of the loan is 0%.

NOTE D – NOTES PAYABLE

As of December 31, 2021, long-term debt and notes payable consist of the following:

Direct borrowings of **WCO, Inc.** are:

Notes payable with Bank of Tennessee with principal payments of \$3,474 monthly plus interest at a rate of 1.29% per annum. Collateral for this note is the 12 th Avenue property, matures October 25, 2024.	47,787
<u>Subtotal of notes payable-WCO, Inc.</u>	\$ 47,787

Borrowings of the Organization’s subsidiaries are:

WCO AL DP, LLC	
0% subordinated promissory note payable, dated April 1, 2015, amended July 1, 2017. Principal and unpaid interest due on maturity date of April 27, 2030.	1,914,896
Note payable, monthly payments of \$33,750, plus interest at 7.25%. Matures April 20, 1933. (Note J).	6,351,498
\$10.4 million Series 2016B tax-exempt bond payable dated July 1, 2017, with principal plus interest at 7.5%. Matures June 20, 2046.	9,416,295

WOODBINE COMMUNITY ORGANIZATION (WCO), INC.
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2021

NOTE D – NOTES PAYABLE (continued)

Note payable, monthly principal payments plus interest at 8.22%. Balloon payment is due December 2023
Collateral includes all rent receivables and the property and equipment owned by the company. 15,408,627

Subtotal of notes payable-WCO AL DP, LLC \$ 33,091,316

WCO Elm Hill Flats, LLC

Note payable with Pinnacle Bank with principal payments of \$13,000 monthly. The note bears interest at 4.75%. Collateral for this note are the buildings of WCO Elm Hill Flats, LLC. 4,615,000

Subtotal of long term debt-WCO Elm Hill Flats, LLC \$ 4,615,000

Oaks of Gallatin, LLC

Note payable to Pinnacle Bank with principal payments of \$4,500 monthly. The note bears interest at 0.0%. Collateral for this note is land, buildings, and equipment of Woodbine Oaks of Gallatin, LLC., Gallatin, TN. 686,405

Subtotal of notes payable-Oaks of Gallatin, LLC \$ 686,405

Woodbine Cumberland Meadows, L.P.

Note payable with payments of \$3,385.97 monthly. Interest at 4.876%. Collateral includes the real property of Woodbine Cumberland Meadows, L.P. 369,759

Subtotal of notes payable-Woodbine Cumberland Meadows \$ 369,759

Oakwood Manor, LLC

Note payable in monthly installments of \$1,814 including interest at a rate of 0.00% per annum for 10 years. Matures September 9, 2027. Collateral includes the land, buildings, and equipment of Woodbine Oakwood Manor, LLC., Milan, TN. 127,036

Note payable in monthly installments of \$1,111 including interest at a rate of 0.0% per annum for 5 years. A balloon payment of \$69,945 will be due August 21, 2024. 105,726

Subtotal of notes payable-Oakwood Manor, LLC \$ 232,762

WOODBINE COMMUNITY ORGANIZATION (WCO), INC.
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2021

NOTE D – NOTES PAYABLE (continued)

Trinity-TN, LP

Mortgage including interest of 3.2% per annum, over a thirty-five (35) year amortization. Monthly installments of principal and interest are \$7,325 until August 1, 2048. Collateral is the real property of Algood Manor Apartments located in Algood, TN.

1,575,492

Subtotal of notes payable-WCO Algood Manor \$ 1,575,492

Cumberland Place CCA, CP

Mortgage including interest of 3.2% per annum, over a thirty-five (35) year amortization. Monthly installments of principal and interest are \$6,261 until August 1, 2048. Collateral is the real property of Cumberland Place Apartments in Winchester, TN.

1,346,674

Subtotal of notes payable-WCO Cumberland Place \$ 1,346,674

WCO Kareday, LLC

Mortgage including interest of 3.75% per annum, amortized over thirty-five (35) years. Monthly payments are \$5,380 until August 1, 2048. Collateral is the real property located in Oak Ridge, TN.

1,052,642

Subtotal of notes payable-WCO Kareday LLC \$ 1,052,642

WCO Magnolia Gardens, LLC

Note payable

Note payable to related party. Note bears interest of 0%.

Due on demand.

360,780

Note payable

Mortgage including interest of 1.5% per annum. Monthly payments are \$2,017 until April 1, 2030. Collateral is the real property located in Chattanooga, TN.

224,633

Subtotal of notes payable – WCO Magnolia Gardens, LLC \$ 585,413

WOODBINE COMMUNITY ORGANIZATION (WCO), INC.
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2021

NOTE D – NOTES PAYABLE (continued)

Total Notes Payable	\$ 43,603,250
Less: current portion	<u>(2,140,923)</u>
Long-term portion	<u>\$ 41,462,327</u>

The payoff on these notes are as follows:

2022	\$ 2,140,923
2023	15,855,110
2024	1,344,341
2025	1,312,328
2026	1,362,976
Thereafter	<u>21,587,572</u>
Total Notes Payable	<u>\$ 43,603,250</u>

NOTE E – MISCELLANEOUS LONG-TERM LIABILITIES

The Organization, through its wholly owned entities, has loan agreements funded with tax credit exchange (TCE) funds from Tennessee Housing Development Agency (THDA) pursuant to Section 1602 of the American Recovery and Reinvestment Act of 2009 (Section 1602). Under Section 1602, state housing agencies can exchange allocations of low-income housing tax credits (LIHTC) which have been allocated to their state under Section 42 of the Internal Revenue Code (Section 42) for cash at a prescribed rate of up to \$.85 for each dollar of LIHTC. In turn, the state housing agencies can use Section 1602 funds to make forgivable loans to properties that qualify for LIHTC.

Loan proceeds funded with Section 1602 program funds are intended to assist with the payment of development costs of LIHTC properties. In exchange for the funds received, the entities have agreed to operate low-income properties in accordance with Section 42. Portions of the loan which have been amortized are not subject to recapture and are considered government assistance related to assets.

The non-interest-bearing notes mature in fifteen (15) years, with repayment due only upon the certain events of default as noted in the Loan Agreement. Under the Loan Agreement, loan principal is reduced annually at the rate of 6.67% over the fifteen (15) year tax credit compliance period. Recapture of the unamortized balance is subject to the subsidiaries maintaining compliance with Section 42. The notes are secured by a Deed of Trust, which represents a second lien on certain real property.

As of December 31, 2021, the outstanding balance of the Section 1602 loans was \$2,779,168. The reduction in recapture risk on the loans for 2021 was \$681,383. No principal payments are required to be paid during the loan term. Amounts by entity are as follows:

WOODBINE COMMUNITY ORGANIZATION (WCO), INC.
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2021

NOTE E – MISCELLANEOUS LONG-TERM LIABILITIES (continued)

	<u>1602 Loan Balance</u> <u>(Subject to Recapture)</u>
WCO Algood Manor GP, LLC	\$ 976,266
WCO Cumberland Place GP, LLC	1,126,498
WCO Kareday, LLC	<u>676,404</u>
Total	<u>\$ 2,779,168</u>

NOTE F - DEBT ISSUANCE COSTS

Deferred mortgage costs incurred in obtaining mortgages are amortized on a straight-line basis over the life of the mortgages. Accounting principles generally accepted in the United States of America require that the effective yield method be used to amortize financing costs; however, the effect of using the straight-line method is not materially different from results obtained under the effective yield method. Amortization expense for the year ended December 31, 2021 was \$36,218. Estimated amortization expense related to financing fees for each of the ensuing years through December 31, 2026 and thereafter is as follows:

2022	\$ 34,896
2023	34,896
2024	34,896
2025	34,896
2026	34,896
Thereafter	<u>393,192</u>
TOTAL	<u>\$ 567,672</u>

NOTE G – FORGIVABLE LOAN RECEIVED UNDER THE SBA PAYCHECK PROTECTION PROGRAM

In response to the coronavirus (COVID-19) outbreak in 2020, the U.S. Federal Government enacted the Coronavirus Aid, Relief, and Economic Security Act that, among other economic stimulus measures, established the Paycheck Protection Program (PPP) to provide small business loans. In April 2020, we obtained a PPP loan for \$177,375 which was included on our balance sheet as a liability as of December 31, 2021. The note was forgiven in 2021. In accordance with generally accepted accounting principles, the forgiveness of the PPP loan is recognized as income on its 2021 statement of activities. Management believes all of the proceeds from the note were used for qualifying expenses.

WOODBINE COMMUNITY ORGANIZATION (WCO), INC.
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2021

NOTE H - DEPRECIATION

Depreciation for the year ended December 31, 2021 is \$2,369,050. The building, furniture & fixtures, and equipment are depreciated with lives as follows:

Buildings	27 ½ - 40 years
Furniture & fixtures	5 - 7 years
Equipment	5 years

Impairment of Long-Lived Assets –Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate the carrying value of such property 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 by an appraisal, discounted cash flows analysis or other valuation technique. No impairment losses are recognized in 2021.

NOTE I - NET ASSETS WITH DONOR RESTRICTIONS

The Organization has received monies from the Metropolitan Development and Housing Agency (MDHA) to enable it to buy, or build, and rehabilitate houses, land or apartment complexes. The monies have restrictions that the Organization must meet for 15 to 20 years to enable the monies to become a grant. The monies are amortized over the 15 to 20-year period. The remaining amount may be payable with interest if the restrictions are not met.

Currently the Organization has a Neighborhood Stabilization Program (NSP1) agreement to rehab the 12th Avenue property to be used to house low-income tenants. The amount of this agreement is \$900,000. The Organization also has a NSP2 agreement in the amount of \$10,949,133 to buy houses, land, and apartment complexes to rehab or construct as needed. At December 31, 2021, the Organization has purchased such items using \$10,949,133. Amortization of the NSP1 agreement in the amount of \$45,000 has been released to unrestricted net assets during 2021. Amortization of the NSP2 agreement in the amount of \$811,267 has been released to unrestricted net assets at December 31, 2021. Total funds released from restriction in 2021 were \$856,267.

NOTE I – NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

The net assets with donor restrictions for the parent company are as follows:

Net assets with donor restrictions, beginning of year	\$ 6,181,718
Incurred during the year (including subsidiaries)	-
Released to unrestricted during 2021	<u>(856,267)</u>
Net assets with donor restrictions, end of year	<u>\$ 5,325,450</u>

WOODBINE COMMUNITY ORGANIZATION (WCO), INC.
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2021

NOTE J – SALE-LEASEBACK TRANSACTION

The Organization purchased real property and equipment of an unrelated party for \$11,514,298. The purchase was made through entering two loan agreements. \$9,599,403 was borrowed from Facilities Funding Group, LLC and \$1,914,895 in a seller/tenant financed loan with Open Arms Care Corporation (See Note D). In conjunction with the purchase, the Organization entered into thirty-six (36) lease agreements to leaseback the property and equipment to the seller. The leases are for terms of 15 years and can be extended at the option of the tenant for two additional years.

The Organization also completed construction on nine (9) new homes in 2017 in Chattanooga, Knoxville and Greeneville. The Organization entered into nine (9) lease agreements to lease the facilities to Open Arms Care Corporation. The leases are for terms of 15 years from the date of occupancy and can be extended at the option of the tenant for an additional five (5) years.

During 2020, the Organization completed construction and financing on ten (10) replacement homes in Knoxville. Six (6) homes remain under construction and will be transferred to WCO AL DP LLC upon completion. The Organization entered into ten (10) lease agreements to lease the facilities to Open Arms Care Corporation. The leases are for terms of 15 years from the date of occupancy and be extended at the option of the tenant for an additional five (5) years.

Rent income under these leases totaled approximately \$3,903,730 in 2021. A summary of future minimum lease payments under the leases as of December 31, 2021, is as follows:

2022	\$ 4,490,000
2023	4,780,000
2024	4,610,000
2025	4,480,000
2026	4,365,000
Thereafter	<u>42,305,000</u>
Total	<u>\$ 65,030,000</u>

As of December 31, 2021, the tenant owed approximately \$2,742,030 of accrued rent. These amounts will be paid in 2022 subsequent to the tenant filing its annual cost report filing. The lease agreements allow for remedies for changes to the allowed facility rental reimbursement in the annual cost report.

During 2017, the Organization amended its existing loan agreements with Facilities Funding Group and entered into a tax-exempt financing bond (Series 2016A) with the Health and Educational Facilities Board of the Metropolitan Government of Nashville and Davidson County, Tennessee. The Board sold the bonds to Facilities Funding Group, LLC and the payment terms effectively remained the same. The interest rate decreased to 7.5%.

WOODBINE COMMUNITY ORGANIZATION (WCO), INC.
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2021

NOTE J – SALE-LEASEBACK TRANSACTIONS (continued)

Proceeds from the loan were used as follows: \$800,000 to establish a debt service fund, \$375,000 for loan closing costs, and \$9,202,086 for land and building construction. There was a cost overrun of \$345,000 and Facilities Funding Group agreed to amend the loan agreement to include this amount in 2018. The total loan balance as of December 31, 2021 was \$6,351,498.

The Organization also entered a second tax-exempt financing bond (Series 2016B) for \$10,400,000 for the acquisition, construction, installation and equipping of nine (9) new facilities to provide immediate care services for individuals with intellectual disabilities (ICF/IID). During 2021, additional costs incurred increased the loan balance to \$9,416,295 at December 31, 2021.

NOTE K – RELATED PARTY TRANSACTIONS

The Organization engages in certain transactions with related parties from time to time. The Organization has entered into a loan agreement to loan \$3,500,000 to ECG Hermitage, LP, a limited partnership to assist with the development of Hermitage Flats Apartments (“the Project”). The general partner of ECG Hermitage, LP is WCO Hermitage Flats, GP, Inc., a wholly owned subsidiary of the Organization. The loan agreement is funded from monies obtained from the Metropolitan Housing Trust Fund Commission. The terms of the loan specify annual payments from net cash flows of the Project, as defined by the LP Agreement. The term of the loan is thirty (30) years, payable beginning on the first (1st) anniversary of the Completion Date as defined in the LP Agreement. Interest thereon will be computed at the annual rate of zero percent (0.0%). The entire unpaid principal and all other charges shall be due and payable on December 31, 2047. Management anticipates the loan to be repaid in full within 15 years. As of December 31, 2021, the outstanding loan balance was \$3,500,000.

During 2019, the Organization received a grant from the Metropolitan Housing Trust Fund Commission in the amount of \$1,400,000. The Organization invested these funds in its wholly owned subsidiary, WCO Elm Hill Flats, LLC (“EHF”) which used the funds to purchase property located at 825 Elm Hill Pike in Nashville, TN. EHF will build a 71-unit apartment building and offer affordable housing. As outlined in Note L, the cost of the apartment building was approximately \$5,100,000 and is financed by EHF with a loan of \$4,680,000, with the Organization guaranteeing the debt. The loan balance at December 31, 2021 was \$4,615,000.

NOTE L – CONCENTRATION OF CREDIT RISK

The Organization maintains its cash in bank deposit accounts, which at times may exceed federally insured limits. Management has not experienced any losses in such accounts. Management believes it is not exposed to any significant credit risk on cash or cash equivalents. At December 31, 2021, \$17,652,203 was uninsured.

WOODBINE COMMUNITY ORGANIZATION (WCO), INC.
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2021

NOTE L – CONCENTRATION OF CREDIT RISK (continued)

The Organizations operations are concentrated in the low-income, multi-family real estate market. In addition, the Organization operates in a heavily regulated environment. The operations of the Organization are subject to the administrative directives, rules and regulation of federal, state, and local regulatory agencies, including, but not limited to HUD. Such administrative directives, rules, and regulations are subject to change by an act of Congress, or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related cost, including administrative burden, to comply with a change.

NOTE M – COMMITMENTS AND CONTINGENCIES

The Organization receives a substantial amount of its support from the government. A reduction in the level of this support, if it were to occur, may end such programs and activities related to such support.

The Organization conducts numerous activities as a developer of multi-family affordable housing. The Organization materially participates in each project in which it has an interest. Most of the activities are conducted through single-purpose entities controlled by the Organization. As part of its role as the developer or sponsor of these facilities, the Organization is required to meet certain performance and fiscal obligations, such as construction completion, rental agreements, debt service, and fraud and misconduct by entities controlled by the Organization. It is not possible to quantify the potential liabilities with respect to these obligations.

NOTE N – LIQUIDITY AND AVAILABILITY

The Company regularly monitors liquidity to meets its operating needs and other commitments. A substantial portion of financial assets represent housing assistance payments received or receivable for the purpose of providing low-income housing. The Company manages liquidity by ensuring financial assets are available as its general expenditures, liabilities, and other obligations become due. Financial assets available for general expenditures within one year of the statement of position date are:

Cash and cash equivalents	\$ 18,067,151
Other receivables, currently due	3,047,826
Prepaid expenses	<u>133,976</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 21,248,953</u>

As part of our liquidity management, it invests cash in excess of daily requirements in an interest bearing, short-term money market investment account, which is a cash equivalent.

WOODBINE COMMUNITY ORGANIZATION (WCO), INC.
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2021

NOTE O – COVID-19 PANDEMIC

As of the date this report was available to be issued, the COVID-19 pandemic has minimal impact on the overall operations and activities of the Organization. While it is not possible to predict the impact of the outbreak on the Company's financial condition and results of operations, disruptions to key business drivers, such as supply chain, workforce, and production were noticeable. Currently, the pandemic does not present a significant threat nor is experiencing issues in meeting current obligations. However, COVID-19 remains active. Management continues to monitor the situation and is prepared to develop strategies designed to mitigate any impact.

NOTE P – FAIR VALUE

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures, provides a framework for measuring fair value. The framework provides a three-tier fair value hierarchy of pricing inputs used to report assets and liabilities that are adjusted to fair value. Level 1 includes inputs such as quoted prices which are available in active markets for identical assets or liabilities as of the report date. Level 2 includes inputs other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the report date. Level 3 includes unobservable pricing inputs that are not corroborated by market data or other objective sources. The Organization's investments would all be real estate related and would be classified as Level 3 inputs.

The Organization utilizes market data or assumptions that market participants would use in pricing the asset or liability. The Organization's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of fair value assets and liabilities and their placement within the fair value hierarchy. At the end of 2021, the fair value of the Organization's other financial instruments approximates their carrying amounts, either because the expected collection or repayment period is relatively short or because the terms are similar to market terms.

NOTE Q - FUNCTIONAL EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy, depreciation, and amortization, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, interest, insurance, and other, which are allocated on the basis of estimates of time and effort.

NOTE R - RECENT ACCOUNTING STANDARD

In May 2014 the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09 *Revenue from Contracts with Customers* which was codified in the FASB Accounting Standards Codification ("ASC") as topic 606 ("ASC 606"). The guidance eliminated the transaction and

WOODBINE COMMUNITY ORGANIZATION (WCO), INC.
NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2021

NOTE R - RECENT ACCOUNTING STANDARD (Continued)

industry-specific revenue recognition guidance under previous accounting principles generally accepted in the United States of America (“GAAP”) and replaced it with a principles-based approach. The core principle of the guidance in ASC 606 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

ASC 606 an entity to exercise more judgement and recognize revenue using a five-step process. The five-step model defined by ASC 606 requires the entity to (1) identify the contract(s) with a customer, (2) identify the performance obligations of the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenue when (or as) the entity satisfies a performance obligation. ASC 606 also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The new guidance is effective for the year ending December 31, 2019. Management has determined ASC 606 does not have a significant impact on the financial statements.

NOTE S – SUBSEQUENT EVENTS

Management has evaluated subsequent events as of May 16, 2022, the date the financial statements were available to be issued. Management is not aware of any significant events that occurred subsequent to the statement of financial position date but prior to the filing of this report that would have a material impact on the financial statements.

*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*

To the Board of Directors
Woodbine Community Organization (WCO), Inc.

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 Woodbine Community Organization (WCO), Inc., which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated May 16, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Woodbine Community Organization (WCO), Inc.'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 Woodbine Community Organization (WCO), Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Woodbine Community Organization (WCO), Inc.'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 entity'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.

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 or significant deficiencies may exist that were not identified.

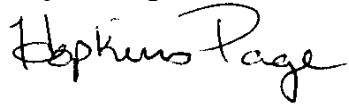
Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Woodbine Community Organization (WCO), Inc.'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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hopkins-Page

A handwritten signature in black ink that reads "Hopkins Page". The signature is written in a cursive style with a large initial "H" and "P".

Nashville, Tennessee

May 16, 2022

**GRANT CONTRACT
 BETWEEN THE METROPOLITAN GOVERNMENT
 OF NASHVILLE AND DAVIDSON COUNTY, TENNESSEE
 BY AND THROUGH
 THE METROPOLITAN HOUSING TRUST FUND COMMISSION
 AND
 WILLIAM FRANKLIN BUCHANAN COMMUNITY DEVELOPMENT CORPORATION**

This Grant Contract issued and entered into by and between the Metropolitan Government of Nashville and Davidson County, a municipal corporation of the State of Tennessee hereinafter referred to as "Metro", and William Franklin Buchanan Community Development Corporation hereinafter referred to as the "Recipient," is for the provision of the construction of affordable housing units as further defined in the "SCOPE OF PROGRAM." William Franklin Buchanan Community Development Corporation will be adding 5 affordable housing unit(s) located at 1026 Scovel St., Nashville, TN 37208. The recipient's budget request, financial statements or audit, 501(c)3 letter, and/or charter documents are incorporated herein. The Recipient is a nonprofit charitable or civic organization.

A. SCOPE OF PROGRAM:

- A.1. Each Property to which these grant funds are provided for shall be subject to a Declaration of Restrictive Covenants ("Declaration") imposing certain affordability requirements to encumber the Property and run with the land over a 30-year term. Terms defined in the Declaration shall have the same meanings when used in this Agreement.
- A.2. The Recipient shall use the funds under this grant in accordance with the affordable housing project submitted in the application and any of its amendments, which application is incorporated herein, and subject to the terms and conditions set forth herein.
- A.3. The Recipient, under this Grant Contract, will spend funds solely for the purposes set forth in their application or proposal for grant funding which is incorporated herein. These funds shall be expended consistent with the Grant Budget, included in Attachment A. Although some variation in line-item amounts for the Grant is consistent with the Grant Budget, any change greater than 20% of a line-item shall require the prior written approval of Metro. However, in no event will the total amount of the Grant funds provided to Recipient go above the awarded Grant amount of \$334,822.

Additional Conditions for Rental Properties:

1. Tenants must be income-eligible at the time of initial occupancy, and Recipient must certify all incomes annually and maintain a certified rent roll. In the event a tenant's income increases above the income-requirement for the unit, the tenant is not disqualified from remaining in the unit. However, the tenant's rent shall be adjusted to the corresponding AMI level for the next lease term.
2. The Recipient will provide Metro with a management plan program oversight which includes certification of the rents, utility allowances and tenant incomes. The Grantee shall also provide Metro an annual certification that Barnes rental requirements are being met throughout the compliance period.
3. The Grantee will allow Metro or a Metro-approved contractor to conduct on-site inspections of the grantee for compliance Barnes program requirements including, but not limited to, reviewing tenant income calculations, rent determinations and utility allowances.
4. Compliance restrictions on both tenant income and maximum rents shall apply for thirty (30) years from the date of issuance of the certificate of occupancy for the final building within the project. If a certificate of occupancy is not issued, the compliance period will begin on the date of recordation of the notice of completion for the project.

5. Recipient shall not increase rents during a lease term.

B. GRANT CONTRACT TERM:

B.1. Grant Contract Term. The term of this Grant shall be from execution of the grant agreement until Project completion, but in no way greater than 24 months from the execution of the grant agreement. Metro shall have no obligation for services rendered by the Recipient which are not performed within this term. Pursuant to Metropolitan Code of Laws § 2.149.040 (G), in the event the recipient fails to complete its obligations under this grant contract within twenty-four months from execution, Metro is authorized to rescind the contract and to reclaim previously appropriated funds from the organization.

C. PAYMENT TERMS AND CONDITIONS:

C.1. Maximum Liability. In no event shall the maximum liability of Metro under this Grant Contract exceed Three Hundred Thirty-Four Thousand Eight Hundred Twenty-Two Dollars (\$334,822). The Grant Budget, attached and incorporated herein as part of Attachment A, shall constitute the maximum amount to be provided to the Recipient by Metro for all of the Recipient's obligations hereunder. The Grant Budget line-items include, but are not limited to, all applicable taxes, fees, overhead, and all other direct and indirect costs incurred or to be incurred by the Recipient.

This amount shall constitute the Grant Amount and the entire compensation to be provided to the Recipient by Metro.

C.2. Compensation Firm. The maximum liability of Metro is not subject to escalation for any reason. The Grant Budget amount is firm for the duration of the Grant Contract and is not subject to escalation for any reason unless the grant contract is amended.

C.3. Payment Methodology. The Recipient shall be compensated for actual costs based upon the Grant Budget, not to exceed the maximum liability established in Section C.1. Upon execution of the Grant Contract and receipt of a request for payment, the Recipient may be eligible to receive reimbursement for milestones as completed based upon the Grant Budget.

a. **Grant Draws**

Before a draw can be made, there must be a physical inspection of the property by Metro or an approved designee. The inspection must confirm appropriate completion of the project.

1) **Construction Grant Draw Schedule (% based on grant amount)**

- 12.5% - upon receipt of the Building Permit (check property address and contractors name) and Builder's Risk Insurance sufficient to cover cost of construction and confirmation of acquisition (make sure Metro is listed as lien holder)
- 25% - footing framing and foundation completed (25% complete)
- 25% - roofing completed and the plumbing, electric and mechanical are roughed in and approved by local Codes (50% complete)
- 25% - cabinets, counters, drywall, trim and doors are installed (75% complete)

Balance of grant upon receipt of a Final Use & Occupancy from local Codes (100% complete).

All draw requests except for the first 12.5% draw must be inspected before funding.

The above is the preferred draw method. Metro may occasionally fund based on a true percentage of completion as noted in a Construction Inspection report or if the application requested funds for land acquisition, understanding that the initial 12.5% or acquisition draw may overfund the grant, requiring later draws to be reduced.

2) **Construction Grant Draw Process**

- Draw request is received from the Recipient. It should be requested by the contractor and approved by the Recipient.
- Complete property inspection
- Metro or approved designee approves the request.
- Payments should be made to the Recipient.

All invoices shall be sent to:

Barnes Housing Trust Fund
Planning Department – Housing Division
800 2nd Avenue South
Nashville, TN 37210
(615) 862-7190

Said payment shall not exceed the maximum liability of this Grant Contract.

Final invoices for the contract period should be received by Metro Payment Services by 24 months from the execution of the grant agreement. Any invoice not received by the deadline date will not be processed and all remaining grant funds will expire.

- C.4. Close-out Expenditure and Narrative Report. The Recipient must submit a final grant Close-out Expenditure and Narrative Report, to be received by the Metropolitan Housing Trust Fund Commission / Barnes Housing Trust Fund within 45 days of the end of the Grant Contract. Said report shall be in form and substance acceptable to Metro and shall be prepared by a Certified Public Accounting Firm or the Chief Financial Officer of the Recipient Organization.
- C.5. Payment of Invoice. The payment of any invoice by Metro shall not prejudice Metro's right to object to the invoice or any matter in relation thereto. Such payment by Metro shall neither be construed as acceptance of any part of the work or service provided nor as an approval of any of the costs included therein.
- C.6. Unallowable Costs. The Recipient's invoice shall be subject to reduction for amounts included in any invoice or payment theretofore made which are determined by Metro, on the basis of audits or monitoring conducted in accordance with the terms of this Grant Contract, to constitute unallowable costs.
- C.7. Deductions. Metro reserves the right to adjust any amounts which are or shall become due and payable to the Recipient by Metro under this or any Contract by deducting any amounts which are or shall become due and payable to Metro by the Recipient under this or any Contract.
- C.8. Electronic Payment. Metro requires as a condition of this contract that the Recipient shall complete and sign Metro's form authorizing electronic payments to the Recipient. Recipients who have not already submitted the form to Metro will have thirty (30) days to complete, sign, and return the form. Thereafter, all payments to the Recipient, under this or any other contract the Recipient has with Metro, must be made electronically.
- C. 9. Recipient agrees and understands that procurement of goods and services for the grant project must comply with state and local law and regulations, including the Metropolitan Procurement Code. Recipient will provide Metro with all plans and specifications needed for these procurement purposes. Recipient will promptly review, and either approve or disapprove, in good

faith and with reasonable grounds all estimates, amendments to scope of work, and all work performed by a contractor prior to payment.

- C. 10. Public Meetings. At the reasonable request of Metro, Recipient agrees to attend public meetings, neighborhood meetings, and other events regarding this Project.
- C. 11. Recognition. Any signage, printed materials, or online publications erected at the applicable Project site or elsewhere regarding the Project shall include the following language or language acceptable by Metro acknowledging that the Project is partially funded with a grant from the Barnes Fund for Affordable Housing of the Metropolitan Government of Nashville and Davidson County:

This project funded in part by the Barnes Affordable Housing Trust Fund of the Metropolitan Government of Nashville & Davidson County.

Metropolitan Housing Trust Fund Commission

John Cooper, Mayor

Metropolitan Council of Nashville and Davidson County

D. STANDARD TERMS AND CONDITIONS:

- D.1. Required Approvals. Metro is not bound by this Grant Contract until it is approved by the appropriate Metro representatives as indicated on the signature page of this Grant.
- D.2. Modification and Amendment. This Grant Contract may be modified only by a written amendment that has been approved in accordance with all Metro procedures and by appropriate legislation of the Metropolitan Council.
- D.3. Default and Termination for Cause. Any failure by Owner to perform any term or provision of this Grant Contract shall constitute a "Default" (1) if such failure is curable within 30 days and Recipient does not cure such failure within 30 days following written notice of default from Metro, or (2) if such failure is not of a nature which cannot reasonably be cured within such 30-day period and Recipient does not within such 30-day period commence substantial efforts to cure such failure or thereafter does not within a reasonable time prosecute to completion with diligence and continuity the curing of such failure. Should the Recipient Default under this Grant Contract or if the Recipient violates any terms of this Grant Contract, Metro shall have the right to immediately terminate the Grant Contract and the Recipient shall return to Metro any and all grant monies for services or projects under the grant not performed as of the termination date. The Recipient shall also return to Metro any and all funds expended for purposes contrary to the terms of the Grant. Such termination shall not relieve the Recipient of any liability to Metro for damages sustained by virtue of any breach by the Recipient.
- D.4. Subcontracting. The Recipient shall not assign this Grant Contract or enter into a subcontract for any of the services performed under this Grant Contract without obtaining the prior written approval of Metro. Notwithstanding any use of approved subcontractors, the Recipient shall be considered the prime Recipient and shall be responsible for all work performed.
- D.5. Conflicts of Interest. The Recipient warrants that no part of the total Grant Amount shall be paid directly or indirectly to an employee or official of Metro as wages, compensation, or gifts in exchange for acting as an officer, agent, employee, subcontractor, or consultant to the Recipient in connection with any work contemplated or performed relative to this Grant Contract.

The Grantee also recognizes that no person identified as a Covered Person below may obtain a financial interest or benefit from a Metro Housing Trust Fund Competitive Grant assisted activity, or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds thereunder, either for themselves or those whom they have family or business ties, during their tenure or for one year thereafter.

Covered Persons include immediate family members of any employee or board member of the Grantee. Covered Persons are ineligible to receive benefits through the Metro Housing Trust Fund Competitive Grant program. Immediate family ties include (whether by blood, marriage or adoption) a spouse, parent (including stepparent), child (including a stepbrother or stepsister), sister, brother, grandparent, grandchild, and in-laws of a Covered Person.

D.6. Nondiscrimination. The Recipient hereby agrees, warrants, and assures that no person shall be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination in the performance of this Grant Contract or in the employment practices of the Recipient on the grounds of disability, age, race, color, religion, sex, national origin, or any other classification which is in violation of applicable laws. The Recipient shall, upon request, show proof of such nondiscrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination.

D.7. Records. All documents relating in any manner whatsoever to the grant project, or any designated portion thereof, which are in the possession of Recipient, or any subcontractor of Recipient shall be made available to the Metropolitan Government for inspection and copying upon written request by the Metropolitan Government. Furthermore, said documents shall be made available, upon request by the Metropolitan Government, to any state, federal or other regulatory authority and any such authority may review, inspect and copy such records. Said records include, but are not limited to, all drawings, plans, specifications, submittals, correspondence, minutes, memoranda, tape recordings, videos or other writings or things which document the grant project, its design and its construction. Said records expressly include those documents reflecting the cost of construction, including all subcontracts and payroll records of Recipient.

Recipient shall maintain documentation for all funds provided under this grant contract. The books, records, and documents of Recipient, insofar as they relate to funds provided under this grant contract, shall be maintained for a period of three (3) full years from the date of the final payment. The books, records, and documents of Recipient, insofar as they relate to funds provided under this grant contract, shall be subject to audit at any reasonable time and upon reasonable notice by Metro or its duly appointed representatives. Records shall be maintained in accordance with the standards outlined in the Metro Grants Manual. The financial statements shall be prepared in accordance with generally accepted accounting principles.

D.8. Monitoring. The Recipient's activities conducted and records maintained pursuant to this Grant Contract shall be subject to monitoring and evaluation by Metro or Metro's duly appointed representatives. The Recipient shall make all audit, accounting, or financial records, notes, and other documents pertinent to this grant available for review by the Metropolitan Office of Financial Accountability, Internal Audit or Metro's representatives, upon request, during normal working hours.

D.9. Reporting. The Recipient must submit an Interim Program Report, to be received by the Metropolitan Housing Trust Commission / Barnes Housing Trust Fund, by no later than September 1, 2023 and a Final Program Report, to be received by the Metropolitan Housing Trust Fund Commission within 45 [forty-five] days of the end of the Grant Contract. Said reports shall detail the outcome of the activities funded under this Grant Contract in the form required by Metro.

D.10. Strict Performance. Failure by Metro to insist in any one or more cases upon the strict performance of any of the terms, covenants, conditions, or provisions of this agreement shall not

be construed as a waiver or relinquishment of any such term, covenant, condition, or provision. No term or condition of this Grant Contract shall be held to be waived, modified, or deleted except by a written amendment by the appropriate parties as indicated on the signature page of this Grant.

- D.11. Insurance. The Recipient shall maintain adequate public liability and other appropriate forms of insurance, including other appropriate forms of insurance on the Recipient's employees, and to pay all applicable taxes incident to this Grant Contract.
- D.12. Metro Liability. Metro shall have no liability except as specifically provided in this Grant Contract.
- D. 13. Independent Contractor. Nothing herein shall in any way be construed or intended to create a partnership or joint venture between the Recipient and Metro or to create the relationship of principal and agent between or among the Recipient and Metro. The Recipient shall not hold itself out in a manner contrary to the terms of this paragraph. Metro shall not become liable for any representation, act, or omission of any other party contrary to the terms of this paragraph.
- D. 14. Indemnification and Hold Harmless.
- (a) Recipient shall indemnify, defend, and hold harmless Metro, its officers, agents and employees from any claims, damages, penalties, costs and attorney fees for injuries or damages arising, in part or in whole, from the negligent or intentional acts or omissions of Recipient, its officers, employees and/or agents, including its sub or independent contractors, in connection with the performance of the contract, and any claims, damages, penalties, costs and attorney fees arising from any failure of Recipient, its officers, employees and/or agents, including its sub or independent contractors, to observe applicable laws, including, but not limited to, labor laws and minimum wage laws.
- (b) Metro will not indemnify, defend or hold harmless in any fashion the Recipient from any claims, regardless of any language in any attachment or other document that the Recipient may provide.
- (c) Recipient shall pay Metro any expenses incurred as a result of Recipient's failure to fulfill any obligation in a professional and timely manner under this Contract.
- (d) Grantee's duties under this section shall survive the termination or expiration of the grant.
- D.15. Force Majeure. The obligations of the parties to this Grant Contract are subject to prevention by causes beyond the parties' control that could not be avoided by the exercise of due care including, but not limited to, acts of God, riots, wars, strikes, epidemics or any other similar cause.
- D.16. State, Local and Federal Compliance. The Recipient agrees to comply with all applicable federal, state and local laws and regulations in the performance of this Grant Contract.
- D.17. Governing Law and Venue. The validity, construction and effect of this Grant Contract and any and all extensions and/or modifications thereof shall be governed by and construed in accordance with the laws of the State of Tennessee. The venue for legal action concerning this Grant Contract shall be in the courts of Davidson County, Tennessee.
- D. 18 Attorney Fees. Recipient agrees that, in the event either party deems it necessary to take legal action to enforce any provision of the Grant Contract, and in the event Metro prevails, Recipient shall pay all expenses of such action including Metro's attorney fees and costs at all stages of the litigation.
- D.19. Completeness. This Grant Contract is complete and contains the entire understanding between the parties relating to the subject matter contained herein, including all the terms and conditions of the parties' agreement. This Grant Contract supersedes any and all prior understandings,

representations, negotiations, and agreements between the parties relating hereto, whether written or oral.

- D. 20. Headings. Section headings are for reference purposes only and shall not be construed as part of this Grant Contract.
- D. 21. Licensure. The Recipient and its employees and all sub-grantees shall be licensed pursuant to all applicable federal, state, and local laws, ordinances, rules, and regulations and shall upon request provide proof of all licenses. Recipient will obtain all permits, licenses, and permissions necessary for the grant project.
- D. 22. Waiver. No waiver of any provision of this contract shall affect the right of any party thereafter to enforce such provision or to exercise any right or remedy available to it in the event of any other default.
- D. 23. Inspection. The Grantee agrees to permit inspection of the project and/or services provided for herein, without any charge, by members of the Grantor and its representatives.
- D. 24. Assignment—Consent Required. The provisions of this contract shall inure to the benefit of and shall be binding upon the respective successors and assignees of the parties hereto. Except for the rights of money due to Recipient under this contract, neither this contract nor any of the rights and obligations of Recipient hereunder shall be assigned or transferred in whole or in part without the prior written consent of Metro. Any such assignment or transfer shall not release Recipient from its obligations hereunder. Notice of assignment of any rights to money due to Recipient under this Contract must be sent to the attention of the Metro Department of Finance.
- D.25. Gratuities and Kickbacks. It shall be a breach of ethical standards for any person to offer, give or agree to give any employee or former employee, or for any employee or former employee to solicit, demand, accept or agree to accept from another person, a gratuity or an offer of employment in connection with any decision, approval, disapproval, recommendation, preparations of any part of a program requirement or a purchase request, influencing the content of any specification or procurement standard, rendering of advice, investigation, auditing or in any other advisory capacity in any proceeding or application, request for ruling, determination, claim or controversy in any proceeding or application, request for ruling, determination, claim or controversy or other particular matter, pertaining to any program requirement of a contract or subcontract or to any solicitation or proposal therefore. It shall be a breach of ethical standards for any payment, gratuity or offer of employment to be made by or on behalf of a subcontractor under a contract to the prime contractor or higher tier subcontractor or a person associated therewith, as an inducement for the award of a subcontract or order. Breach of the provisions of this paragraph is, in addition to a breach of this contract, a breach of ethical standards which may result in civil or criminal sanction and/or debarment or suspension from participation in Metropolitan Government contracts.
- D.26. Communications and Contacts. All instructions, notices, consents, demands, or other communications from the Recipient required or contemplated by this Grant Contract shall be in writing and shall be made by facsimile transmission, email, or by first class mail, addressed to the respective party at the appropriate facsimile number or address as set forth below or to such other party, facsimile number, or address as may be hereafter specified by written notice.

Metro:

For contract-related matters and enquiries regarding invoices:

Metropolitan Housing Trust Fund Commission / Barnes Housing Trust Fund
Planning Department – Housing Division
800 2nd Avenue South
Nashville, TN 37210
(615) 862-7190
Ashley.Brown2@Nashville.Gov

Recipient:

William Franklin Buchanan Community Development Corporation
Carlina Bell Rollins, Executive Director
4121 Clarksville Pike, Ste. 9
Nashville, TN 37218
(615) 256-4329
carlina@wfbcdc.org

D.27. Lobbying. The Recipient certifies, to the best of its knowledge and belief, that:

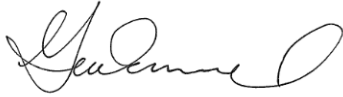
- a. No federally appropriated funds have been paid or will be paid, by or on behalf of the Recipient, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, and entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement.
- b. If any funds other than federally appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this grant, loan, or cooperative agreement, the Recipient shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.
- c. The Recipient shall require that the language of this certification be included in the award documents for all sub-awards at all tiers (including sub-grants, subcontracts, and contracts under grants, loans, and cooperative agreements) and that all subcontractors of federally appropriated funds shall certify and disclose accordingly.

D. 28 Effective Date. This contract shall not be binding upon the parties until it has been signed first by the Recipient and then by the authorized representatives of the Metropolitan Government and has been filed in the office of the Metropolitan Clerk. When it has been so signed and filed, this contract shall be effective as of the date first written above.

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THE METROPOLITAN GOVERNMENT
OF NASHVILLE AND DAVIDSON
COUNTY:

APPROVED AS TO PROGRAM SCOPE:



Gina Emmanuel, Chair,
Metropolitan Housing Trust Fund
Commission

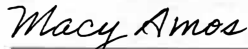
APPROVED AS TO AVAILABILITY OF
FUNDS:



Kelly Flannery, Director
Department of Finance

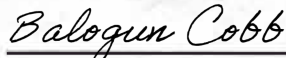


APPROVED AS TO FORM AND
LEGALITY:



Assistant Metropolitan Attorney

APPROVED AS TO RISK AND
INSURANCE:



Director of Risk Management Services

APPROVED BY METROPOLITAN
GOVERNMENT OF NASHVILLE AND
DAVIDSON COUNTY:

Metropolitan Clerk

RECIPIENT:

William Franklin Buchanan
Community Development Corporation

By: 

Title: Executive Director

Sworn to and subscribed to before me a
Notary Public, this 25th day of
August, 2022.

Notary Public



My Commission expires 1/3/23

JURAT

State of Tennessee
County of Davidson } ss.



Subscribed and sworn to (or affirmed) before me this
25th day of August, 2022 by
Date Month Year

Carli Bell
Name of Signer No. 1

Name of Signer No. 2 (if any)
[Signature]
Signature of Notary Public

Place Notary Seal/Stamp Above

Any Other Required Information
(Residence, Expiration Date, etc.)

OPTIONAL

This section is required for notarizations performed in Arizona but is optional in other states. Completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document

Title or Type of Document: _____

Document Date: _____ Number of Pages: _____

Signer(s) Other Than Named Above: _____

BARNES HOUSING TRUST FUND RENTAL BUDGET

Unit Address	1026 SCOVEL STREET	Barnes Fund Request	Enterprise Community Partners Request
Development Type	Single Room Occupancy (SRO)		
Accessible Bus Line Routes	Yes		
Number of Studios	0		
Number of 1 Bedrooms	5		
Number of 2+ Bedrooms	0		
Square Feet	2,625		
Number of Stories	2		
Developer's Equity			
Land	257,480		
WFBCDC In-kind	21,073		
WFBCDC Cash	5,000		
Total	283,553		
Acquisition Costs			
Vacant Land	-		
Land with Structure	-		
Title & Recording	-		
Legal	1,500		1,500
Total	1,500		1,500
Predevelopment Costs (Soft Costs)			
Appraisal	650		650
Survey	600		600
Relocation (if applicable)	-		-
Insurance	1,430		1,430
Architect	8,000		8,000
Construction Project Manager	7,500		7,500
Engineering	1,320		1,320
Planning/Zoning	-		-
Other	330		330
Total	19,830		19,830
Construction Costs (Hard Costs)			
Structure			
Footer/Foundation	26,400	26,400	
Framing	52,272	52,272	
Electrical (Rough-in & Trim)	17,625	17,625	
Plumbing (Rough-in & Trim)	18,750	18,750	
Roofing	14,100	14,100	
HVAC	20,250	20,250	
Drywall/Insulation	16,170	16,170	
Paint/Stain	12,650	5,819	
Windows/Doors	18,000	8,280	
Lighting/Hardware & Mirrors	9,000	4,140	
Floor Coverings	18,446	8,485	
Cabinets	12,100	5,566	
Brick/Siding	20,295	20,295	
Sub-Total	256,058	218,152	-
Other			
Site Work	4,840	-	4,840
Appliances	3,500	3,500	-
Decks/Porches	8,470	8,470	-
Side Walks/Driveways	9,948	9,948	-
Landscaping	3,035	3,035	-
Utility Hookups	2,200	-	2,200
Building Permits/Fees	2,750	-	2,750
Demolition	-	-	-
Fees	2,200	-	2,200
Materials and Labor Market Contingency Cost Overrun	12,803	12,803	-
Sub-Total	49,746	37,756	11,990
Construction Contingency	12,803	12,803	-
Profit (if organization has own construction crew)	-	-	-
Sub-Total	12,803	12,803	-
Total Construction Cost	623,489	268,711	33,320
Cost per Unit	623,489	268,711	33,320
Developer's Fee (capped at 20%)	50,990	50,990	-
Total Cost/Unit	674,480	319,701	33,320



Tre Hargett
Secretary of State

Division of Business Services
Department of State
State of Tennessee
312 Rosa L. Parks AVE, 6th FL
Nashville, TN 37243-1102

The William Franklin Buchanan Community Development Corporation
CARLINA BELL ROLLINS, EXECUTIVE DIRECTOR
STE 9
4121 CLARKSVILLE PIKE
NASHVILLE, TN 37218-1901

December 11, 2020

Filing Acknowledgment

Please review the filing information below and notify our office immediately of any discrepancies.

Control # : 369346 Status: Active
Filing Type: Nonprofit Corporation - Domestic

Document Receipt

Receipt # : 005928313	Filing Fee:	\$20.00
Payment-Check/MO - The William Franklin Buchanan Community Development Corporation, NA		\$20.00

Amendment Type: Articles of Amendment Image # : B0951-4320
Filed Date: 12/09/2020 11:26 AM

This will acknowledge the filing of the attached articles of amendment with an effective date as indicated above. When corresponding with this office or submitting documents for filing, please refer to the control number given above.

You must also file this document in the office of the Register of Deeds in the county where the entity has its principal office if such principal office is in Tennessee.

Tre Hargett
Secretary of State

Processed By: Cassandra Bowman

Field Name	Changed From	Changed To
Filing Name	THE FIFTEENTH AVENUE BAPTIST COMMUNITY DEVELOPMENT CORPORATION	The William Franklin Buchanan Community Development Corporation
Registered Agent Organization Name	THE FIFTEENTH AVENUE BAPTIST COMMUNITY DEVELOPMENT CORPORATION	THE WILLIAM FRANKLIN BUCHANAN COMMUNITY DEVELOPMENT CORPORATION



Department of State
Corporate Filings
312 Rosa L. Parks Avenue
6th Floor, William R. Snodgrass Tower
Nashville, TN 37243

ARTICLES OF AMENDMENT
TO THE CHARTER
(Nonprofit)

For Office Use Only

FILED

Corporate Control Number (If Known) 369346

Pursuant to the provisions of section 48-60-105 of *The Tennessee Nonprofit Corporation Act*, the undersigned corporation adopts the following articles of amendment to its charter:

1. Please insert the name of the corporation as it appears of record:

The Fifteenth Avenue Baptist Community Development Corporation

If changing the name, insert the new name on the line below:

The William Franklin Buchanan Community Development Corporation

2. Please check the block that applies:

Amendment is to be effective when filed by the secretary of state.

Amendment is to be effective, _____ (month, day, year)

(Not to be later than the 90th day after the date this document is filed.) If neither block is checked, the amendment will be effective at the time of filing.

3. Please insert any changes that apply:

a. Principal address: 4121 Clarksville Pike, Suite 9, Nashville, TN Davidson 37218
(Street) (City) (State/County) (Zip Code)

b. Registered agent: 4121 Clarksville Pike, Suite 9, Nashville, TN Davidson 37218
(Street) (City) (State/County) (Zip Code)

c. Registered address: 4121 Clarksville Pike, Suite 9, Nashville, TN Davidson 37218
(Street) (City) (State/County) (Zip Code)

d. Other changes: _____

4. The corporation is a nonprofit corporation.

5. The manner (if not set forth in the amendment) for implementation of any exchange, reclassification, or cancellation of memberships is as follows:

6. The amendment was duly adopted on September 24, 2020 (month, day, year)
by (please check the block that applies):

The incorporators without member approval, as such was not required.

The board of directors without member approval, as such was not required.

The members

7. Indicate which of the following statements applies by checking the applicable block:

Additional approval for the amendment (as permitted by §48-60-301 of the Tennessee nonprofit corporation act) was not required.

Additional approval for the amendment was required by the charter and was obtained.

Executive Director

Signer's Capacity

Carlina Bell Rollins

Signature

12/16/2020

Date

Carlina Bell Rollins

Name of Signer (typed or printed)

ES951-4320 12/09/2020 11:25 AM Received by Tennessee Secretary of State Tre Hargett

**AMENDED AND RESTATED
BYLAWS
OF
THE WILLIAM FRANKLIN BUCHANAN
COMMUNITY DEVELOPMENT CORPORATION**

As amended and restated September 24, 2020

ARTICLE 1

NAME AND LOCATION

Section 1: The name of this corporation shall be The William Franklin Buchanan Community Development Corporation.

Section 2: The Corporation is incorporated under the laws of the State of Tennessee, as set forth in T.C.A. 48-51-101 et seq.; and its registered office shall be in Nashville, Tennessee.

ARTICLE 11

PURPOSE

The purposes and objectives of the Corporation shall be those set forth in its Charter of Incorporation, as such Charter now exist and as it may be amended from time to time.

ARTICLE 111

MEMBERSHIP

The Corporation shall not have members within the meaning of the General Corporation Laws of Tennessee for the purpose of voting.

ARTICLE IV

BOARD OF DIRECTORS

Section 1: General Powers. The Board of Directors shall constitute the governing body of this corporation. It shall manage, control, and direct the affairs and property of the corporation, subject to these By-Laws, and it shall have all powers necessary to carry out the purposes of the corporation as set forth in Article II. The Board may accept, on behalf of the corporation, any contribution, bequest, or devise for the support of the corporation.

Section 2: Composition.

(a) The Board of Directors shall consist of not less than five (5) nor more than twenty-five (25) members. In the event that Board membership should fall below the specified minimum of five (5), the affairs of the corporation may be transacted for a period of ninety (90) days by a number of Board members equal to the number comprising the Executive Committee.

(b) The Board of Directors shall be composed of individuals approved as set forth herein. Directors shall serve for a term of three (3) years each. Directors may be re-elected for consecutive terms. At least one third (1/3) of the Board makeup shall be either residents of low-income neighborhoods or members/representatives of groups representing such neighborhoods. To calculate compositional requirements, a Director may be considered to satisfy multiple categories.

(c) The immediate past Chairperson of the Board of Directors (the "Chairperson") shall serve as an ex officio non-voting member of the Board of Directors for the year after their replacement.

Section 3: Vacancies. A vacancy on the board due to death, resignation, or any other reason, may be filled at any meeting of the board of which notice of proposed filling of the vacancy has been given, upon nomination, and a vote of a majority of the voting members of the Board present at the meeting. Newly created directorships resulting from an increase in the number of directors and vacancies occurring in the Board of Directors for any reason, including the removal of the directors, may be filled by a vote of a majority of the directors then in office, although less than a quorum exists.

Section 4: Termination.

(a) Any member of the Board may resign at any time by giving written notice to the Chairperson of the Board. Any such resignation shall take effect at the time specified therein, or, if no time is specified, then upon its acceptance by the Board of Directors.

(b) A Board member may be removed, with cause, by a majority vote of the entire board. Failure of regular attendance at Board meetings may be a cause for removal.

Section 5: Annual Meeting. An annual meeting shall be held at such time and place as established by The Board of Directors. The election of officers shall be conducted at the annual meeting.

Section 6: Regular Meetings

(a) The Board shall meet at least quarterly at such time and place as is determined by the Chairperson. The Secretary shall send written notice of all regular meetings at least ten (10) days in advance.

(b) A quorum shall consist of not less than a majority of the members of the Board of Directors and majority vote of those present shall decide all questions.

Section 7: Special Meetings. Special meetings of the Board may be called by the Chair or upon the written request to the Chair by three (3) Directors. Upon receipt of written notice for a special meeting signed by the Chair or any three (3) Directors, the Secretary shall send notice of the meeting to the Board. The notice shall include the reason for which the meeting is called in addition to the time and place of the meeting. No business other than that specified in the notice can be transacted at the meeting.

Section 8: Non-Board Attendance. Board meetings shall be open to attendance by non-board members.

Section 9: Executive Session. The Board of Directors may go into Executive Session at any time during a meeting, on the introduction, seconding and passing of a motion to that effect.

Section 10: Adjourned Meetings. A simple majority of those Directors present and eligible to vote may by resolution adjourn the meeting from time to time for a period not exceeding fourteen (14) days in any one case. At any duly adjourned meeting at which a quorum is present, any business may be transacted which might have been at the meeting originally called.

Section 11: Waiver of Notice. Notice need not be given to any person who attends a meeting in person without protesting prior thereto, or by proxy, or to any person who submits a signed waiver of notice either before or after a meeting.

Section 12: Voting. At all meetings of the Board of Directors, except as otherwise expressly required by these By-Laws, all matters shall be decided by the vote of a simple majority of the Directors eligible to vote in person, by proxy or by e-mail. The Chairperson shall cast the deciding vote in the event of a tie.

Section 13: Action Without Meetings. Whenever members or directors are required or permitted to take any action by vote, such action may be taken without a meeting on written consent. Any resolution in writing by a Director, signed by a majority of all of the Directors, shall be and constitute action by such Directors to the effect therein expressed with the same force and effect as if the same had been duly passed by a vote at a duly called meeting of the Directors and such resolution so signed shall be inserted in the Minute Book of the Corporation under its proper date.

Section 14: Telephone Meetings. Directors may participate in a meeting of the Board of Directors by means of conference telephone or similar communications equipment allowing all persons participating in the meeting to hear each other, and participation in such a meeting shall constitute presence in person at such meeting. All directors shall be promptly furnished a copy of the minutes of such a meeting.

Section 15: Books and Records. The Board of Directors shall cause to be kept correct and complete books and records of account of the corporation, minutes of the proceedings of the members, the Board, and any committee of the Board, and records of its members, giving the names and addresses of all members. All records of the minutes of the Board and its Committee shall be held by the secretary of the board for a minimum of seven (7) years.

Section 16: Executive Director. The Board may hire an Executive Director for the corporation, whose duties and job description may be determined by the Board or a committee of its choosing.

ARTICLE V

COMMITTEES OF THE BOARD

Section 1: Standing Committees. Standing committees shall be the following:

(a) Executive. Executive authority in the organization; delegates responsibilities to the executive director; evaluates the executive director and determines how he or she will be compensated; determines what the board's meeting agenda will be; discusses issues and reports its actions to the board of directors.

(b) Finance. Review budgets prepared by staff; report to the board any financial irregularities, concerns, opportunities; advise executive director on financial priorities and information systems.

(c) Program Development. Monitor and assess existing programs and oversee new program development; initiate and guide program evaluations; and, facilitate discussions about program priorities for the organization.

(d) Governance. Prepare priorities for board composition; meet with prospective board members and recommend candidates to the board; recommend a slate of officers to the board; conduct orientation sessions for new board members and organize training sessions for the entire board; and, suggest new, non-boards individuals for committee membership.

Section 2: Appointment. The Chairperson shall appoint chairpersons of each committee (each a “Committee Chair”). Each Committee Chair shall select the members of the committee in consultation with the Chairperson. Committee Chairs shall be chosen from the elected members of the Board of Directors. The Chairperson shall be an ex-officio member with voting authority on all committees except the Governance Committee. Each committee may have non-voting, non-board members in addition to those set forth below.

Section 3: The Executive Committee.

(a) The Executive Committee shall consist of not less than the officers of the Board of Directors, the Committee Chairs, the Chairperson, and the immediate past-Chairperson (if willing to serve). For this committee, a majority of its members constitutes a quorum.

(b) The Executive Committee shall have the responsibility to provide the Board with an annual, written evaluation of the Executive Director's work performance.

(c) The Executive Committee shall have authority to implement the operational policies of the Corporation, including the creation of appropriate subcommittees to which it shall have the power to delegate authority as it deems appropriate. The Executive Committee shall inform the Board at each Board meeting of its activities.

(d) The Executive Committee shall have the authority to perform such business other than developing and implementing the operational policies of the corporation as cannot wait

for the regular meeting of the Board, and shall present its action on other such business to the Board at its next meeting for ratification.

(e) The Executive Committee and each member thereof shall serve at the pleasure of the Board of Directors.

(f) So far as applicable, the provisions of Article IV relating to the conduct of meetings of the Board of Directors shall govern meetings of the Executive Committee.

(g) The Executive Committee shall make a record of all its proceedings, and this record shall be kept by or under the direction of the Secretary.

(h) The Executive Committee shall report at the next meeting of the Board of Director all action that the executive committee has taken since the last meeting of the Board.

Section 4: Other Committees. The Board of Directors may, by resolution adopted by a majority of the entire Board, designate such other Committees as it sees fit and delegate to such Committees such authority as it deems desirable. Each such Committee shall consist of two (2) or more persons, who may or may not be Directors. The provisions of Article IV of these By-laws shall be applicable to any such Committee as well as to the Executive Committee, whether or not there be an Executive Committee.

ARTICLE VI

OFFICERS

Section 1: Titles and Qualifications. The Officers of the Corporation shall be elected at the annual meeting and shall include a Chairperson, a Vice-Chairperson, a Secretary, a Treasurer, and such other Officers, including one or more Assistant Treasurers, Secretaries, as may from time to time be appointed by the Board of Directors or pursuant to a delegation of

power in accordance with the provisions hereof, such Officers to have the authority and to perform the duties prescribed, from time to time, by the Board of Directors.

Section 2: Election of Officers.

(a) The officers shall be members of the board of directors elected by a majority of the board at the Annual Meeting upon nomination of the Governance Committee. They shall take office immediately. This slate shall be included with the notice of the annual meeting.

(b) Officers shall serve a one (1) year term or until their successors are elected, and may fill the same office for consecutive terms.

Section 3: Duties.

(a) The Chairperson of the Corporation shall be the Chief Executive Officer of the Corporation and shall serve as Chair of the Board and preside as Chair at all meetings of the Board and the Executive Committee. He/She shall appoint all Committee Chairs. Together with the Executive Director, he/she shall sign deeds, bonds, mortgages, contracts, and other instruments, and enter into agreements with the approval of the Executive Committee, which are necessary to carry out the purposes of the Corporation, except where the Board or these By-laws require the signature of some other officer or agent of the Corporation.

(b) The Vice Chairperson shall perform all the duties of the Chairperson in the event of his or her absence or inability to act, or in the event of a vacancy in that office. The Vice-Chairperson shall succeed as Chairperson.

(c) The Secretary shall keep a record of proceedings of all meetings of the Executive Committee, the Board of Directors and the Annual meeting, and shall see that such

minutes are distributed to the Executive Committee or the Board of Directors prior to the next scheduled meeting of those respective groups.

(d) The Treasurer shall be the financial officer and shall have the custody and control of all funds, and furnish an annual audited statement of all receipts and disbursements of the corporation.

Section 4: Election and Term of Office Each officer shall be elected or appointed annually thereafter by the Board of Directors at its annual meetings. Each such Officer shall hold office until the close of the election of Officers at the annual meeting of the Board of Directors next held after his or her election or appointment, and thereafter until his or her successor shall have been elected or appointed and shall qualify, or until his or her death, resignation, or removal.

Section 5: Resignations. Any officer may resign at any time by delivering a written resignation to the Chair, either the Vice-Chairperson or the Secretary. The acceptance of any such resignation, unless required by the terms thereof, shall not be necessary to make the same effective.

Section 6: Removal. Any officer may be removed at any time, either for or without cause, by a vote of a majority of Directors then in office at a meeting, the notice of waiver of notice of which shall have specified the proposed removal.

Section 7: Vacancies. The vacancy in an office may be filled for the unexpired portion of the term of the Board of Directors or, in the case of subordinate Officers, by any committee, Officer or agent to whom the power to fill such vacancy has been delegated by the Board.

ARTICLE VII

DEPOSITS, CHECKS LOANS, CONTRACTS, ETC.

Section 1: Deposit of Funds. All funds of the Corporation not otherwise employed shall be deposited in such banks, trust companies or other reliable depositories as the Board of Directors from time to time may determine.

Section 2: Checks etc. All checks, drafts, endorsements, notes and evidences of indebtedness of the corporation, and all endorsement for deposits to the credit of the Corporation, shall be signed by such Officer of Officers, agents or agents of the Corporation and in such manner as shall from time to time be determined by resolution of the Board of Directors. The names of the endorsers will be registered with the bank annually.

ARTICLE VIII

IMMUNITY AND INDEMNIFICATION OF DIRECTORS AND OFFICERS

Any Director or Officer, or his executor or administrator, shall be (a) immune from personal liability to the fullest extent permitted pursuant to T.C.A. 48-58-601 et seq. as in effect as of the date hereof, the provisions of which are incorporated herein by reference, and (b) entitled to indemnification to the fullest extent permitted pursuant to T.C.A. 48-58-501 et seq. as in effect as of the date hereof, the provisions of which are incorporated herein by reference.

ARTICLE IX

AMENDMENT OF BY-LAWS

Section 1: Amendments of By-Laws. Except as otherwise provided herein, these Bylaws may be amended or repealed and a new By-law may be enacted by a majority of the voting Directors of the Board of Directors present at any meeting of the Board of Directors where a quorum exists, or where there is a waiver of the notice which shall have specified or summarized the changes proposed to be made, provided that a notice of the proposed amendment shall have been presented to every Director at least seven (7) days prior to the meeting at which the proposed amendment or appeal is acted upon, subject to the power of the Directors to change or repeal By-laws.

ARTICLE X

MISCELLANEOUS

Section 1: Housing Projects.

(a) Any housing project undertaken by this organization shall include a formal process (the "Development Process"), by which input from intended beneficiaries, low income residents of the proposed area, and other community members (collectively, the "Input Parties") is gathered. The Development Process:

1. may, in each case for the limited purpose of matters pertaining to the housing project include (A) temporarily expanding the Board of Directors to include some or all Input Parties, (B) the creation of an ad hoc committee of some or all Input Parties, or (C) inclusion of some or all Input Parties on a formal committee pursuant to authority given in Article V of the By-Laws;

2. shall include all Directors and Input Parties who will be involved in the development of the housing project regarding design, location, development and management;

3. shall educate and inform each Director or Input Party included pursuant to Section 1(a)(2) above, of (A) the Federal, State, and Local government regulations for the building of housing, (B) the process of obtaining project funding, (C) the permits and inspections required for the project, (C) the ordering of materials and supplies, (E) the request and evaluation of bids from contractors and subcontractors, (F) contract management and tracking progress of the project; and

4. shall consider (A) the cost of the property, (B) the size of the home or project that can be built, (C) the cost of the home or units in the project, (D) the possible vandalism and theft during construction, as well as general security and safety of the project.

(b) If required, the corporation shall certify and maintain CHDO (Community Housing Development Organization) status.

Section 2: Inspection of Corporate Records. The financial I records, membership list, and all other corporate records, and the minutes of all meetings (a) of the Board of Directors, (b) of the Executive Committee, and (c) of all other committees of the Corporation shall be kept at the principal office of the Corporation and shall be open to inspection upon the written request of any Director, at reasonable time, and for a purpose reasonably related to his or her interest as a Director of the Corporation. Such inspection may be made either in person or by an agent authorized to act on his or her behalf by a writing executed by such Directors, and shall include the right to make extracts. A request to inspect to the records of the Corporation shall be delivered

in writing to the Chairperson, Secretary or any other Officer designated by the Board of Directors at the Principal office of the Corporation not less than fourteen (14) days before the date specified in such written request for the inspection of such corporate records.

Section 3: Dissolution. Upon winding up and dissolution of the Corporation, the assets of the Corporation remaining after payment of , or provision for payment of, all debts and liabilities of the Corporation, shall be distributed to an organization(s) and used exclusively to accomplish the general purpose for which this Cooperation is organized.

ARTICLE XI

WAIVER OF NOTICE

Whenever, under the Tennessee General Corporation Act or the Charter or these By-laws, the members, the Board of Directors or any committee thereof is authorize to take action after notice to any person or persons or after the lapse of a prescribed period of time, such action may be taken without notice and without the lapse of such period of time, if at any time before or after such actions is completed the person or persons entitled to such notice or entitled to participant in the action to be taken, or in the case of a member, his attorney-in-fact or proxy holder, submits a signed waiver of notice of such requirement.

ARTICLE XII

EXEMPT ACTIVITIES

Notwithstanding any other provision of these Bylaws, no director, officer, employee, or representative of the corporation shall take any actions or carry on any activity by or on behalf of the Corporation not permitted to be taken or carried on by an organization exempt under Section

501(c)(3) of the Internal Revenue Code and its Regulations as they now exist or as they may be amended, or by an organization's contribution to which are deductible under section 170(c)(2) of such code and regulations as they now exist or as they may be amended.

CERTIFICATE OF SECRETARY

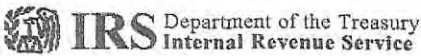
I, the undersigned, do hereby certify that I am the duly elected and acting Secretary of The William Franklin Buchanan Community Development Corporation, a Tennessee, non-profit corporation, and that the foregoing Amended and Restated By-laws, as amended, constitute the By-laws of said Corporation as duly adopted in a meeting of the Board of Director thereof held on the 24th day of September, 2020.

IN WITNESS WHEREOF, I have hereunto signed my name this 24th day of September, 2020.



Name:

(SEAL)



Department of the Treasury
Internal Revenue Service
PO BOX 9019
HOLTSVILLE NY 11742-9019

In reply refer to: 0150205487
July 16, 2021 LTR 147C 0
62-1776427 000000 00
00001225
BODC: TE

WILLIAM F BUCHANAN CDC
4121 CLARKSVILLE PIKE STE 9
NASHVILLE TN 37218-1901



047266

Employer identification number: 62-1776427

Dear Taxpayer:

Thank you for your telephone inquiry of July 07, 2021.

We can't reproduce the CP 575/576, Employer Identification Number (EIN) Assignment. However, this letter will serve as proof of EIN assignment verification.

Your employer identification number (EIN) is 62-1776427. Please keep this letter in your permanent records. Enter your name and EIN on all federal business tax returns and on related correspondence.

You can get any of the forms or publications mentioned in this letter by visiting our website at www.irs.gov/forms-pubs or by calling 800-TAX-FORM (800-829-3676).

If you have questions, you can call us at 800-829-0115.

If you prefer, you can write to us at the address at the top of the first page of this letter.

When you write, include a copy of this letter, and provide your telephone number and the hours we can reach you in the spaces below.

Telephone number () _____ Hours _____

Keep a copy of this letter for your records.

Thank you for your cooperation.

Management Report

The William Franklin Buchanan CDC
For the Period ending July 31, 2022



WILLIAM FRANKLIN
BUCHANAN
COMMUNITY DEVELOPMENT CORPORATION

Prepared by
SPD CPA Firm

Prepared on
August 24, 2022

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2022 Financials:7.31.2022 Statement of Financial Position

As of July 31, 2022

	Total
ASSETS	
Current Assets	
Bank Accounts	
Fifth Third Bank - 0694	4,055.43
Fifth Third Bank - 9710	1,675.85
North Nashville Tornado Relief Coalition	52,450.00
Pinnacle Bank - 9998	2,213.68
Regions Bank-0226	266.58
Renasant Bank - 9632	8,644.01
Total Bank Accounts	69,305.55
Accounts Receivable	
Accounts Receivable (A/R)	1,875.00
Total Accounts Receivable	1,875.00
Other Current Assets	
Investments - Other	2,569.19
Total Other Current Assets	2,569.19
Total Current Assets	73,749.74
Fixed Assets	
Accum Depreciation - Bldg Improvement	-8,121.05
Accum Depreciation - Building	-274,966.67
Accum Depreciation CDC	-19,843.00
Accum Depreciation NSP2	-15,633.00
Building & Land - NSP2	438,000.00
Building Improvement - NSP2	15,624.14
Furniture and Equipment - CDC	19,843.00
Furniture and Equipment - NSP2	15,633.00
Total Fixed Assets	170,536.42
Other Assets	
Sweet Creations, LLC Loan	613,940.69
Total Other Assets	613,940.69
TOTAL ASSETS	\$858,226.85
LIABILITIES AND EQUITY	
Liabilities	
Current Liabilities	
Other Current Liabilities	
Housing Deposits Liability - NSP2	3,422.00
North Nashville Tornado Relief Coalition Trust	52,450.00
Property Taxes Payable	13,212.44
Total Other Current Liabilities	69,084.44
Total Current Liabilities	69,084.44
Long-Term Liabilities	

	Total
942 Loan	24,739.92
Loans Payable - Pinnacle Bank	15,969.87
Total Long-Term Liabilities	40,709.79
Total Liabilities	109,794.23
Equity	
Net Assets with Donor Restrictions - Sweet Creations	525,883.24
Net Assets with Donor Restrictions - Fifth Third Grant	25,000.00
Opening Balance Equity	-463,207.15
Unrestricted Net Assets	705,755.83
Net Income	-44,999.30
Total Equity	748,432.62
TOTAL LIABILITIES AND EQUITY	\$858,226.85

2022 Financials:7.31.2022 Statement of Activities by Class

January - July, 2022

	Affordable Housing	Affordable Housing (For Sale)	Financial Empowerment/HBE	G & A	TOTAL
INCOME					
Direct Public Support					0.00
Individual Contributions				200.00	200.00
Total Direct Public Support				200.00	200.00
Investments					0.00
Interest-Savings/Short-term CD				3.03	3.03
Unrealized Gain/Loss on Investment				-519.31	-519.31
Total Investments				-516.28	-516.28
Other Income	2,000.00				2,000.00
Grant Revenue	7,811.75				7,811.75
Total Other Income	9,811.75				9,811.75
Program Income					0.00
HBE Counseling			2,684.00		2,684.00
Rental Income - Application Fees	135.00				135.00
Rental Income - Residential	60,826.65				60,826.65
Total Program Income	60,961.65		2,684.00		63,645.65
Total Income	70,773.40	0.00	2,684.00	-316.28	73,141.12
GROSS PROFIT	70,773.40	0.00	2,684.00	-316.28	73,141.12
EXPENSES					
Operations					0.00
Bank Service Fees				100.46	100.46
Books Subscriptions Reference				150.82	150.82
Charitable Contributions				25.00	25.00
Dental Health Vision				602.00	602.00
Grant Funds Not Received	34,845.00				34,845.00
Internet Cable				1,323.96	1,323.96
Office Rent Parking Utilities				4,000.00	4,000.00
Office General & Administrative				22.00	22.00
Postage Express Mail				79.71	79.71

	Affordable Housing	Affordable Housing (For Sale)	Financial Empowerment/HBE	G & A	TOTAL
Professional Services					0.00
Accounting Fees	2,629.00			2,629.00	5,258.00
Outside Contract Services	15,725.00		600.00		16,325.00
Payroll Service Fee	396.28			396.27	792.55
Property Mx Mgmt Fees	9,000.00				9,000.00
Total Professional Services	27,750.28		600.00	3,025.27	31,375.55
Salaries & Wages					0.00
Payroll - Rollins	18,236.55			18,236.40	36,472.95
Payroll Taxes	1,395.15			1,395.15	2,790.30
Total Salaries & Wages	19,631.70			19,631.55	39,263.25
Supplies				444.41	444.41
Taxes/Insurance				20.00	20.00
Telephone Telecommunications				206.64	206.64
Travel Meetings					0.00
Conferences Conventions Meetings				378.93	378.93
Meals				30.29	30.29
Travel				615.36	615.36
Total Travel Meetings				1,024.58	1,024.58
Total Operations	82,226.98		600.00	30,656.40	113,483.38
Properties Expenses					0.00
Equip Rental Maintenance				451.09	451.09
Property Insurance	4,422.25				4,422.25
Repairs Maintenance	3,993.56				3,993.56
Utilities - Electric	221.94	250.00			471.94
Utilities - Water	318.20				318.20
Total Properties Expenses	8,955.95	250.00		451.09	9,657.04
Total Expenses	91,182.93	250.00	600.00	31,107.49	123,140.42
NET OPERATING INCOME	-20,409.53	-250.00	2,084.00	-31,423.77	-49,999.30
OTHER INCOME					
Insurance Proceeds	5,000.00				5,000.00

	Affordable Housing	Affordable Housing (For Sale)	Financial Empowerment/HBE	G & A	TOTAL
Total Other Income	5,000.00	0.00	0.00	0.00	5,000.00
NET OTHER INCOME	5,000.00	0.00	0.00	0.00	5,000.00
				\$ -	\$ -
NET INCOME	\$ -15,409.53	\$ -250.00	\$2,084.00	31,423.77	44,999.30

**GRANT CONTRACT
BETWEEN THE METROPOLITAN GOVERNMENT
OF NASHVILLE AND DAVIDSON COUNTY, TENNESSEE
BY AND THROUGH
THE METROPOLITAN HOUSING TRUST FUND COMMISSION
AND
BE A HELPING HAND FOUNDATION**

This Grant Contract issued and entered into by and between the Metropolitan Government of Nashville and Davidson County, a municipal corporation of the State of Tennessee hereinafter referred to as "Metro", and Be a Helping Hand Foundation hereinafter referred to as the "Recipient," is for the provision of the construction of affordable housing units as further defined in the "SCOPE OF PROGRAM." Be a Helping Hand Foundation will be adding 2 affordable housing units located at 2124 14th Ave N, Nashville, TN 37208. The recipient's budget request, financial statements or audit, 501(c)3 letter, and/or charter documents are incorporated herein. The Recipient is a nonprofit charitable or civic organization.

A. SCOPE OF PROGRAM:

- A.1. Each Property to which these grant funds are provided for shall be subject to a Declaration of Restrictive Covenants ("Declaration") imposing certain affordability requirements to encumber the Property and run with the land over a 30-year term. Terms defined in the Declaration shall have the same meanings when used in this Agreement.
- A.2. The Recipient shall use the funds under this grant in accordance with the affordable housing project submitted in the application and any of its amendments, which application is incorporated herein, and subject to the terms and conditions set forth herein.
- A.3. The Recipient, under this Grant Contract, will spend funds solely for the purposes set forth in their application or proposal for grant funding which is incorporated herein. These funds shall be expended consistent with the Grant Budget, included in Attachment A. Although some variation in line-item amounts for the Grant is consistent with the Grant Budget, any change greater than 20% of a line-item shall require the prior written approval of Metro. However, in no event will the total amount of the Grant funds provided to Recipient go above the awarded Grant amount of \$449,341.

Additional Conditions for Rental Properties:

1. Tenants must be income-eligible at the time of initial occupancy, and Recipient must certify all incomes annually and maintain a certified rent roll. In the event a tenant's income increases above the income-requirement for the unit, the tenant is not disqualified from remaining in the unit. However, the tenant's rent shall be adjusted to the corresponding AMI level for the next lease term.
2. The Recipient will provide Metro with a management plan program oversight which includes certification of the rents, utility allowances and tenant incomes. The Grantee shall also provide Metro an annual certification that Barnes rental requirements are being met throughout the compliance period.
3. The Grantee will allow Metro or a Metro-approved contractor to conduct on-site inspections of the grantee for compliance Barnes program requirements including, but not limited to, reviewing tenant income calculations, rent determinations and utility allowances.
4. Compliance restrictions on both tenant income and maximum rents shall apply for thirty (30) years from the date of issuance of the certificate of occupancy for the final building within the project. If a certificate of occupancy is not issued, the compliance period will begin on the date of recordation of the notice of completion for the project.

5. Recipient shall not increase rents during a lease term.

B. GRANT CONTRACT TERM:

B.1. Grant Contract Term. The term of this Grant shall be from execution of the grant agreement until Project completion, but in no way greater than 24 months from the execution of the grant agreement. Metro shall have no obligation for services rendered by the Recipient which are not performed within this term. Pursuant to Metropolitan Code of Laws § 2.149.040 (G), in the event the recipient fails to complete its obligations under this grant contract within twenty-four months from execution, Metro is authorized to rescind the contract and to reclaim previously appropriated funds from the organization.

C. PAYMENT TERMS AND CONDITIONS:

C.1. Maximum Liability. In no event shall the maximum liability of Metro under this Grant Contract exceed Four Hundred Forty-Nine Thousand Three Hundred Forty-One Dollars (\$449,341). The Grant Budget, attached and incorporated herein as part of Attachment A, shall constitute the maximum amount to be provided to the Recipient by Metro for all of the Recipient's obligations hereunder. The Grant Budget line-items include, but are not limited to, all applicable taxes, fees, overhead, and all other direct and indirect costs incurred or to be incurred by the Recipient.

This amount shall constitute the Grant Amount and the entire compensation to be provided to the Recipient by Metro.

C.2. Compensation Firm. The maximum liability of Metro is not subject to escalation for any reason. The Grant Budget amount is firm for the duration of the Grant Contract and is not subject to escalation for any reason unless the grant contract is amended.

C.3. Payment Methodology. The Recipient shall be compensated for actual costs based upon the Grant Budget, not to exceed the maximum liability established in Section C.1. Upon execution of the Grant Contract and receipt of a request for payment, the Recipient may be eligible to receive reimbursement for milestones as completed based upon the Grant Budget.

a. **Grant Draws**

Before a draw can be made, there must be a physical inspection of the property by Metro or an approved designee. The inspection must confirm appropriate completion of the project.

1) **Construction Grant Draw Schedule (% based on grant amount)**

- 12.5% - upon receipt of the Building Permit (check property address and contractors name) and Builder's Risk Insurance sufficient to cover cost of construction and confirmation of acquisition (make sure Metro is listed as lien holder)
- 25% - footing framing and foundation completed (25% complete)
- 25% - roofing completed and the plumbing, electric and mechanical are roughed in and approved by local Codes (50% complete)
- 25% - cabinets, counters, drywall, trim and doors are installed (75% complete)

Balance of grant upon receipt of a Final Use & Occupancy from local Codes (100% complete).

All draw requests except for the first 12.5% draw must be inspected before funding.

The above is the preferred draw method. Metro may occasionally fund based on a true percentage of completion as noted in a Construction Inspection report or if

the application requested funds for land acquisition, understanding that the initial 12.5% or acquisition draw may overfund the grant, requiring later draws to be reduced.

2) **Construction Grant Draw Process**

- Draw request is received from the Recipient. It should be requested by the contractor and approved by the Recipient.
- Complete property inspection
- Metro or approved designee approves the request.
- Payments should be made to the Recipient.

All invoices shall be sent to:

Barnes Housing Trust Fund
Planning Department – Housing Division
800 2nd Avenue South
Nashville, TN 37210
(615) 862-7190

Said payment shall not exceed the maximum liability of this Grant Contract.

Final invoices for the contract period should be received by Metro Payment Services by 24 months from the execution of the grant agreement. Any invoice not received by the deadline date will not be processed and all remaining grant funds will expire.

- C.4. Close-out Expenditure and Narrative Report. The Recipient must submit a final grant Close-out Expenditure and Narrative Report, to be received by the Metropolitan Housing Trust Fund Commission / Barnes Housing Trust Fund within 45 days of the end of the Grant Contract. Said report shall be in form and substance acceptable to Metro and shall be prepared by a Certified Public Accounting Firm or the Chief Financial Officer of the Recipient Organization.
- C.5. Payment of Invoice. The payment of any invoice by Metro shall not prejudice Metro's right to object to the invoice or any matter in relation thereto. Such payment by Metro shall neither be construed as acceptance of any part of the work or service provided nor as an approval of any of the costs included therein.
- C.6. Unallowable Costs. The Recipient's invoice shall be subject to reduction for amounts included in any invoice or payment theretofore made which are determined by Metro, on the basis of audits or monitoring conducted in accordance with the terms of this Grant Contract, to constitute unallowable costs.
- C.7. Deductions. Metro reserves the right to adjust any amounts which are or shall become due and payable to the Recipient by Metro under this or any Contract by deducting any amounts which are or shall become due and payable to Metro by the Recipient under this or any Contract.
- C.8. Electronic Payment. Metro requires as a condition of this contract that the Recipient shall complete and sign Metro's form authorizing electronic payments to the Recipient. Recipients who have not already submitted the form to Metro will have thirty (30) days to complete, sign, and return the form. Thereafter, all payments to the Recipient, under this or any other contract the Recipient has with Metro, must be made electronically.
- C.9. Recipient agrees and understands that procurement of goods and services for the grant project must comply with state and local law and regulations, including the Metropolitan Procurement Code. Recipient will provide Metro with all plans and specifications needed for these procurement purposes. Recipient will promptly review, and either approve or disapprove, in good faith and with reasonable grounds all estimates, amendments to scope of work, and all work performed by a contractor prior to payment.

- C. 10. Public Meetings. At the reasonable request of Metro, Recipient agrees to attend public meetings, neighborhood meetings, and other events regarding this Project.
- C. 11. Recognition. Any signage, printed materials, or online publications erected at the applicable Project site or elsewhere regarding the Project shall include the following language or language acceptable by Metro acknowledging that the Project is partially funded with a grant from the Barnes Fund for Affordable Housing of the Metropolitan Government of Nashville and Davidson County:

This project funded in part by the Barnes Affordable Housing Trust Fund of the
Metropolitan Government of Nashville & Davidson County.

Metropolitan Housing Trust Fund Commission

John Cooper, Mayor

Metropolitan Council of Nashville and Davidson County

D. STANDARD TERMS AND CONDITIONS:

- D.1. Required Approvals. Metro is not bound by this Grant Contract until it is approved by the appropriate Metro representatives as indicated on the signature page of this Grant.
- D.2. Modification and Amendment. This Grant Contract may be modified only by a written amendment that has been approved in accordance with all Metro procedures and by appropriate legislation of the Metropolitan Council.
- D.3. Default and Termination for Cause. Any failure by Owner to perform any term or provision of this Grant Contract shall constitute a "Default" (1) if such failure is curable within 30 days and Recipient does not cure such failure within 30 days following written notice of default from Metro, or (2) if such failure is not of a nature which cannot reasonably be cured within such 30-day period and Recipient does not within such 30-day period commence substantial efforts to cure such failure or thereafter does not within a reasonable time prosecute to completion with diligence and continuity the curing of such failure. Should the Recipient Default under this Grant Contract or if the Recipient violates any terms of this Grant Contract, Metro shall have the right to immediately terminate the Grant Contract and the Recipient shall return to Metro any and all grant monies for services or projects under the grant not performed as of the termination date. The Recipient shall also return to Metro any and all funds expended for purposes contrary to the terms of the Grant. Such termination shall not relieve the Recipient of any liability to Metro for damages sustained by virtue of any breach by the Recipient.
- D.4. Subcontracting. The Recipient shall not assign this Grant Contract or enter into a subcontract for any of the services performed under this Grant Contract without obtaining the prior written approval of Metro. Notwithstanding any use of approved subcontractors, the Recipient shall be considered the prime Recipient and shall be responsible for all work performed.
- D.5. Conflicts of Interest. The Recipient warrants that no part of the total Grant Amount shall be paid directly or indirectly to an employee or official of Metro as wages, compensation, or gifts in exchange for acting as an officer, agent, employee, subcontractor, or consultant to the Recipient in connection with any work contemplated or performed relative to this Grant Contract.

The Grantee also recognizes that no person identified as a Covered Person below may obtain a financial interest or benefit from a Metro Housing Trust Fund Competitive Grant assisted activity, or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds thereunder, either

for themselves or those whom they have family or business ties, during their tenure or for one year thereafter.

Covered Persons include immediate family members of any employee or board member of the Grantee. Covered Persons are ineligible to receive benefits through the Metro Housing Trust Fund Competitive Grant program. Immediate family ties include (whether by blood, marriage or adoption) a spouse, parent (including stepparent), child (including a stepbrother or stepsister), sister, brother, grandparent, grandchild, and in-laws of a Covered Person.

- D.6. Nondiscrimination. The Recipient hereby agrees, warrants, and assures that no person shall be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination in the performance of this Grant Contract or in the employment practices of the Recipient on the grounds of disability, age, race, color, religion, sex, national origin, or any other classification which is in violation of applicable laws. The Recipient shall, upon request, show proof of such nondiscrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination.
- D.7. Records. All documents relating in any manner whatsoever to the grant project, or any designated portion thereof, which are in the possession of Recipient, or any subcontractor of Recipient shall be made available to the Metropolitan Government for inspection and copying upon written request by the Metropolitan Government. Furthermore, said documents shall be made available, upon request by the Metropolitan Government, to any state, federal or other regulatory authority and any such authority may review, inspect and copy such records. Said records include, but are not limited to, all drawings, plans, specifications, submittals, correspondence, minutes, memoranda, tape recordings, videos or other writings or things which document the grant project, its design and its construction. Said records expressly include those documents reflecting the cost of construction, including all subcontracts and payroll records of Recipient.
- Recipient shall maintain documentation for all funds provided under this grant contract. The books, records, and documents of Recipient, insofar as they relate to funds provided under this grant contract, shall be maintained for a period of three (3) full years from the date of the final payment. The books, records, and documents of Recipient, insofar as they relate to funds provided under this grant contract, shall be subject to audit at any reasonable time and upon reasonable notice by Metro or its duly appointed representatives. Records shall be maintained in accordance with the standards outlined in the Metro Grants Manual. The financial statements shall be prepared in accordance with generally accepted accounting principles.
- D.8. Monitoring. The Recipient's activities conducted and records maintained pursuant to this Grant Contract shall be subject to monitoring and evaluation by Metro or Metro's duly appointed representatives. The Recipient shall make all audit, accounting, or financial records, notes, and other documents pertinent to this grant available for review by the Metropolitan Office of Financial Accountability, Internal Audit or Metro's representatives, upon request, during normal working hours.
- D.9. Reporting. The Recipient must submit an Interim Program Report, to be received by the Metropolitan Housing Trust Commission / Barnes Housing Trust Fund, by no later than September 1, 2023 and a Final Program Report, to be received by the Metropolitan Housing Trust Fund Commission within 45 [forty-five] days of the end of the Grant Contract. Said reports shall detail the outcome of the activities funded under this Grant Contract in the form required by Metro.
- D.10. Strict Performance. Failure by Metro to insist in any one or more cases upon the strict performance of any of the terms, covenants, conditions, or provisions of this agreement shall not be construed as a waiver or relinquishment of any such term, covenant, condition, or provision. No term or condition of this Grant Contract shall be held to be waived, modified, or deleted except

by a written amendment by the appropriate parties as indicated on the signature page of this Grant.

- D.11. Insurance. The Recipient shall maintain adequate public liability and other appropriate forms of insurance, including other appropriate forms of insurance on the Recipient's employees, and to pay all applicable taxes incident to this Grant Contract.
- D.12. Metro Liability. Metro shall have no liability except as specifically provided in this Grant Contract.
- D. 13. Independent Contractor. Nothing herein shall in any way be construed or intended to create a partnership or joint venture between the Recipient and Metro or to create the relationship of principal and agent between or among the Recipient and Metro. The Recipient shall not hold itself out in a manner contrary to the terms of this paragraph. Metro shall not become liable for any representation, act, or omission of any other party contrary to the terms of this paragraph.
- D. 14. Indemnification and Hold Harmless.
- (a) Recipient shall indemnify, defend, and hold harmless Metro, its officers, agents and employees from any claims, damages, penalties, costs and attorney fees for injuries or damages arising, in part or in whole, from the negligent or intentional acts or omissions of Recipient, its officers, employees and/or agents, including its sub or independent contractors, in connection with the performance of the contract, and any claims, damages, penalties, costs and attorney fees arising from any failure of Recipient, its officers, employees and/or agents, including its sub or independent contractors, to observe applicable laws, including, but not limited to, labor laws and minimum wage laws.
 - (b) Metro will not indemnify, defend or hold harmless in any fashion the Recipient from any claims, regardless of any language in any attachment or other document that the Recipient may provide.
 - (c) Recipient shall pay Metro any expenses incurred as a result of Recipient's failure to fulfill any obligation in a professional and timely manner under this Contract.
 - (d) Grantee's duties under this section shall survive the termination or expiration of the grant.
- D.15. Force Majeure. The obligations of the parties to this Grant Contract are subject to prevention by causes beyond the parties' control that could not be avoided by the exercise of due care including, but not limited to, acts of God, riots, wars, strikes, epidemics or any other similar cause.
- D.16. State, Local and Federal Compliance. The Recipient agrees to comply with all applicable federal, state and local laws and regulations in the performance of this Grant Contract.
- D.17. Governing Law and Venue. The validity, construction and effect of this Grant Contract and any and all extensions and/or modifications thereof shall be governed by and construed in accordance with the laws of the State of Tennessee. The venue for legal action concerning this Grant Contract shall be in the courts of Davidson County, Tennessee.
- D. 18 Attorney Fees. Recipient agrees that, in the event either party deems it necessary to take legal action to enforce any provision of the Grant Contract, and in the event Metro prevails, Recipient shall pay all expenses of such action including Metro's attorney fees and costs at all stages of the litigation.
- D.19. Completeness. This Grant Contract is complete and contains the entire understanding between the parties relating to the subject matter contained herein, including all the terms and conditions of the parties' agreement. This Grant Contract supersedes any and all prior understandings, representations, negotiations, and agreements between the parties relating hereto, whether written or oral.

- D. 20. Headings. Section headings are for reference purposes only and shall not be construed as part of this Grant Contract.
- D. 21. Licensure. The Recipient and its employees and all sub-grantees shall be licensed pursuant to all applicable federal, state, and local laws, ordinances, rules, and regulations and shall upon request provide proof of all licenses. Recipient will obtain all permits, licenses, and permissions necessary for the grant project.
- D. 22. Waiver. No waiver of any provision of this contract shall affect the right of any party thereafter to enforce such provision or to exercise any right or remedy available to it in the event of any other default.
- D. 23. Inspection. The Grantee agrees to permit inspection of the project and/or services provided for herein, without any charge, by members of the Grantor and its representatives.
- D. 24. Assignment—Consent Required. The provisions of this contract shall inure to the benefit of and shall be binding upon the respective successors and assignees of the parties hereto. Except for the rights of money due to Recipient under this contract, neither this contract nor any of the rights and obligations of Recipient hereunder shall be assigned or transferred in whole or in part without the prior written consent of Metro. Any such assignment or transfer shall not release Recipient from its obligations hereunder. Notice of assignment of any rights to money due to Recipient under this Contract must be sent to the attention of the Metro Department of Finance.
- D.25. Gratuities and Kickbacks. It shall be a breach of ethical standards for any person to offer, give or agree to give any employee or former employee, or for any employee or former employee to solicit, demand, accept or agree to accept from another person, a gratuity or an offer of employment in connection with any decision, approval, disapproval, recommendation, preparations of any part of a program requirement or a purchase request, influencing the content of any specification or procurement standard, rendering of advice, investigation, auditing or in any other advisory capacity in any proceeding or application, request for ruling, determination, claim or controversy in any proceeding or application, request for ruling, determination, claim or controversy or other particular matter, pertaining to any program requirement of a contract or subcontract or to any solicitation or proposal therefore. It shall be a breach of ethical standards for any payment, gratuity or offer of employment to be made by or on behalf of a subcontractor under a contract to the prime contractor or higher tier subcontractor or a person associated therewith, as an inducement for the award of a subcontract or order. Breach of the provisions of this paragraph is, in addition to a breach of this contract, a breach of ethical standards which may result in civil or criminal sanction and/or debarment or suspension from participation in Metropolitan Government contracts.
- D.26. Communications and Contacts. All instructions, notices, consents, demands, or other communications from the Recipient required or contemplated by this Grant Contract shall be in writing and shall be made by facsimile transmission, email, or by first class mail, addressed to the respective party at the appropriate facsimile number or address as set forth below or to such other party, facsimile number, or address as may be hereafter specified by written notice.

Metro:

For contract-related matters and enquiries regarding invoices:
 Metropolitan Housing Trust Fund Commission / Barnes Housing Trust Fund
 Planning Department – Housing Division
 800 2nd Avenue South
 Nashville, TN 37210
 (615) 862-7190
 Ashley.Brown2@Nashville.Gov

Recipient:

Be a Helping Hand Foundation
Mark Wright, Executive Director
827 West McKennie Avenue
Nashville, TN 37208
(615) 227-6000
mwright@bahelpinghand.org

- D.27. Lobbying. The Recipient certifies, to the best of its knowledge and belief, that:
- a. No federally appropriated funds have been paid or will be paid, by or on behalf of the Recipient, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, and entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement.
 - b. If any funds other than federally appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this grant, loan, or cooperative agreement, the Recipient shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.
 - c. The Recipient shall require that the language of this certification be included in the award documents for all sub-awards at all tiers (including sub-grants, subcontracts, and contracts under grants, loans, and cooperative agreements) and that all subcontractors of federally appropriated funds shall certify and disclose accordingly.
- D. 28 Effective Date. This contract shall not be binding upon the parties until it has been signed first by the Recipient and then by the authorized representatives of the Metropolitan Government and has been filed in the office of the Metropolitan Clerk. When it has been so signed and filed, this contract shall be effective as of the date first written above.

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THE METROPOLITAN GOVERNMENT
OF NASHVILLE AND DAVIDSON
COUNTY:

RECIPIENT:

Be a Helping Hand Foundation

APPROVED AS TO PROGRAM SCOPE:

By: [Signature]

Title: Executive Director

[Signature]

Gina Emmanuel, Chair,
Metropolitan Housing Trust Fund
Commission

Sworn to and subscribed to before me a
Notary Public, this 24th day
of August, 2022.

APPROVED AS TO AVAILABILITY OF
FUNDS:

Notary Public

[Signature]

Kelly Flannery, Director
Department of Finance [Signature]

[Signature]

My Commission
expires March 3, 2026

APPROVED AS TO FORM AND
LEGALITY:

[Signature]

Assistant Metropolitan Attorney

APPROVED AS TO RISK AND
INSURANCE:



[Signature]

Director of Risk Management Services

APPROVED BY METROPOLITAN
GOVERNMENT OF NASHVILLE AND
DAVIDSON COUNTY:

Metropolitan Clerk

BARNES HOUSING TRUST FUND PROJECT BUDGET

Unit Address	2124A 14th Ave N Plan UD1710A	2124B 14th Ave N Plan UD1710B			
Development Type	Single Family	Single Family			
Accessible Bus Line Routes	YES	YES			
Number of Studios	n/a	n/a			
Number of 1 Bedrooms	n/a	n/a			
Number of 2+ Bedrooms	(1) 4 Bedroom	(1) 4 Bedroom			
Square Feet	Living 1662; Porches 144	Living 1662; Porches 144			
Number of Stories	1	1			
Acquisition Costs					
Vacant Land	\$ -				
Land with Structure	\$ 145,000.00	\$ 145,000.00			
Title & Recording	\$ -				
Legal	\$ -				
Total	\$ 145,000.00	\$ 145,000.00	\$ -	\$ -	
Predevelopment Costs					
Appraisals	\$ 650.00	\$ 650.00			\$ 1,300.00
Survey (boundary & footing)	\$ 2,950.00	\$ 2,950.00			\$ 5,900.00
Construction Loan Closing Cost	\$ 3,208.40	\$ 3,208.40			\$ 6,416.80
Construction Loan Interest	\$ 1,742.61	\$ 1,742.61			\$ 3,485.22
Title Insurance (Construction Loan)	\$ 1,652.80	\$ 1,652.80			\$ 3,305.60
Insurance (Builder's Risk)	\$ 1,469.64	\$ 1,469.64			\$ 2,939.28
Construction Documents/Plans	\$ 1,150.00	\$ 1,150.00			\$ 2,300.00
Engineering (In-fill Plans)	\$ 1,500.00	\$ 1,500.00			\$ 3,000.00
Planning/Zoning	\$ -	\$ -			\$ -
Attorney Fees (HPR)	\$ 450.00	\$ 450.00			\$ 900.00
Attorney Fees (Quiet Title)	\$ -	\$ -			\$ -
Permanent Loan Closing Cost	\$ 897.80	\$ 897.80			\$ 1,795.60
Lead Base Paint Report	\$ 400.00	\$ 400.00			\$ 800.00
Total	\$ 16,071.25	\$ 16,071.25	\$ -	\$ -	\$ 32,142.50

BARNES HOUSING TRUST FUND PROJECT BUDGET

Construction Costs				
Project Management Fee	\$ 7,560.00	\$ 7,560.00		\$ 15,120.00
Permit	\$ 15,300.00	\$ 15,300.00		\$ 30,600.00
Footer/Foundation	\$ 10,710.00	\$ 10,710.00		\$ 21,420.00
Rough Plumbing	\$ 8,925.00	\$ 8,925.00		\$ 17,850.00
Debris Removal/Dumpster	\$ 510.00	\$ 510.00		\$ 1,020.00
Project Management Fee	\$ 5,737.00	\$ 5,737.00		\$ 11,474.00
1st Deck	\$ 2,550.00	\$ 2,550.00		\$ 5,100.00
Framing-Stick Shell	\$ 76,500.00	\$ 76,500.00		\$ 153,000.00
Roof Sheathing	\$ 4,590.00	\$ 4,590.00		\$ 9,180.00
Exterior Siding/Masonry	\$ 4,845.00	\$ 4,845.00		\$ 9,690.00
Interior Partitions/retainer	\$ 7,650.00	\$ 7,650.00		\$ 15,300.00
Roof Shingles	\$ 15,300.00	\$ 15,300.00		\$ 30,600.00
Project Management Fee	\$ 1,275.00	\$ 1,275.00		\$ 2,550.00
Rough Electric	\$ 5,100.00	\$ 5,100.00		\$ 10,200.00
Rough Heating/AC	\$ 10,200.00	\$ 10,200.00		\$ 20,400.00
Doors/Windows	\$ 7,650.00	\$ 7,650.00		\$ 15,300.00
Insulation	\$ 3,825.00	\$ 3,825.00		\$ 7,650.00
BlueBoard/Plaster/Drywall	\$ 7,650.00	\$ 7,650.00		\$ 15,300.00
Project Management Fee	\$ 2,550.00	\$ 2,550.00		\$ 5,100.00
Interior Finish/Woodwork	\$ 6,375.00	\$ 6,375.00		\$ 12,750.00
Interior Paint/Stain	\$ 7,650.00	\$ 7,650.00		\$ 15,300.00
Debris Removal/Dumpster	\$ 510.00	\$ 510.00		\$ 1,020.00
Kitchen Cabinets	\$ 5,100.00	\$ 5,100.00		\$ 10,200.00
Countertops	\$ 1,530.00	\$ 1,530.00		\$ 3,060.00
Garage Doors	\$ 1,785.00	\$ 1,785.00		\$ 3,570.00
Finish Floors & all Ceramic	\$ 1,530.00	\$ 1,530.00		\$ 3,060.00
Finish Floors -Hardwood	\$ 5,610.00	\$ 5,610.00		\$ 11,220.00
Finish Heat	\$ 510.00	\$ 510.00		\$ 1,020.00
Finish Plumbing	\$ 510.00	\$ 510.00		\$ 1,020.00
Finish Electric	\$ 2,167.00	\$ 2,167.00		\$ 4,334.00
Appliances (kitchen)	\$ 2,040.00	\$ 2,040.00		\$ 4,080.00
Exterior Paint	\$ 7,650.00	\$ 7,650.00		\$ 15,300.00
Landscaping	\$ 1,275.00	\$ 1,275.00		\$ 2,550.00
Driveway/Walks	\$ 8,925.00	\$ 8,925.00		\$ 17,850.00
Decks	\$ 2,550.00	\$ 2,550.00		\$ 5,100.00
Completion/Cleanup	\$ 855.00	\$ 855.00		\$ 1,710.00

BARNES HOUSING TRUST FUND PROJECT BUDGET

		\$ -		\$ -	
Sub-Total	\$ 254,999.00	\$ 254,999.00	\$ -	\$ -	\$ 509,998.00
Other					
Flat Work (Side Walks)	\$ 9,000.00	\$ 9,000.00			\$ 18,000.00
Water/Sewer Taps	\$ 15,000.00	\$ 15,000.00			\$ 30,000.00
Land Development (Tree Removal)	\$ 6,000.00	\$ 6,000.00			\$ 12,000.00
Garage 17'x20' Open Back	\$ 22,260.00	\$ 22,260.00			\$ 44,520.00
Demolition	\$ 3,000.00	\$ 3,000.00			\$ 6,000.00
Extending Retaining Wall	\$ 9,154.00	\$ 9,154.00			\$ 18,308.00
Contractor Profit	\$ 30,600.00	\$ 30,600.00			\$ 61,200.00
Sub-Total	\$ 95,014.00	\$ 95,014.00	\$ -	\$ -	\$ 190,028.00
6% Increase over previous 60 day start date	\$ -	\$ -	\$ -	\$ -	
Construction Contingency	\$ 34,086.00	\$ 34,086.00	\$ -	\$ -	
3% Increase over previous 60 day start date (COVID-19 Material Surge)	\$ -	\$ -	\$ -	\$ -	
Sub-Total	\$ 34,086.00	\$ 34,086.00	\$ -	\$ -	\$ 68,172.00
Total Construction Cost	\$ 400,170.25	\$ 400,170.25	\$ -	\$ -	\$ 800,340.50
Total Cost per Unit	\$ 400,170.25	\$ 400,170.25	\$ -	\$ -	
Developer's Fee (Barnes)	\$ 20,000.00	\$ 20,000.00	\$ -	\$ -	
Developer's Fee MDHA)	\$ 29,500.00	\$ 29,500.00			
Total Cost/Unit	\$ 449,670.25	\$ 449,670.25	\$ -	\$ -	
Total Project Cost (including Land Cost)	\$ 594,670.25	\$ 594,670.25	\$ -	\$ -	\$ 1,189,340.50

BARNES HOUSING TRUST FUND RENTAL OPERATING PROFORMA

Property Address: 2124 14th Ave	Annual Inflation Rate	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
REVENUE	103										
Gross Rent	3%	27504.00	28329.12	29178.99	30054.36	30955.99	31884.67	32841.21	33826.45	34841.24	35886.48
Vacancy Rate	3%		849.87	875.37	901.63	928.68	956.54	985.24	1014.79	1045.24	1076.59
Adjusted Gross Income		27504.00	27479.25	28303.62	29152.73	30027.31	30928.13	31855.98	32811.66	33796.01	34809.89
Other Income	3%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Operational Subsidies	3%		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gross Income		27504.00	27479.25	28303.62	29152.73	30027.31	30928.13	31855.98	32811.66	33796.01	34809.89
Operating Expenses											
Administrative	0.40%	2750.40	2761.40	2772.45	2783.54	2794.67	2805.85	2817.07	2828.34	2839.65	2851.01
Maintenance/Upkeep	0.40%	1000.00	1004.00	1008.02	1012.05	1016.10	1020.16	1024.24	1028.34	1032.45	1036.58
Utilities/Trash	0.40%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Taxes	0.40%	5690.00	5712.76	5735.61	5758.55	5781.59	5804.71	5827.93	5851.24	5874.65	5898.15
Insurance	0.40%	1380.00	1385.52	1391.06	1396.63	1402.21	1407.82	1413.45	1419.11	1424.78	1430.48
Legal	0.40%	500.00	502.00	504.01	506.02	508.05	510.08	512.12	514.17	516.23	518.29
Advertising	0.40%	525.00	527.10	529.21	531.33	533.45	535.58	537.73	539.88	542.04	544.21
Supplies	0.40%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Exterminating	0.40%	300.00	301.20	302.40	303.61	304.83	306.05	307.27	308.50	309.74	310.97
Mowing/Lawn Care	0.40%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Operating Expense		12145.40	12193.98	12242.76	12291.73	12340.90	12390.26	12439.82	12489.58	12539.54	12589.70
Reserve for Replacement	0.04	1000.00	1040.00	1081.60	1124.86	1169.86	1216.65	1265.32	1315.93	1368.57	1423.31
Net Operating Income		14358.60	14245.26	14979.27	15736.14	16516.56	17321.22	18150.84	19006.15	19887.90	20796.88
DEBT SERVICE - Sources											
CITC (15 Year Variable) \$180,000		12000.00	12000.00	12000.00	12000.00	12000.00	12000.00	12000.00	12000.00	12000.00	12000.00
4% under prime -currently 3.25%											
Lending rate .0%											
Total Debt Service		12000	12000	12000	12000	12000	12000	12000	12000	12000	12000
Debt Coverage Ratio		1.20	1.19	1.25	1.31	1.38	1.44	1.51	1.58	1.66	1.73
Operating Reserve	0.04	1000.00	1040.00	1081.60	1124.86	1169.86	1216.65	1265.32	1315.93	1368.57	1423.31
TOTAL CASH FLOW		1358.60	1205.26	1897.67	2611.28	3346.70	4104.57	4885.52	5690.21	6519.33	7373.57

BARNES HOUSING TRUST FUND RENTAL OPERATING PROFORMA

	Annual Inflation Rate	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
REVENUE											
Gross Rent	3%	36963.08	38071.97	39214.13	40390.55	41602.27	42850.34	44135.85	45459.92	46823.72	48228.43
Vacancy Rate		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Adjusted Gross Income		36963.08	38071.97	39214.13	40390.55	41602.27	42850.34	44135.85	45459.92	46823.72	48228.43
Other Income	3%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Operational Subsidies	3%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gross Income		36963.08	38071.97	39214.13	40390.55	41602.27	42850.34	44135.85	45459.92	46823.72	48228.43
Operating Expenses											
Administrative	0.40%	2862.42	2873.87	2885.36	2896.90	2908.49	2920.13	2931.81	2943.53	2955.31	2967.13
Maintenance/Upkeep	0.40%	1040.73	1044.89	1049.07	1053.27	1057.48	1061.71	1065.96	1070.22	1074.50	1078.80
Utilities/Trash	0.40%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Taxes	0.40%	5921.74	5945.43	5969.21	5993.09	6017.06	6041.13	6065.29	6089.55	6113.91	6138.37
Insurance	0.40%	1436.20	1441.95	1447.72	1453.51	1459.32	1465.16	1471.02	1476.90	1482.81	1488.74
Legal	0.40%	520.36	522.45	524.54	526.63	528.74	530.85	532.98	535.11	537.25	539.40
Advertising	0.40%	546.38	548.57	550.76	552.96	555.18	557.40	559.63	561.87	564.11	566.37
Supplies	0.40%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Exterminating	0.40%	312.22	313.47	314.72	315.98	317.24	318.51	319.79	321.07	322.35	323.64
Other	0.40%	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Operating Expense		12640.05	12690.61	12741.38	12792.34	12843.51	12894.89	12946.47	12998.25	13050.24	13102.45
Reserve for Replacement	0.40%	1466.01	1471.88	1477.76	1483.67	1489.61	1495.57	1501.55	1507.56	1513.59	1519.64
Net Operating Income		22857.01	23909.48	24994.99	26114.53	27269.15	28459.88	29687.83	30954.11	32259.89	33606.34
DEBT SERVICE - Sources											
CITC (15 Year Variable)		12000.00	12000.00	12000.00	12000.00	12000.00	0.00	0.00	0.00	0.00	0.00
4% under prime -currently 3.25%											
Lending rate .0%											
Total Debt Service		12000.00	12000.00	12000.00	12000.00	12000.00	0.00	0.00	0.00	0.00	0.00
Debt Coverage Ratio		1.90	1.99	2.08	2.18	2.27	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
Operating Reserve	0.40%	1429.01	1434.72	1440.46	1446.22	1452.01	1457.81	1463.65	1469.50	1475.38	1481.28
TOTAL CASH FLOW		9428.01	10474.76	11554.53	12668.31	13817.14	27002.07	28224.18	29484.61	30784.51	32125.06

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Of

Be A Helping Hand

Foundation

ARTICLE I

Be A Helping Hand Foundation

The name of the Corporation is Be A Helping Hand Foundation. It is intended that the Corporation shall have the status of Corporation which is exempt from federal income taxation under Section 501 (a) of the Internal Revenue Code of 1986, as amended, or any corresponding provisions of any future federal tax laws not for profit, as an organization described in Section 501 (c) (3) of the Code.

ARTICLE II

OFFICES

Section 2.1 Corporate Office. The principal office of the Corporation shall be located at 827 West McKennie Avenue, Nashville, Tennessee, 37206. In addition to its registered and principal offices the corporation may have other offices and/or facilities at such other places as the Board of Trustees may from time to time determine and as the business of the Corporation may require. The address of the principal office may be changed by the Board of Trustees by amendment to the Corporation's Charter.

Section 2.2 Registered Office: The registered office of the Corporation required to be maintained in the State of Tennessee Nonprofit Corporation Act, as amended from time to time may, but need not, be identical with the principal office in the State of Tennessee; and the address of the registered office may be changed from time to time by Board of Trustees.

ARTICLE III

PURPOSE AND USE OF FUNDS

Section 3.1 Purposes. The purpose of the Corporation is to provide training and education to young men and women in the construction industry as well as assist with finding employment. The Corporation is to build homes including affordable homes for low and medium income families. The Corporation is organized exclusively for religious, charitable, scientific, literary, and educational purposes within the meaning of Section 501 © (3) of the Code, including the receipt and acceptance of property, whether real, personal, or mixed, by gift or bequest from any person or entity; the retention, administration and investment of such property in accordance with the terms of the Corporation's Charter and these By-Laws; and the distribution of such property for the Charitable Purposes as herein delineated and/or (a) one or more organizations described in Section 501 (c) (3) of the Code and either Section 509 (a) (1) or Section 509 (a) (2) of the Code, Contributions to which are deductible under Section 170 (c) (2), Section 2055 (a) and Section 2522 (a) of the Code, or (b) A State, a possession of the United States, or any political subdivision of any of the forgoing, or the United States or the District of Columbia, contribution to which are deductible under Section 170 (c) (1), Section 2055 (a) and Section 2522 (a) gift or bequest of property be received or accepted in such a manner as to require the disposition of its income or principal to any person, governmental unit or organization, other than a Qualified Beneficiary or for other than Charitable Purposes.

Section 3.2 Use of Funds. In making distribution to effectuate the religious, charitable, scientific, literacy and educational purposes of the Corporation, as delineated in Section 3.1 above, the Board of Trustees shall have the authority to make distributions if both income and principal in such promotions and amounts as the Board of Trustees, in its discretion, determines advisable, provided that all such distributions are consistent with all applicable federal tax laws and regulations as herein provide. The Corporation is not formed for financial or pecuniary gain; and no part of the assets, income, nonprofits of the Corporation shall be distributable to, or inure to; the benefit of its trustees or officers or any other private person, except as provided in Section 5.11. Section 6.10 and Article XI as reimbursement for expenses or reasonable compensation for services rendered to the Corporation, as set forth in the Charter and Section 3.1 above. No substantial part of the activities of the Corporation shall be the carrying on of propaganda, or be the participation in, or intervention in (including the publishing or distribution of statements), any political campaign on behalf of (or in opposition to) any candidate for public office.

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Section 3.3 Administration of Funds. In the event the Corporation is a private foundation within the meaning of Section 509 of the Code for a taxable year, the Corporation (a) tax on undistributed its income for each tax year in such manner so that it will not become subject to the tax on undistributed income for each tax year in such a manner so that it will not become subject to the of self-dealing, as defined in Section 4941 (d) of the Code (c) shall not retain any excess business holdings, as defined in Section 4943 (c) of the Code; (d) shall not make any investments in a manner expenditures, as defined in Section 4945 (d) of the Code. In order to fully effectuate the provisions of these Sections the Corporation shall adopt such procedures, and shall otherwise adhere to such administrative requirements as may from time to time be necessary, in order to fully comply with all applicable federal tax laws and regulations.

Section 3.4 Termination of Corporation. The Board of Trustees shall have the authority to terminate the Corporation at any time that, by a unanimous vote, it deems such termination appropriate appropriate or advisable. In such event, after paying, or making provision for the payment of all liabilities of the Corporation exclusively for Charitable Purposes, any assets not so distributed shall be distributed to one or more Qualified Beneficiaries, as the Board of Trustees shall determine. Any assets not so disposed of by the Board of Trustees shall be disposed of by the court having equity jurisdiction in the county in which the principal; office of the Corporation is then located, with the distribution of assets to be made for such Charitable Purposes, or to such Qualified Beneficiaries, as such court shall determine.

ARTICLE IV

MEMBERS

Section 4.1 Non-Members. The Corporation shall have members with no voting rights, no meeting requirements, and no compensations. Memberships are given to donors who contribute between \$500.00 or more to the organization. Recognition of membership will be distributed in publication.

Be A Helping Hand Foundation shall maintain at least one-third of its governing board's membership for residents of low-income neighborhoods, other low-income community residents, or elected representatives of low-income neighborhood organizations.

Section 4.2 Low-Income Program Beneficiaries. For any housing project undertaken by this organization there shall be a formal process by which we gather input from intended beneficiaries, low-income residents of the proposed area, and other community member. This process will include temporarily expanding our governing board to include neighbors during the planning and development of the housing project.

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ARTICLE V

BOARD OF TRUSTEES

Section 5.1 General Powers. The business and affairs of the Corporation shall be supervised by its Board of Trustees, which shall exercise in the name of and behalf of the Corporation all of the rights and privileged legally exercisable by the Corporation as a corporate entity, except as many otherwise be provided by law, the Charter, or these By-laws. The Board of Trustees, as the governing body of the Corporation, shall have the authority to receive, administer, invest and distribute property on behalf of the Corporation in accordance with the provisions set forth in these By-laws. May serve as committee members and give advice or make recommendations.

Section 5.2 Number, Tenure and Qualifications. The number of the members of the Board of Trustees shall be not less than three (3) not more than nine (9). However, the number of trustees may be increased or decreased from time to time by the Board of Trustees by amendment of these By-laws, but no decrease shall have the effect of shortening the term of an incumbent trustee or reducing the number of trustees below three (3). The initial members of the Board of Trustees shall be appointed by the Incorporate(s) for staggered terms of approximately one, two and three years, in order properly to stagger the terms thereafter and permit expiration of terms immediately following the annual meeting.

In the event additional members are added to the Board of Trustees, the initial terms of office of such additional trustees shall be staggered in such a manner to assure that the terms of office of not more than one-half (1/2) of all of the trustees will expire in any one year. The initial members of the Boards of Trustees shall be appointed by the Incorporate(s) to serve until after the first annual meeting of the Board of Trustees and until his or her successor shall have been elected and qualified. At its annual meeting, the Board of Trustees shall elect individuals to serve on the Board of Trustees for a term that does not exceed a period of five (5) years. Each trustee shall hold office until his or her term shall have expired and his or her successor shall have been elected and qualified, or until his or her earlier resignation, removal from office, or death. A retiring trustee may succeed himself or herself. Trustees shall be natural persons who have attained the age of twenty-one (21) years, but need not be residents of the State of Tennessee.

Section 5.3 Advisor Members. The Board of Trustees may elect advisory members from time to time, who may attend, without vote, all meetings of the Board of Trustees. Advisory members shall serve at the pleasure of Board of Trustees and shall advise and Counsel the Board of Trustees on appropriate matters.

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Section 5.4 Annual Meeting. The annual meeting of the Board of Trustees shall be held within or without the State of Tennessee on the last business day of the fifth (5th) month following the close of the Corporation's fiscal year, or at such other time and date prior thereto and following the close of the Corporation's fiscal year as shall be determined by the Board of Trustees. The purpose of the annual meeting shall be to elect trustees and officers and transact such other business as may properly be brought before the meeting. If the election of trustees and officers shall not be held on the day herein designated for any annual meeting of the Board of Trustees, or at any adjournment thereof, the Board of Trustees shall cause the election to be held at a special meeting of the Board of Trustees as soon thereafter as may be convenient.

Section 5.5 Special Meetings. Special meetings of the Board of Trustees may be called by the President, or at the request of any trustee. The President shall fix the time and place, either within or without the State of Tennessee, of any special meeting.

Section 5.6 Notices. Notice of any special meeting shall be given at least five (5) business day's prior thereto. The attendance of a trustee at a meeting shall constitute a waiver of notice of such meeting, except where a trustee attends a meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called or convened. The business to be transacted at, or the purpose of, any special meeting of the Board of Trustees must be specified in the notice of such meeting and no other business shall be transacted at that meeting.

Section 5.7 Quorum. A majority of the total number of Trustees in office shall constitute a quorum for the transaction of business at any meeting of the Board of Trustees.

Section 5.8 Participation in Meetings. Each Trustee other than an advisory member shall be entitled to one (1) vote upon any matter properly submitted for a vote to the Board of Trustees. The affirmative vote of a majority of the Trustees present at a meeting at which a quorum is present shall be the act of the Board of Trustees, except as may otherwise be specifically provided by law, by the Charter, or by these By-laws. Members of the Board of Trustees absent from any meetings shall be permitted to vote at such meetings by written proxies. The members of the Board of Trustees or any committee designated by the Board of Trustees, may participate in a meeting of the Board of Trustees, or of such committee, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear one another; and participation in a meeting pursuant to this provision shall constitute in person at such meeting. The Trustees shall be promptly furnished a copy of the minutes of the meetings of the Board of Trustees.

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Section 5.9 Actions Without A Meeting. Any action required or permitted to be taken at a meeting by the Board of trustees, or by any committee, as the case may be, consent in writing to taking such action without a meeting. If all members entitled to vote on the action shall consent in writing to taking such action without a meeting, the affirmative vote of the number of votes that would be necessary to authorize or take such action at a meeting shall be the act of the Board of Trustees. The action must be evidenced by the one (1) or more counterparts signed by each members entitled to vote on the action indicating each signing member's vote or abstention on the action taken. All such written consents and actions shall be filed with the minutes of the proceedings of the Board of Trustees or committee.

A consent signed under this Section shall have the same force and effect as a meeting vote of the Board of Trustees, or any committee thereof, and may be described as such in any document.

Section 5.10 Vacancies. Any vacancy occurring in the Board of Trustees including vacancies created by the removal of trustees without cause or for cause may be filled by the affirmative vote of a majority of the remaining trustees in office, so long as the requirements of Section 5.2 are satisfied. A Trustee elected to fill a vacancy shall serve for the unexpired term of his or her predecessor in office, or if there is no predecessor until the next election of Trustees. If a vacancy is not filled within ninety (90) days of the event which resulted in there being fewer Trustees than required by the Charter of By-laws, any Trustee may apply to a court having equity jurisdiction in the county in which the Corporation has it's principal office to have such court appoint a sufficient number of Trustees so that the Corporation will have the number of Trustees required by its Charter or By-laws, whichever number is greater. Any trusteeship to be filled by reason of an increase in the number of trustees may be filled by election by the Board of Trustees for a term of office continuing only until the next election of trustees.

Section 5.11 Compensation and Reimbursement of Expenses. Each trustee shall be entitled to receive reasonable compensation, as may from time to time be set by the Board of Trustees for services rendered to the Corporation. In addition, each trustee may be paid his or her reasonable expenses incurred by the trustee directly related to the affairs of the Corporation upon prior approval by the Board of Trustees and proper substantiation of such expenses. No such payments shall preclude any trustee from serving the Corporation in any capacity and receiving compensation therefore.

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Section 5.12 Presumption of Assent. A trustee of the Corporation who is present at a meeting of the Board of Trustees at which action on any Corporation matter is taken shall be presumed to have assented to the action taken, unless his or her dissent shall be presumed to have assented to the action taken, unless his or dissent shall be entered in the minutes of the meeting, or unless he or she shall file his or her written dissent to such action with the person acting as the secretary of the meeting before the adjournment thereof, or forward such dissent by registered mail to the Secretary of the Corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to a trustee who voted in favor of such action.

Section 5.14 Registration. A trustee may resign his or her membership at any time by tendering his or her resignation in writing to the President or, in the case of the resignation of the President, to the Secretary. A resignation shall become effective upon the date specified in such notice or, if no date is specified, upon receipt of the resignation by the Corporation at its principal place of business.

ARTICLE VI

OFFICERS

Section 6.1 Number. There shall be a resident and a Secretary of the Corporation, each of whom shall be elected in accordance with the provisions of this Article. The Board of Trustees may also elect one (1) or more Vice-Presidents, a Treasurer, and such other assistant officers, as the Board of Trustees may from time to time deem necessary or appropriate. Any two or more offices may be held by the same person, except for the offices of President and Secretary.

Section 6.2 Election and Term of Office. The initial officers of the Corporation shall be elected by the incorporator(s) for a term of office expiring immediately following the first annual meeting of the Corporation. The Board of Trustees at its annual meeting shall elect the officers of the Corporation annually. If the election of the officers shall not be held at such meeting, such election shall not be held at such meeting, such election shall be held, as soon thereafter as may be convenient. Each officer shall hold office for a term of one (1) year expiring immediately following the annual meeting at which he or she was elected and until his or her successor shall have been duly elected and qualified, or until his or her earlier death, resignation, or removal from office in the manner hereinafter provided. A retiring officer may not succeed himself or herself in office, but may be eligible for election to another office or to the Board of Trustees.

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Section 6.3 President. The President shall be the principal executive officer of the Corporation. He or she shall, when present, preside at all meetings of the Board of Trustees and the Executive Committee, and shall in general perform all of the duties, and have all of the authority, incident to the office of the chief executive officer of a corporation, and such other duties as may from time be prescribed by the Board of Trustees. The President may sign, with the Secretary or any officer thereunto authorized by the Board of Trustees deeds, mortgages, bonds, contracts, or other instruments which the Board of Trustees has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board if Trustees or these By-Laws to some other officer or agent of the Corporation or shall be required by law to be otherwise signed or executed.

Section 6.4 Vice-President. In the absence of the President or in the event of his or her death, inability, or refusal to act, the Vice President (or in the event there be more than one Vice President, the Vice President in the order designated at the time of the election) shall perform the duties of the President (pending election, if necessary, of a successor pursuant to Section 6.8 below) and when so acting, shall have all the powers of, and be subject to all the restrictions upon, the President. Any Vice-President shall perform such duties as may from time to time be assigned to him or her by the Board of Trustees.

Section 6.5 Secretary. The Secretary will keep the minutes of the proceedings of the Board of Trustees in one or more books provided for that purpose: see that all notices are duly given in accordance with the provisions of these By-laws or as required by the law: be custodians of the corporate records and of the seal, if any, of the Corporation and see that the seal is affixed to all documents, the execution of which address shall be furnished to the Secretary by each trustee: and in general perform all duties incident to the office of Secretary and such other duties as may from time to time be assigned to him or her by the President of the Board of Trustees.

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Section 6.6 Treasurer. The Treasurer shall have charge and custody of, and be responsible for, all funds and securities of all the Corporations; received and give receipts for monies due and payable to the Corporation from any source whatsoever, and deposit all such monies in the name of the Corporation in such banks, trust companies, or other depositories as shall be select in accordance with the provisions of Article VIII of these By-laws; disburse the funds of the Corporation in accordance with the directives of the Board of Trustees, taking proper vouchers for such disbursements, and render to the Board of Trustees, and accounting and all the transactions of the Treasurer and of the financial conditions of the Corporation; and in general perform all duties incident to the office of Treasurer and such other duties as may from time to time be assigned to him or her by the President or other Board of Trustees.

Section 6.7 Removal. Any member of the Board of Trustees removed from office pursuant to Section 513 shall be automatically removed as an officer, The Board of Trustees may by a two-thirds (2/3) vote remove any officer when in its judgment, the best interests of the Corporation will be served thereby. Chairperson serves 5 years a 2/3 vote must carry for two consecutive meeting for the removal.

Section 6.8 Vacancies. A vacancy in any office because of death, resignation, removal, disqualification, or otherwise, may be filled by the affirmative vote of a majority of the Board of Trustees for the un-expired portion of the term.

Section 6.9 Resignations. An officer may resign his or her office at any time by tendering his or her resignation in writing to the President, or in the case of the resignation of the President, to the Secretary. A resignation shall become effective upon the date specified in such n, or if no date is specified, upon receipt of the resignation by the Corporation at its principal place of business.

Section 6.10 Salaries Expenses. The officers of the Corporation shall be entitled to reasonable compensation, as may be set by the Board of Trustees from time to time for services rendered to the Corporation. Reasonable expenses incurred by all of the officers of the Board of Trustees in the course of coordination shall be reimbursed by the Corporation upon proper substantiation. No officer shall be prevented from receiving receiving reasonable compensation by reason of the fact that he also is a member of the Board of Trustees.

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ARTICLE VII

EXECUTIVE COMMITTEE AND OTHER COMMITTEES

Section 7.1 Appointment of Executive Committee. The Board of Trustees by resolution adopted by a majority of its voting members, may designate three (3) or more of its members to constitute an Executive Committee and shall hold office until the next annual meeting of the Board of Trustees following his or her designation and until his or successor has been appointed and qualified. The designation of the Executive Committee and the delegation of authority thereto shall not operate to relieve the Board of Trustees, or any member thereto, of any responsibility by law.

Section 7.2 Authority of Executive Committee. The Executive Committee. The Executive Committee, when the Board of Trustees is not in session, shall have and may exercise all the authority of the Board of Trustees except to the extent, if any that such authority shall be limited by the resolution appointing to the Executive Committee or by these By-Laws. All action taken by the Executive Committee shall be subject to ratification by the Board of Trustees. However, the Executive Committee shall not have the authority of the Board of Trustees with respect to filling any vacancy on the Board of Trustees; amending or repealing any resolution of the Board of Trustees which by its express terms is not so amendable or repealable; amending or repealing the Charter or the By-laws of the Corporation; adopting a plan of merger or consolidation, selling, leasing, or otherwise disposing of all or substantially all the property and assets of the Corporation other than in the usual and regular course of its business; or voluntarily dissolving the Corporation or revoking a voluntary dissolution.

Section 7.3 Meeting of Executive Committee. Regular meetings of the Executive Committee may be held at such times and places as the Executive Committee may from time to time fix by resolution. Special meetings of the Executive Committee may be called by any member upon concurrence of a majority of the members of the Executive Committee upon not less than three (3) business days' notice prior thereto. The notices provided for in this Section shall state the place, date, and hour of the meeting, and the business proposed to be transacted at the meeting.

Section 7.4 Quorum of Executive Committee. A majority of the voting members of the Executive Committee shall constitute a quorum for the transaction of business at any meeting thereof. Action of the Executive Committee must be authorized by the affirmative vote of a majority of all voting members present at a meeting at which a quorum is present.

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Section 7.5 Action of Executive Committee. *Without a Meeting.* Any action required or permitted to be taken by the Executive Committee without a meeting may be taken without a meeting in accordance with the revisions of Section 5.9 of these By-Laws.

Section 7.6 Executive Committee Procedures. The Executive Committee shall fix its own rules of procedure, provided such rules are not inconsistent with these By-Laws. The Executive Committee shall keep regular minutes of its proceedings and report its proceedings to the Board of Trustees for its information at the next meeting of the Board of Trustees held after such proceedings.

Section 7.7 Vacancies, Resignations and Removal. Any vacancy in the Executive Committee may be filled by a resolution adopted by a majority of the voting members of the Board of Trustees. Any member of the Executive Committee may be removed at any time with or without cause by resolution adopted by a majority of the voting members of the Board of Trustees. Any member of the Executive Committee may resign from the Executive Committee at any time by giving written notice to the President or Secretary of the Corporation, and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 7.8 Standing Committees. The Board of Trustees may maintain such standing committees as it may determine from time to time to be necessary or desirable for its proper functioning. Such committees shall consist of three (3) or more members, shall be under the control and the control and serve at the pleasure of the Board of Trustees of these By-Laws shall maintain a permanent record of actions and proceeding and shall regularly submit a report of their action actions to the Boards of Trustees which shall ratify the actions of each committee. The President, or his or her designee shall serve on each Committee as and ex-officio member. Such standing committees shall have such authority as the Board of Trustees may stipulate, except that no committee shall have the authority of the Board of Trustees with respect to those matters delineated in Section 5.2 above.

Section 7.9 Ad Hoc Committee. The President, with the approval of the Board of Trustees as evidenced by resolution, may from time to time create such ad hoc committees, as the President believes necessary or desirable to investigate matters or advise the Board of Trustees. Ad Hoc Committees shall limit their activities to the accomplishment of the tasks for which created and shall have no power to act except as specifically conferred by resolution of the Board of Trustees. Such committees shall operate until their tasks have been accomplished or until discharged by the Board of Trustees.

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**ARTICLE VIII
CONTRACTS, LOANS, CHECKS, DEPOSITS, INVESTMENTS**

Sections 8.1 Contracts and Employment of Agents. The Board of Trustees may authorize any trustee, officer or agent to enter into any contract, or execute and deliver any instrument, in the name of and on behalf of the Corporation. The Board of Trustees shall be specifically authorized, in its sole discretion, to employ and to pay the compensation of such agents, accountants, custodians, experts, consultants, and other counsel, legal, investment, or otherwise, as the Board of Trustees shall deem advisable, and to delegate discretionary powers to, and rely upon information furnished by such individuals or entities. Such authority may be general or confined to specific instances.

Section 8.2 Loans. No loans shall be contracted on behalf of the corporation, and no evidences of indebtedness shall be issued in its names, unless authorized by a resolution of the Board of Trustees. Such authority may be general or confined to specific instances.

Section 8.3 Checks, Drafts, and Etc. All checks, drafts, or other orders for the payment of money, notes, or other evidences or indebtedness issued in the name of the Corporation shall be signed by such officer or officers, agent or agents of the Corporation and in such manner, as shall from time to time be determined by resolution of the Board of Trustees.

Section 8.4 Deposits. All funds of the Corporation nor otherwise employed shall be deposited from time to time to the credits of the Corporation with such banks, trust companies, brokerage accounts, investment managers, or other depositaries as the Board of Trustees may from time to time select.

Section 8.5 Investment Authority. The Board of Trustees shall be authorized to retain assets distributed to the Corporation, even though such assets may constitute an over concentration in one of more similar investments. Further, the Board of Trustees shall have the authority to make investments in unproductive property, or to hold unproductive property to the extent necessary until it can be converted into productive property at an appropriate time, provided the retention of such property is in the best interest of the Corporation and does not in any way jeopardize the tax-exempt status of the Corporation.

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ARTICLE IX

STANDARDS OF CONDUCT

Section 9.1 Standards of Conduct. A trustee or an officer of the Corporation shall discharge his or her duties as a trustee or as an officer, including duties as a member of a committee:

- (a) In good faith;
- (b) With the care of an ordinarily prudent person in a like position would exercise under similar circumstances; and
- (c) In a manner he or she reasonably believes to be in the best interest of the Corporation.

Section 9.2 Reliance on Third Parties. In discharging his or her duties a trustee or officer is entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data if prepared or presented by:

- (a) One or more officers or employees of the Corporation whom the Trustee or officer reasonably believes to be reliable and competent in the matters presented;
- (b) Legal counsel, public accountants other persons as matters the trustees or officer reasonably believes are within the persons professional or expert competence; or
- (c) With respect to a trustee, a committee of the Board of Boards of which the trustee is not a member, as top matters within its Jurisdiction, if the trustee or officer reasonably believes the committee merits confidence.

Section 9.3 Bad Faith. A trustee or officer is not acting in good faith if he or she has knowledge concerning the matter in question that makes reliance otherwise permitted by Section 9.2 unwarranted.

Section 9.4 No Liability. A trustee or officer is not liable for any action taken, or any failure to take action, as a trustee or officer, if he or she performs the duties of his or her office in compliance with the provisions of this Article, or if he or she is immune from suit under the provisions of Section 48-58-601 of the Act. No repeal or modification of the provisions of this section 9.4, either directly or by the adoption of a provision inconsistent with the provisions of this Section shall adversely affect any right or protection, as set forth herein, existing in favor of a particular individual at the time such repeal or medication.

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Section 9.5 No Fiduciary. No trustee or officer shall be deemed to be a fiduciary with respect to the Corporation or with respect to any property held or administered by the Corporation, including, without limitation, property that may be subject to restrictions imposed by the donor or transferor of such property.

Section 9.6 Prohibition on Loans. No loans or guarantees shall be made by the Corporation to its trustees or officers. Any trustee who assents to or participates in the making of such loan shall be liable to the Corporation for the amount of such loan until the repayment thereof.

ARTICLE X

CONFLICTS OF INTEREST

Section 10.1 General. A conflict of interest transaction is a transaction with the Corporation which a trustee or officer of the Corporation has a direct or indirect interest. A trustee or officer of the Corporation has an indirect interest in a transaction if, but not only if, a party to the transaction is another entity in which the trustee or officer has a material interest, or of which the trustee or officer is a general partner, director, officer, or trustee. A conflict of interest transaction is not voidable, or the basis for imposing liability on the trustee or officer, if the transaction was fair at the time it was entered into, or if the transaction is approved as provided in Section 10.2.

Section 10.2 Manner of Approval. A transaction in which a trustee or officer of the Corporation has a conflict of interest may be approved if:

- (a) The material facts of the transaction and the interest of the Trustee or Officer were disclosed or known to the Board of Trustees or to committee consisting entirely of members of the Board of Trustees, and the Board of Trustees or such committee authorized, approved, or ratified the transaction; or
- (b) Approval is obtained from the Attorney General of the State of Tennessee, or from a court of record having equity jurisdiction in an action in which the Attorney General is joined as a party.

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Section 10.3 Quorum Requirements. For purposes of Section 10.2, a conflict of interest transaction is authorized, approved or ratified if it receives the affirmative vote of majority of the member of the Board of Trustees, or of a committee consisting entirely of members of the Board of Trustees, who have no direct or indirect interest in the transaction; but a transaction may not be authorized, approved, or ratified under this Article by a single trustee. A quorum is present for the purpose of taking action under this article if a majority of the members of the Board of Trustees who have no direct or indirect interest in the transaction vote authorized, approve, or ratify the transaction. The presence of, or vote cast by, a trustee with a direct or indirect interest in the transaction does not affect the validity of any action taken under subsection 10.2 (a) if the transaction is otherwise approved as provided in Section 10.2.

ARTICLE XI

INDEMNIFICATION AND ADVANCEMENT OF EXPENSES

Section 11.1 Mandatory Indemnification of Trustees and Officers. To the maximum extent permitted by the provision of Section 48-58-501, et.seq., of the act, as amended from time to time (provided, however, that if an amendment to the Act in any way limits or restricts the indemnification rights permitted by law as of the date hereof, such amendment shall apply only to the extent mandated by law and only to activities of persons subject to the indemnification under this section which occur subsequent to the effective date of such amendment), the Corporation shall indemnify and advance expenses to any person who is or was a trustee or officer of the Corporation, or to such person's heirs, executors, administrators and legal representatives for the defense of any threatened, pending, or completed action, suit or proceeding, whether civil, criminal, administrative, or investigative, and whether formal or informal (any such action, suit or proceeding being hereinafter referred to as the "Proceeding"), to which such person was, is or is threatened to be made a named defendant or respondent which indemnification and advancement of expenses shall include counsel fees actually incurred as a result of the proceeding or any appeal thereof reasonable expenses actually incurred with respect to the Proceeding, all fines, judgments, penalties and amounts paid in settlement thereof, subject to the following conditions:

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- (a) The Proceeding was instituted by reason of the fact that such person is or was a trustee of the Corporation; and
- (b) The trustee or officer conducted himself or herself in good faith, and he or she reasonably believed (i) in the case of conduct in his or her official capacity with the Corporation, that his or her conduct was in its best interest; (ii) in all other cases, that his or her conduct was at least not opposed to the best interests of the Corporation; and (iii) in the case of any criminal proceeding, that he or she had no reasonable cause to believe his or conduct was unlawful. The termination of a proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent is not, of itself, determinative that the trustee or officer did not meet the standard of conduct herein described.

Section 11.2 Permissive Indemnification Of Employee and Agents. The Corporation may, to the maximum extent permitted by the provisions of Section 48-58-501. et seq. of the Act as amended from time to time (provided however, that if an amendment to the act in any way limits or restrict the indemnification rights permitted by law as of the date hereof, such amendment shall apply only to the extent mandated by law and only to activities of persons subject to indemnification under this Section which occur subsequent to the effective date of such amendment), indemnify and advance expenses in a Proceeding to any person who is or was an employee or agent of the Corporation, or to such person, heirs, executors, administrators and legal representatives, to the same extent as set forth in Section 11.1 above, provided that the Proceeding was instituted by reason of the fact that such person is or was an employee or agent of the Corporation to the extent, consistent with public policy, as may be provided by the Charter, by these By-laws, by contract, or by contract, or by general or specific action of the Board of Trustees.

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Section 11.3 Non-Exclusive Application. The rights to indemnification and advancement Of expenses set forth in Sections 11.1 and 11.2 above are contractual between the Corporation and the person being indemnified, and his or her heirs, executors, administrators and legal representatives, and are not exclusive of other similar rights of indemnification or advancement of expenses to which such person may be entitled, whether by contract, by law, by the Charter, by a resolution of the Board of Trustees, by these By-laws, by the purchase and maintenance by the Corporation of insurance on behalf of a trustee, officer, employee, or agent of the Corporation, or by an agreement with the Corporation providing such indemnification all of which means of indemnification and advancement of expenses are hereby specifically authorized.

Section 11.4 Non-Limiting Application. The provision of this Article XI shall not limit the power of the Corporation to pay or reimburse expenses incurred by a trustee, officer, employee, or agent of the Corporation in connection with such person's appearing as a witness in a Proceeding at a time when he or she has not been made a named defendant or respondent to the Proceeding.

Section 11.5 Prohibited Indemnification. Notwithstanding any other provision of this Article XI. The Corporation shall not indemnify or advance expenses to or on behalf of any trustee, officer, employee, or agent OF THE Corporation, or such person's heir, executors, administrators or legal representatives:

- (a) If a judgment or other final adjudication adverse to such person establishes his or her liability for any breach of the duty of loyalty to the Corporation for act or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, or under Section 48-58-304 of the Act; or
- (b) In connection with a Proceeding by or in the right of the Corporation in which such person was adjudged liable to the Corporation; or
- (c) In connection with any other Proceeding charging improper personal benefit to such person, whether or not involving action in his or her official capacity, in which he or she was adjudged liable on the basis that personal benefit, was improperly received by him or her.

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Section 11.6 Repeal or Modification Not Retroactive. No repeal or modification of the provisions of this Article XI, either directly or by the adoption of a provision inconsistent with the provisions of this Article, shall adversely affect any right or protection, as set forth herein, existing in favor of a particular individual at the time of such repeal or modification.

ARTICLE XII

NOTICES AND WAIVER OF NOTICE

The notices provided for in these By-laws shall be communicated in person, telegraph, telegraph, teletype, or by mail (including e-mail) or private carrier. Written notice is effective at the earliest of (a) receipt; (b) five (5) days after its deposit in the United States mail, if mailed correctly addressed and with first class postage affixed hereon; (c) on the date shown on the return receipt. If sent by registered mail, return receipt requested, and the receipt signed by or on behalf of the addressee; or (d) twenty (20) days after its deposit in the United States mail, if mail correctly, addressed, and with other than first class, registered, or committee member of the Corporation under the Provisions of the Charter, these By-laws, or the Act, a waiver thereof in writing signed by the person or persons entitled to such notice whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE XIII

FISCAL YEAR

The fiscal year of the Corporation shall end on the last day of December, or on such other date as may be fixed from time to time by the Board of Trustees.

ARTICLE XIV

AMENDMENTS

These By-laws and the Charter may be altered, amended, or repealed, and a new Charter or By-laws adopted, upon the affirmative vote of two-thirds (2/3) of the Board of Trustees at any annual or special meeting, except to the extent that such alteration, amendment, or repeal is inconsistent with Article XV hereof.

ARTICLE XV

CODE OF ETHICS

Section 1. *Board Ethics.* It is imperative to the success of the Organization that there be a fully informed, responsive, and reasonable Executive Committee and Board. To this end, each Board Member shall conduct themselves at all times in the best interest of the Organization. In this regard, each Board Member shall abide by the following "Code of Ethics". No code or set of rules can be framed which will particularize all of the duties of a Board Member. The following code of ethics is to be considered a general guide, yet the enumeration of particular duties should not be construed as a denial of the existence of other equally imperative duties, though not specifically mentioned.

Section 2. *Attendance.* Board Members shall put forth their best effort to attend all meetings and constructively participate in those meetings.

Section 3. *Business Judgment.* Board Members shall exercise good judgment in the control and use of confidential information that may from time to time come into their possession.

Section 4. *Public Relations.* Each Board Member shall serve as a public relations agent for the Organization and therefore shall work diligently and properly to promote its goals and objectives while keeping abreast with its overall progress.

Section 5. *Board Interference with Operations.* Except for voting at properly called meetings of the Board of Directors, Board Members shall refrain from entering into the direct day-to-day administration of the program unless they are doing so upon express authority given to them by a properly adopted Resolution of the Board of Directors.

Section 6. *Conflicts of Interest and Nepotism.* Board Members shall fully disclose at a meeting of the Board any and all family and/or financial relationships in regard to any matter which is recommended to the Board or upon which the Board must vote. Board Members with a potential conflict of interest shall not participate in formal Board discussions or vote on any matter involving a conflict of interest. "Any matter" includes, but is not limited to, (a) the purchase or rental of goods; (b) providing direct or indirect financial assistance through investments, grants, loans or loan guarantees; and (c) providing employment to a family member. "Financial relationship" includes, but is not limited to, (a) any direct or indirect financial interest in a specific sale or transaction, including a commission or fee, or share of the proceeds; (b) the prospect of promotion, a profit, repayment of funds owed the individual by an assisted business; and (c) any other form of financial remuneration. Board members must sign a conflict interest statement upon election to the board.

Section 7. *Alleged Violations.* The Executive Committee shall be charged with the responsibility of reviewing any allegations of Board Members violating this code or acting in any way which is detrimental to the success of the Organization and make recommendations to the full Board for final action.

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Section 8. *Document Destruction and Whistleblowing.* The Organization shall adhere to the policies and positions set forth in Exhibit A attached hereto.

ARTICLE XVI

EXEMPT STATUS

The Corporation has been organized and will be operated exclusively for exempt from federal income tax under Section 501 (a) of the Internal Revenue Code as an organization described in Section 501 (c) (3).

These By-Laws are adopted and shall be effective this 8th day of

March, 2011.


Incorporator's Printed Name and Title



Incorporator's Signature

EXHIBIT A

Document Destruction and Whistle-Blower/Code of Conduct Policy

The Sarbanes-Oxley Act ("SOX Act") which was signed into law on July 30, 2002, was designed to add new governance standards for the corporate sector to rebuild public trust in publicly held companies. While the majority of the SOX Act deals directly with for profit corporations, two standards in the act, document destruction and whistle-blower protection, apply to non-profit corporations. This Document Destruction and Whistle-Blower/Code of Conduct Policy ("WBCC Policy") shall set forth the internal policies and standards of Be a Helping Hand Foundation, a Tennessee nonprofit corporation (hereinafter referred to as "Organization"), with respect to document destruction and whistle-blower protection. Any capitalized terms not otherwise defined in this WBCC Policy shall have the meaning set forth in the Organization's Bylaws.

Document Destruction Policy

Organization acknowledges its responsibility to preserve information relating to litigation, audits and investigations. The SOX Act makes it a crime to alter, cover up, falsify, or destroy any document to prevent its use in an official proceeding. Failure on the part of employees to follow this policy can result in possible civil and criminal sanctions against Organization and its employees and possible disciplinary action against responsible individuals (up to and including termination of employment). Each employee has an obligation to contact the Chairman of the Organization or any member of the Organization's Executive Committee of a potential or actual litigation, external audit, investigation or similar proceeding involving Organization that may have an impact as well on the approved records retention schedule.

Whistle-Blower/Code of Conduct Policy

In keeping with the policy of maintaining the highest standards of conduct and ethics, Organization will investigate any suspected fraudulent or dishonest use or misuse of Organization's resources or property by officers, board members, employees, consultants and volunteers. Organization is committed to maintaining the highest standards of conduct and ethical behavior and promotes a working environment that values respect, fairness and integrity. All staff, board members and volunteers shall act with honesty, integrity and openness in all their dealings as representatives for the organization. Failure to follow these standards will result in disciplinary action including possible termination of employment, dismissal from one's board or volunteer duties and possible civil or criminal prosecution if warranted.

Officers, board members, employees, consultants and volunteers are encouraged to report suspected fraudulent or dishonest conduct (i.e., to act as "whistle-blower"), pursuant to the procedures set forth below.

Reporting

A person's concerns about possible fraudulent or dishonest use or misuse of resources or property should be reported to his or her supervisor or, if suspected by a volunteer, to the staff member supporting the volunteer's work. If for any reason a person finds it difficult to report his or her concerns to a supervisor or staff member supporting the volunteer's work, the person may report the concerns directly to the Chairman of the Organization or any member of the Organization's Executive Committee. Alternately, to facilitate reporting of suspected violations where the reporter wishes to remain anonymous, a written statement may be submitted to one of the individuals listed above.

Definitions

Baseless Allegations: Allegations made with reckless disregard for their truth or falsity. People making such allegations may be subject to disciplinary action by Organization, and/or legal claims by individuals accused of such conduct.

Fraudulent or Dishonest Conduct: A deliberate act or failure to act with the intention of obtaining an unauthorized benefit. Examples of such conduct include, but are not limited to:

- forgery or alteration of documents;
- unauthorized alteration or manipulation of computer files;
- fraudulent financial reporting;
- pursuit of a benefit or advantage in violation of Organization's *Code of Ethics* set forth in Article XV of the Organization's Bylaws.
- misappropriation or misuse of Organization resources, such as funds, supplies, or other assets;
- authorizing or receiving compensation for goods not received or services not performed; and
- authorizing or receiving compensation for hours not worked

Supervisors: Organization employees, officers, consultants or volunteers who have supervisory authority over any other such persons.

Whistle-Blower: An employee, consultant or volunteer who informs a supervisor, the Chairman of the Organization, or any member of the Organization's Executive Committee, about an activity relating to Organization which that person believes to be fraudulent or dishonest.

Rights and Responsibilities

Supervisors

Supervisors are required to report suspected fraudulent or dishonest conduct to the Chairman of the Organization or any member of the Organization's Executive Committee.

Reasonable care should be taken in dealing with suspected misconduct to avoid:

- baseless allegations;
- premature notice to persons suspected of misconduct and/or disclosure of suspected misconduct to others not involved with the investigation; and
- violations of a person's rights under law.

Due to the important yet sensitive nature of the suspected violations, effective professional follow-up is critical. Supervisors, while appropriately concerned about "getting to the bottom" of such issues, should not in any circumstances perform any investigative or other follow up steps on their own. Accordingly, a supervisor who becomes aware of suspected misconduct:

- should not contact the person suspected to further investigate the matter or demand restitution.
- should not discuss the case with attorneys, the media or anyone other than the Chairman of the Organization or any member of the Organization's Executive Committee.
- should not report the case to an authorized law enforcement officer without first discussing the case with the Chairman of the Organization or any member of the Organization's Executive Committee.

Investigation

All relevant matters, including suspected but unproved matters, will be reviewed and analyzed, with documentation of the receipt, retention, investigation and treatment of the complaint. Appropriate corrective action will be taken, if necessary, and findings will be communicated back to the reporting person and his or her supervisor. Investigations may warrant investigation by an independent person such as auditors and/or attorneys.

Whistle-Blower Protection

Organization will protect whistle-blowers as defined below.

- Organization will use its best efforts to protect whistle-blowers against retaliation. Whistle-blowing complaints will be handled with sensitivity, discretion and confidentiality to the extent allowed by the circumstances and the law. Generally this means that whistle-blower complaints will only be shared with those who have a need to know so that Organization can conduct an effective investigation, determine what action to take based on the results of any such investigation, and in appropriate cases, with law enforcement personnel. (Should disciplinary or legal action be taken against a person or persons as a result of a whistle-blower complaint, such persons may also have right to know the identity of the whistle-blower).

- Officers, directors, employees, consultants and volunteers of Organization may not retaliate against a whistle-blower for informing management about an activity which that person believes to be fraudulent or dishonest with the intent or effect of adversely affecting the terms or conditions of the whistle-blower's employment, including but not limited to, threats of physical harm, loss of job, punitive work assignments, or impact on salary or fees. Whistle-blowers who believe that they have been retaliated against may file a written complaint with the Chairman of the Organization or any member of the Organization's Executive Committee. Any complaint of retaliation will be promptly.

investigated and appropriate corrective measures taken if allegations of retaliation are substantiated. This protection from retaliation is not intended to prohibit supervisors from taking action, including disciplinary action, in the usual scope of their duties and based on valid performance-related factors.

- Whistle-blowers must be cautious to avoid baseless allegations (as described earlier in the definitions section of this policy).

INTERNAL REVENUE SERVICE
P. O. BOX 2508
CINCINNATI, OH 45201

DEPARTMENT OF THE TREASURY

Date:

JUN 29 2006

BE A HELPING HAND FOUNDATION
827 W MCKENNIE AVE
NASHVILLE, TN 37206

Employer Identification Number:
62-1853537
DLN:
17053133711026
Contact Person:
WINNIE W LEE ID# 31208
Contact Telephone Number:
(877) 829-5500
Public Charity Status:
170(b)(1)(A)(vi)

Dear Applicant:

Our letter dated October 2001, stated you would be exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code, and you would be treated as a public charity, rather than as a private foundation, during an advance ruling period.

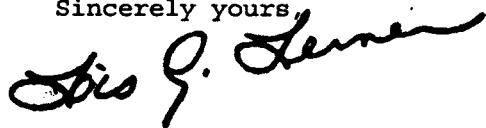
Based on the information you submitted, you are classified as a public charity under the Code section listed in the heading of this letter. Since your exempt status was not under consideration, you continue to be classified as an organization exempt from Federal income tax under section 501(c)(3) of the Code.

Publication 557, Tax-Exempt Status for Your Organization, provides detailed information about your rights and responsibilities as an exempt organization. You may request a copy by calling the toll-free number for forms, (800) 829-3676. Information is also available on our Internet Web Site at www.irs.gov.

If you have general questions about exempt organizations, please call our toll-free number shown in the heading.

Please keep this letter in your permanent records.

Sincerely yours,



Lois G. Lerner
Director, Exempt Organizations
Rulings and Agreements

Letter 1050 (DO/CG)

BAHH Vision, Mission, and Values

Vision

Creating sustainable communities and families through affordable housing

Mission

To provide affordable housing, education, and advocacy for low-income families

Values

We seek to be the positive change we want to see in the world.

We seek to create an environment of trust and integrity, in word and deed.

We aim to exceed expectations when encountering others regardless of the relationship

Our work is to create trust and respect for all people regardless of their circumstances.

We provide quality housing that we would be happy to live in.

Our work is to focus on improving communities.

**BE A HELPING HAND FOUNDATION
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
YEARS ENDED DECEMBER 31, 2021 AND 2020**

**BE A HELPING HAND FOUNDATION
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
YEARS ENDED DECEMBER 31, 2021 AND 2020**

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Edmondson, Betzler & Dame
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Be a Helping Hand Foundation

Opinion

We have audited the accompanying financial statements of Be a Helping Hand Foundation (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Be a Helping Hand Foundation as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Be a Helping Hand Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Be a Helping Hand Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

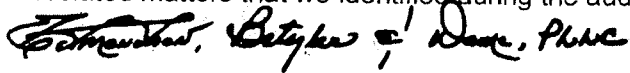
Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Be a Helping Hand Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Be a Helping Hand Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



Edmondson, Betzler, & Dame, PLLC
Brentwood, Tennessee

April 22, 2022

**BE A HELPING HAND FOUNDATION
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020**

ASSETS	2021	2020
Current assets:		
Cash and cash equivalents	\$ 117,065	\$ 317,346
Accounts receivable, net	17,011	18,826
Grants receivable	11,774	-
	145,850	361,020
Total current assets		
Property and equipment, net	4,072,407	3,921,462
Tenant security deposits	27,458	24,848
Other assets	15,000	-
	\$ 4,260,715	\$ 4,282,482
Total assets		
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 204,385	\$ 172,349
Accrued property taxes payable	58,952	47,668
Lines of credit	116,636	127,545
Current portion of notes payable	395,477	628,194
Tenant security deposits	28,400	26,400
Other current liabilities	33,277	11,182
	837,127	1,013,338
Total current liabilities:		
Long-term portion of notes payable	1,097,488	1,085,385
	1,934,615	2,098,723
Total liabilities		
Net assets:		
Without donor restrictions	2,326,100	2,183,759
	2,326,100	2,183,759
Total net assets		
Total liabilities and net assets	\$ 4,260,715	\$ 4,282,482

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

**BE A HELPING HAND FOUNDATION
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2021 AND 2020**

	2021	2020
SUPPORT AND REVENUE:		
Rental income and fees	\$ 426,218	\$ 392,804
Other income	342,413	9,336
Grant revenue	328,112	582,102
Insurance claims	120,209	198,798
Payroll Protection Program grant	38,200	-
Contributions	34	17,890
	<u>1,255,186</u>	<u>1,200,930</u>
EXPENSES:		
Program services	871,834	773,692
Management and general	241,011	221,745
	<u>1,112,845</u>	<u>995,437</u>
Change in net assets	142,341	205,493
Net assets, beginning of year	<u>2,183,759</u>	<u>1,978,266</u>
Net assets, end of year	<u>\$ 2,326,100</u>	<u>\$ 2,183,759</u>

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

BE A HELPING HAND FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021

	Program Services Low Income Housing	Support Services Management and General	Total
Salaries	\$ 167,882	\$ 71,950	\$ 239,832
Employee benefits	17,170	7,359	24,529
Payroll taxes	15,569	6,672	22,241
Total payroll and related expense	200,621	85,981	286,602
Construction costs for developers	231,235	-	231,235
Depreciation	159,696	-	159,696
Repairs and maintenance	81,590	4,069	85,659
Contract services	22,065	53,067	75,132
Property tax	58,952	-	58,952
Professional fees	27,888	17,863	45,751
Interest	34,537	9,497	44,034
Utilities	16,664	10,285	26,949
Insurance	23,426	657	24,083
Rent	-	23,400	23,400
Office expenses	-	18,046	18,046
Travel and meals	-	10,281	10,281
Contributions	8,539	-	8,539
Memberships and subscriptions	-	5,165	5,165
Property management fees	3,775	-	3,775
Security	2,599	349	2,948
Miscellaneous	-	2,335	2,335
Penalties and late fees	247	-	247
Advertising	-	16	16
	\$ 871,834	\$ 241,011	\$ 1,112,845

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

BE A HELPING HAND FOUNDATION
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2020

	Program Services	Support Services	Total
	Low Income Housing	Management and General	
Salaries	\$ 146,033	\$ 62,586	\$ 208,619
Payroll taxes	11,980	5,135	17,115
Employee benefits	8,035	3,444	11,479
Total payroll and related expense	166,048	71,165	237,213
Repairs and maintenance	253,641	5,513	259,154
Depreciation	131,397	-	131,397
Interest	48,753	17,249	66,002
Contract services	16,516	42,267	58,783
Property tax	47,665	-	47,665
Property management fees	36,050	-	36,050
Utilities	16,472	13,970	30,442
Insurance	25,818	549	26,367
Professional fees	164	21,251	21,415
Rent	-	21,400	21,400
Miscellaneous	15,448	4,833	20,281
Office expenses	-	13,009	13,009
Contributions	9,794	-	9,794
Travel and meals	-	5,948	5,948
Security	3,481	701	4,182
Memberships and subscriptions	-	2,762	2,762
Bank charges and recording fees	1,925	754	2,679
Penalties and late fees	520	-	520
Advertising	-	374	374
	\$ 773,692	\$ 221,745	\$ 995,437

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

BE A HELPING HAND FOUNDATION
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
Cash flows from operating activities:		
Increase in net assets	\$ 142,341	\$ 205,493
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	152,848	131,397
Amortization of deferred loan costs	6,848	-
Changes in operating assets and liabilities:		
Decrease in accounts receivable	1,815	30,149
(Increase) decrease in grants receivable	(11,774)	16,063
Increase in tenant security deposits	(2,610)	-
(Increase) decrease in other assets	(15,000)	5,400
Increase in accounts payable	32,036	9,644
Increase in accrued property taxes payable	11,284	15,507
Increase (decrease) in other current liabilities	22,095	(186)
Increase in refundable security deposits	2,000	6,515
	<u>341,883</u>	<u>419,982</u>
Net cash provided by operating activities		
Cash flows from investing activities:		
Purchase of property and equipment	(2,366)	(804,856)
Additions to construction in progress	(301,427)	(24,503)
	<u>(303,793)</u>	<u>(829,359)</u>
Net cash used in investing activities		
Cash flows from financing activities:		
Payments on lines of credit	(10,909)	(10,261)
Proceeds from notes payable	110,000	888,200
Payments on notes payable	(328,286)	(303,639)
Deferred loan costs incurred	(9,176)	-
	<u>(238,371)</u>	<u>574,300</u>
Net cash provided by (used in) financing activities		
Net increase (decrease) in cash, cash equivalents	(200,281)	164,923
Cash, cash equivalents, and restricted cash, beginning of year	<u>317,346</u>	<u>152,423</u>
Cash, cash equivalents, and restricted cash, end of year	<u>\$ 117,065</u>	<u>\$ 317,346</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	<u>\$ 44,034</u>	<u>\$ 59,678</u>

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

**BE A HELPING HAND FOUNDATION
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Be A Helping Hand Foundation (the Foundation), a non-profit organization, was established in April 2001. The Foundation's mission is to provide affordable housing, free education, job training, and job placement assistance in the construction industry. Properties have been purchased and rehabilitated in low-income neighborhoods to be made available for renters and home buyers in need of safe, clean, family homes.

Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and accordingly reflect all significant receivables, payables, and other liabilities.

Financial Statement Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. The Foundation reports information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions. The Foundation reported no net assets with donor restrictions at December 31, 2021 and 2020.

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

Revenue Recognition

All donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), donor restricted net assets are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

BE A HELPING HAND FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Grant Revenue

Grant revenue is recognized when the qualifying costs are incurred for cost reimbursement grants or contract or when services are provided for performance grants. Grant revenue is subject to review by grantor agencies. The review could result in the disallowance of expenditures under the terms of the grant or reductions of future grant funds. Based on prior experience, management believes if any costs are disallowed, they would not materially affect the financial position of the Foundation.

Cash and Cash Equivalents

For the purposes of the statements of cash flows, the Foundation considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. Cash and cash equivalents during the year may exceed Federal Deposit Insurance Corporation ("FDIC") limits.

Accounts Receivable

The Foundation uses the allowance method to determine uncollectible receivables. Management's estimate of doubtful accounts is based on historical collection experience and a review of the current composition of the receivables. At December 31, 2021 and 2020, there was an allowance for doubtful accounts of \$2,861. It is reasonably possible that management's estimate of the allowance for doubtful accounts may change. Receivables are charged against the allowance when collection is considered unlikely due to historic or current experience. No bad debt expense was recorded for 2021 and 2020. Receivables are considered past due after 30 days, however, it is not the policy of the Foundation to assess a late fee, or apply interest to past due accounts.

Property and Equipment

Purchased property and equipment is recorded at cost, and donated property and equipment is recorded at fair market value. Contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulation regarding how long those donated assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Depreciation is provided over the estimated useful lives of 5 – 27.5 years on a straight-line basis. The Foundation capitalizes other items that are greater than or equal to \$1,000 and expenses items below \$1,000.

BE A HELPING HAND FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment (continued)

The Foundation reviews the carrying value of property and equipment for impairment if events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected from its use and eventual disposition. In cases where undiscounted expected future cash flows are less than carrying value, the Foundation recognizes an impairment loss equal to the amount by which the carrying value exceeds the fair market value of the asset. The factors considered by management in performing this assessment include current operating results, trends, and prospects, and the effects of obsolescence, demand, competition, and other economic factors. Based on management's assessment, there is no impairment required at December 31, 2021 and 2020.

Property Held for Sale

Real estate held for sale is recorded at the lower of cost or fair value less cost to sell. No property was held for sale at December 31, 2021 and 2020.

Deferred Loan Costs

Loan costs related to obtaining notes payable are capitalized and amortized on a straight-line basis over the life of the related debt. When the debt is paid in full, any unamortized financing costs are removed from the related accounts and charged to operations. Unamortized loan costs are offset against the related debt in the Statement of Financial Position, with the amortization being reported as interest expense.

Advertising Costs

The Foundation expenses all advertising costs as incurred. Total advertising expense amounted to \$16 and \$374 in 2021 and 2020, respectively.

Income Tax Status

The Foundation is exempt from federal income tax under Internal Revenue Code section 501(c)(3). Accordingly, no provision for income taxes has been made in the accompanying financial statements.

The Foundation has adopted ASC Topic 740-10, *Accounting for Uncertainty in Income Taxes*, which prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return, including the position that the Foundation continues to qualify to be treated as a tax-exempt entity for both federal and state income tax purposes.

**BE A HELPING HAND FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Tax Status (continued)

For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. For the year ended December 31, 2021, the Foundation has no material uncertain tax positions to be accounted for in the financial statements under these rules. The Foundation has exempt organization tax filings open to Internal Revenue Service audit, generally, for three years after they are filed.

Functional Classification of Expenses

The Foundation's program service expense includes low-income housing. The costs of providing the program and other activities have been summarized on a functional basis in the Statements of Functional Expenses. Accordingly, salaries, employee benefits, and payroll tax expenses have been allocated among the programs and supporting services benefited, based on time and effort of staff as determined by management. All other expenses were directly assigned.

Contributed Services

The Foundation receives a significant amount of donated services from unpaid volunteers. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition set forth by accounting principles generally accepted in the United States of America.

Events Occurring After Reporting Date

The Foundation has evaluated events and transactions that occurred after December 31, 2021, through the date of the issued financial statements for possible recognition or disclosure in the financial statements. The Foundation had no subsequent events to disclose at the date of auditor's report.

NOTE 2 - LIQUIDITY AND AVAILABILITY OF RESOURCES

The Foundation has \$145,850 of financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures. Cash and cash equivalents of \$117,065, accounts receivable of \$17,011 and grant receivable of \$11,774. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date.

The Foundation has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 90 days of normal operating expense, which are, on average, approximately, \$260,000.

**BE A HELPING HAND FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER, 2021 AND 2020**

NOTE 3 - TENANT SECURITY DEPOSITS

The tenant security deposit liability was \$28,400 and \$26,400 at December 31, 2021 and 2020, respectively. The Foundation is required to maintain a restricted cash account for these deposits. The tenant security deposit account was underfunded by \$942, as the related cash account had a balance of \$27,458 at December 31, 2021. The tenant security deposit account was underfunded by \$1,552, with a balance of \$24,848 at December 31, 2020.

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	2021	2020
Property held for lease	\$ 4,043,729	\$ 4,043,729
Land held for lease	600,865	600,865
Construction in progress	325,930	24,503
Computers and equipment	44,600	42,233
Leasehold improvements	4,403	4,403
	5,019,527	4,715,733
Less: accumulated depreciation	(947,120)	(794,271)
	\$ 4,072,407	\$ 3,921,462

Depreciation expense for the years ended December 31, 2021 and 2020 totaled \$159,696 and \$131,397, respectively.

At December 31, 2021 and 2020, the Foundation executed operating leases for their properties that were held for lease. None of the aforementioned leases were for more than one year. Rental income and fees from property held for lease totaled \$426,218 and \$392,804 for the years ended December 31, 2021 and 2020, respectively. As of December 31, 2021 and 2020, accumulated depreciation for property held for lease was \$917,855 and \$770,842, respectively.

NOTE 5 - GRANTS

The Foundation has entered into a significant number of grant agreements to purchase and rehabilitate homes for affordable rental housing. Additionally, the Foundation has entered into numerous agreements for land and funding for new construction of affordable rental homes. Under the terms of these agreements, the Foundation has agreed to repay certain funds if they violate certain terms or sale the home during the "affordability period," which is from five to twenty years from the date of the project completion. The Foundation has classified these properties as available for lease and does not anticipate that the homes will be available for sale in the "affordability period." Therefore, no liability is recorded in these financial statements for the years ended December 31, 2021 and 2020.

**BE A HELPING HAND FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 5 - GRANTS (CONTINUED)

In August 2017, the Foundation was awarded \$428,110 from the Barnes Fund for Affordable Housing. This funding was used to construct two townhomes containing four units for families with monthly initial rents of \$644 each and serve families at 30% - 60% of Area Median Income. Construction for this project began in 2019. Of the initial \$428,110 award, \$254,012 was received as of December 31, 2019. The remaining \$174,098 was received in 2020, as well as an additional \$87,738 due to amendments to the grant. Costs incurred were included in construction in progress, all of which was completed and reclassified as property held for lease as of December 31, 2020.

In November 2018, the Foundation was awarded \$395,937 by Metropolitan Development and Housing Agency (MDHA) under the Community Housing Development Organization – HOME Program. The funding provided by this agreement was used to construct two townhomes containing four units for families under 60% of Area Median Income. Monthly initial rents will be \$1,038 each. Construction for this project began in 2019. Of the initial \$395,937 award, \$317,742 was received as of December 31, 2019. The remaining \$78,195 was received in 2020, as well as an additional \$3,036 due to amendments to the grant. Costs incurred were included in construction in progress, all of which was completed and reclassified as property held for lease as of December 31, 2020.

In September 2019, the Foundation was awarded \$155,092 by Metropolitan Development and Housing Agency (MDHA) under the Community Housing Development Organization – HOME Program. The funding provided by this agreement was used to construct a single family home for families under 60% of Area Median Income. Monthly initial rent will be \$1,109. Construction for this project began in 2019. The full amount was received in 2020. Costs incurred are included in construction in progress, all of which was completed and reclassified as property held for lease as of December 31, 2020.

In March 2021, the Foundation was awarded \$50,000 by Metropolitan Development and Housing Agency (MDHA). The funding provided by this agreement was used to rehabilitate a single family home for families under 80% of Area Median Income. Construction for this project began in 2021. The \$50,000 award was fully received as of December 31, 2021.

In March 2021, the Foundation was awarded \$595,387 by Metropolitan Development and Housing Agency (MDHA) under the Community Housing Development Organization – HOME Program. The funding provided by this agreement is to be used to construct two single family homes for families under 60% of Area Median Income. Monthly initial rents will be \$1,108. Construction for this project began in 2021. Of the initial \$595,387 award, \$95,365 has been received as of December 31, 2021.

**BE A HELPING HAND FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 5 - GRANTS (CONTINUED)

In March 2021, the Foundation was awarded \$375,000 by Metropolitan Development and Housing Agency (MDHA) under the Community Housing Development Organization – HOME Program. The funding provided by this agreement is to be used to construct two single family homes for families under 60% of Area Median Income. Monthly initial rents will be \$1,108. Construction for this project began in 2021. Of the initial \$375,000 award, \$95,365 has been received as of December 31, 2021.

In October 2021, the Foundation was awarded \$534,652 by Metropolitan Development and Housing Agency (MDHA) under the Community Development Block Grant – Declared Disaster Recovery Fund Program. The funding provided by this agreement is to be used to rehabilitate a single family home for families under 80% of Area Median Income. Construction for this project began in 2021. Of the initial \$534,652 award, \$5,000 has been received as of December 31, 2021.

While entering into these agreements, the Foundation also received parcels of land from MDHA. These parcels are recognized as contributions received. Appraised value of these contributions was \$62,325 at December 31, 2020. No contribution of land was received in 2021.

In September 2021, the Foundation was awarded \$11,850 by the Housing Fund for tornado recovery. This grant was received in the form of debt reduction.

The Foundation was awarded \$11,774 by the Housing Fund to assist with the increase in 2021 property taxes. This grant was received in the form of direct payment to Metro Nashville for the portion of taxes they covered.

NOTE 6 - LINES OF CREDIT

The Foundation established a revolving line of credit with Pinnacle National Bank, that matures at October 3, 2034. Interest, at the Bank's Prime Rate plus 1%, which was 4.25% at December 31, 2021 and 2020, is due monthly. At December 2021 and 2020, the line of credit had an outstanding balance of \$71,617 and \$75,273, respectively, and is secured by a house and real property, which had a carrying value of \$124,027 at December 31, 2021 and 2020, and is personally guaranteed by the Executive Director and his spouse.

The Foundation has established a \$90,000 revolving line of credit at SunTrust Bank, which is due on demand. Interest, at the Bank's Prime Rate plus 1%, which was 4.25% and 4.25%, at December 31, 2021 and 2020, is due monthly. At December 31, 2021 and 2020, the line of credit had an outstanding balance of \$45,019 and \$52,272, respectively, and is secured by a lien on the Foundation's assets.

**BE A HELPING HAND FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 7 - OTHER CURRENT LIABILITIES

As of December 31, other current liabilities consist of the following:

	<u>2021</u>	<u>2020</u>
Accrued payroll and related liabilities	\$ 20,752	\$ 6,486
Contract liabilities	7,830	-
Other deposits payable	4,000	4,000
Accrued interest payable	695	696
	<u>33,277</u>	<u>11,182</u>

NOTE 8 - NOTES PAYABLE

Notes payable secured by low income rental properties at December 31, 2021 and 2020 consist of the following:

	<u>2021</u>	<u>2020</u>
Secured promissory note payable to Pinnacle National Bank in 120 monthly installments of \$871 beginning in February 2019, secured by a house and real property with a carrying value of approximately \$91,646, at December 31, 2021 and 2020, with an interest rate of 5.50% until February 2023, when a variable rate applies.	\$ 54,580	\$ 61,803
Secured promissory note payable to Pinnacle National Bank in 120 monthly installments of \$370 beginning in February 2019, secured by a house and real property with a carrying value of approximately \$83,513, at December 31, 2021 and 2020, including a variable interest rate which is 4% below the Index (0% at December 31, 2021 and 2020.)	26,804	31,242

**BE A HELPING HAND FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 8 - NOTES PAYABLE (CONTINUED)

	<u>2021</u>	<u>2020</u>
Secured promissory note payable to Pinnacle National Bank in 120 monthly installments of \$855 beginning October 2016, secured by a house and real property with a carrying value of approximately \$83,665, at December 31, 2021 and 2020, including a fixed interest rate of 5.50% at December 31, 2021 and 2020, until September 2021 when a variable rate applies.	\$ 44,268	\$ 51,914
Secured promissory note payable to Pinnacle National Bank in 120 monthly installments of \$871 beginning in February 2019, secured by a house and real property with a carrying value of approximately \$91,646, at December 31, 2021 and 2020, with an interest rate of 5.50% until February 2023, when a variable rate applies.	25,373	30,250
Secured promissory note payable to Pinnacle National Bank in 120 monthly installments of \$370 beginning in February 2019, secured by a house and real property with a carrying value of approximately \$83,513, at December 31, 2021 and 2020, including a variable interest rate which is 4% below the Index (0% at December 31, 2021 and 2020.)	68,157	70,920
Secured promissory note payable to Truxton Trust in 59 monthly installments of \$2,776 refinanced January 2021, secured by 13 houses and real properties with a carrying value of approximately \$1,249,919 at December 31, 2021 and 2020, including interest at Prime less 4% (0% at December 31, 2021 and 2020), maturing in December 2025, with final balloon payment.	466,573	499,887

**BE A HELPING HAND FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 8 - NOTES PAYABLE (CONTINUED)

	<u>2021</u>	<u>2020</u>
Secured promissory note payable to Truxton Trust in 59 monthly installments of \$2,500 beginning December 2020, secured by 13 houses and real properties with a carrying value of approximately \$1,249,919 at December 31, 2021 and 2020, including interest at Prime less 4% (0% at December 31, 2021 and 2020), maturing in November 2025, with final balloon payment.	\$ 417,500	\$ 447,500
Secured promissory note payable to The Housing Fund, interest only payments beginning April 2020 with interest at 3.75% at December 31, 2021 and 2020, secured by real property with a carrying value of \$993,038 at December 31, 2021 and 2020.	288,150	300,000
Secured promissory note payable to Pinnacle Bank in 180 monthly installments of \$611 beginning March 2021, secured by a house and real property with a carrying value of approximately \$232,116 at December 31, 2021, including interest at Prime less 4% (0% at December 31, 2021), maturing in February 2036.	103,889	-
Paid-off loans	-	<u>228,200</u>
Total notes payable	1,495,294	1,721,716
Less: current portion	(395,477)	(628,194)
Less: unamortized issuance costs, net	<u>(2,329)</u>	<u>(8,137)</u>
Long-term debt portion	<u>\$1,097,488</u>	<u>\$1,085,385</u>

**BE A HELPING HAND FOUNDATION
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED DECEMBER 31, 2021 AND 2020**

NOTE 8 - NOTES PAYABLE (CONTINUED)

Maturities of notes payable as of December 31, 2021 are summarized as follows:

<u>Year</u>	<u>Amount</u>
2022	\$ 395,477
2023	107,327
2024	107,327
2025	738,142
2026	37,965
2027 and thereafter	<u>109,056</u>
	<u>\$ 1,495,294</u>

NOTE 9 - RELATED PARTY TRANSACTIONS

The Foundation leases office space from the Executive Director under a lease agreement ending in April 2022. Total rent expense under this lease in 2021 and 2020 was \$23,400 and \$21,400, respectively. Future minimum lease commitments for the lease agreement are \$7,800 for 2022.

The Foundation subleased some of its office space to Life Choice Management, a company owned by the Executive Director's spouse. The sublease was \$500 a month beginning October 1, 2019. Total sublease income was \$6,000 in 2020, which was included in rental income. This sublease was terminated in December 2020 by Life Choice Management.

The Foundation is also in an agreement with Life Choice Management for rental property management services. Management fees paid to Life Choice Management were \$3,775 and \$36,050 in 2021 and 2020, respectively. The property management agreement with Life Choice Management ended in January 2021.

The Foundation advanced employees approximately \$7,300 and \$12,000 in 2021 and 2020, respectively. Additionally, the Foundation allowed employees' personal use of Foundation credit cards amounting to approximately \$1,504 and \$4,977 in 2021 and 2020, respectively. The total unpaid balance of these employee loans as of December 31, 2021 and 2020 was \$16,602 and \$17,726, respectively, and is recorded in accounts receivable.

**GRANT CONTRACT
BETWEEN THE METROPOLITAN GOVERNMENT
OF NASHVILLE AND DAVIDSON COUNTY, TENNESSEE
BY AND THROUGH
THE METROPOLITAN HOUSING TRUST FUND COMMISSION
AND
THISTLE FARMS, INC.**

This Grant Contract issued and entered into by and between the Metropolitan Government of Nashville and Davidson County, a municipal corporation of the State of Tennessee hereinafter referred to as "Metro", and Thistle Farms, Inc., hereinafter referred to as the "Recipient," is for the provision of the construction of affordable housing units as further defined in the "SCOPE OF PROGRAM." Thistle Farms, Inc. will be adding 3 affordable housing units located at 1701 12th Ave N, Nashville, TN 37208; 1703 12th Ave N, Nashville, TN 37208; 1705 12th Ave N, Nashville, TN 37208. The recipient's budget request, financial statements or audit, 501(c)3 letter, and/or charter documents are incorporated herein. The Recipient is a nonprofit charitable or civic organization.

A. SCOPE OF PROGRAM:

- A.1. Each Property to which these grant funds are provided for shall be subject to a Declaration of Restrictive Covenants ("Declaration") imposing certain affordability requirements to encumber the Property and run with the land over a 30-year term. Terms defined in the Declaration shall have the same meanings when used in this Agreement.
- A.2. The Recipient shall use the funds under this grant in accordance with the affordable housing project submitted in the application and any of its amendments, which application is incorporated herein, and subject to the terms and conditions set forth herein.
- A.3. The Recipient, under this Grant Contract, will spend funds solely for the purposes set forth in their application or proposal for grant funding which is incorporated herein. These funds shall be expended consistent with the Grant Budget, included in Attachment A. Although some variation in line-item amounts for the Grant is consistent with the Grant Budget, any change greater than 20% of a line-item shall require the prior written approval of Metro. However, in no event will the total amount of the Grant funds provided to Recipient go above the awarded Grant amount of \$195,125.

Additional Conditions for Rental Properties:

- 1. Tenants must be income-eligible at the time of initial occupancy, and Recipient must certify all incomes annually and maintain a certified rent roll. In the event a tenant's income increases above the income-requirement for the unit, the tenant is not disqualified from remaining in the unit. However, the tenant's rent shall be adjusted to the corresponding AMI level for the next lease term.
- 2. The Recipient will provide Metro with a management plan program oversight which includes certification of the rents, utility allowances and tenant incomes. The Grantee shall also provide Metro an annual certification that Barnes rental requirements are being met throughout the compliance period.
- 3. The Grantee will allow Metro or a Metro-approved contractor to conduct on-site inspections of the grantee for compliance Barnes program requirements including, but not limited to, reviewing tenant income calculations, rent determinations and utility allowances.
- 4. Compliance restrictions on both tenant income and maximum rents shall apply for thirty (30) years from the date of issuance of the certificate of occupancy for the final building within the project. If a certificate of occupancy is not issued, the compliance period will begin on the date of recordation of the notice of completion for the project.

5. Recipient shall not increase rents during a lease term.

B. GRANT CONTRACT TERM:

B.1. Grant Contract Term. The term of this Grant shall be from execution of the grant agreement until Project completion, but in no way greater than 24 months from the execution of the grant agreement. Metro shall have no obligation for services rendered by the Recipient which are not performed within this term. Pursuant to Metropolitan Code of Laws § 2.149.040 (G), in the event the recipient fails to complete its obligations under this grant contract within twenty-four months from execution, Metro is authorized to rescind the contract and to reclaim previously appropriated funds from the organization.

C. PAYMENT TERMS AND CONDITIONS:

C.1. Maximum Liability. In no event shall the maximum liability of Metro under this Grant Contract exceed One Hundred Ninety-Five Thousand One Hundred Twenty-Five Dollars (\$195,125). The Grant Budget, attached and incorporated herein as part of Attachment A, shall constitute the maximum amount to be provided to the Recipient by Metro for all of the Recipient's obligations hereunder. The Grant Budget line-items include, but are not limited to, all applicable taxes, fees, overhead, and all other direct and indirect costs incurred or to be incurred by the Recipient.

This amount shall constitute the Grant Amount and the entire compensation to be provided to the Recipient by Metro.

C.2. Compensation Firm. The maximum liability of Metro is not subject to escalation for any reason. The Grant Budget amount is firm for the duration of the Grant Contract and is not subject to escalation for any reason unless the grant contract is amended.

C.3. Payment Methodology. The Recipient shall be compensated for actual costs based upon the Grant Budget, not to exceed the maximum liability established in Section C.1. Upon execution of the Grant Contract and receipt of a request for payment, the Recipient may be eligible to receive reimbursement for milestones as completed based upon the Grant Budget.

a. Grant Draws

Before a draw can be made, there must be a physical inspection of the property by Metro or an approved designee. The inspection must confirm appropriate completion of the project.

1) Construction Grant Draw Schedule (% based on grant amount)

- 12.5% - upon receipt of the Building Permit (check property address and contractors name) and Builder's Risk Insurance sufficient to cover cost of construction and confirmation of acquisition (make sure Metro is listed as lien holder)
- 25% - footing framing and foundation completed (25% complete)
- 25% - roofing completed and the plumbing, electric and mechanical are roughed in and approved by local Codes (50% complete)
- 25% - cabinets, counters, drywall, trim and doors are installed (75% complete)

Balance of grant upon receipt of a Final Use & Occupancy from local Codes (100% complete).

All draw requests except for the first 12.5% draw must be inspected before funding.

The above is the preferred draw method. Metro may occasionally fund based on a true percentage of completion as noted in a Construction Inspection report or if the application requested funds for land acquisition, understanding that the initial 12.5% or acquisition draw may overfund the grant, requiring later draws to be reduced.

2) **Construction Grant Draw Process**

- Draw request is received from the Recipient. It should be requested by the contractor and approved by the Recipient.
- Complete property inspection
- Metro or approved designee approves the request.
- Payments should be made to the Recipient.

All invoices shall be sent to:

Barnes Housing Trust Fund
Planning Department – Housing Division
800 2nd Avenue South
Nashville, TN 37210
(615) 862-7190

Said payment shall not exceed the maximum liability of this Grant Contract.

Final invoices for the contract period should be received by Metro Payment Services by 24 months from the execution of the grant agreement. Any invoice not received by the deadline date will not be processed and all remaining grant funds will expire.

- C.4. Close-out Expenditure and Narrative Report. The Recipient must submit a final grant Close-out Expenditure and Narrative Report, to be received by the Metropolitan Housing Trust Fund Commission / Barnes Housing Trust Fund within 45 days of the end of the Grant Contract. Said report shall be in form and substance acceptable to Metro and shall be prepared by a Certified Public Accounting Firm or the Chief Financial Officer of the Recipient Organization.
- C.5. Payment of Invoice. The payment of any invoice by Metro shall not prejudice Metro's right to object to the invoice or any matter in relation thereto. Such payment by Metro shall neither be construed as acceptance of any part of the work or service provided nor as an approval of any of the costs included therein.
- C.6. Unallowable Costs. The Recipient's invoice shall be subject to reduction for amounts included in any invoice or payment theretofore made which are determined by Metro, on the basis of audits or monitoring conducted in accordance with the terms of this Grant Contract, to constitute unallowable costs.
- C.7. Deductions. Metro reserves the right to adjust any amounts which are or shall become due and payable to the Recipient by Metro under this or any Contract by deducting any amounts which are or shall become due and payable to Metro by the Recipient under this or any Contract.
- C.8. Electronic Payment. Metro requires as a condition of this contract that the Recipient shall complete and sign Metro's form authorizing electronic payments to the Recipient. Recipients who have not already submitted the form to Metro will have thirty (30) days to complete, sign, and return the form. Thereafter, all payments to the Recipient, under this or any other contract the Recipient has with Metro, must be made electronically.
- C. 9. Recipient agrees and understands that procurement of goods and services for the grant project must comply with state and local law and regulations, including the Metropolitan Procurement Code. Recipient will provide Metro with all plans and specifications needed for these procurement purposes. Recipient will promptly review, and either approve or disapprove, in good

faith and with reasonable grounds all estimates, amendments to scope of work, and all work performed by a contractor prior to payment.

- C. 10. Public Meetings. At the reasonable request of Metro, Recipient agrees to attend public meetings, neighborhood meetings, and other events regarding this Project.
- C. 11. Recognition. Any signage, printed materials, or online publications erected at the applicable Project site or elsewhere regarding the Project shall include the following language or language acceptable by Metro acknowledging that the Project is partially funded with a grant from the Barnes Fund for Affordable Housing of the Metropolitan Government of Nashville and Davidson County:

This project funded in part by the Barnes Affordable Housing Trust Fund of the Metropolitan Government of Nashville & Davidson County.

Metropolitan Housing Trust Fund Commission

John Cooper, Mayor

Metropolitan Council of Nashville and Davidson County

D. STANDARD TERMS AND CONDITIONS:

- D.1. Required Approvals. Metro is not bound by this Grant Contract until it is approved by the appropriate Metro representatives as indicated on the signature page of this Grant.
- D.2. Modification and Amendment. This Grant Contract may be modified only by a written amendment that has been approved in accordance with all Metro procedures and by appropriate legislation of the Metropolitan Council.
- D.3. Default and Termination for Cause. Any failure by Owner to perform any term or provision of this Grant Contract shall constitute a "Default" (1) if such failure is curable within 30 days and Recipient does not cure such failure within 30 days following written notice of default from Metro, or (2) if such failure is not of a nature which cannot reasonably be cured within such 30-day period and Recipient does not within such 30-day period commence substantial efforts to cure such failure or thereafter does not within a reasonable time prosecute to completion with diligence and continuity the curing of such failure. Should the Recipient Default under this Grant Contract or if the Recipient violates any terms of this Grant Contract, Metro shall have the right to immediately terminate the Grant Contract and the Recipient shall return to Metro any and all grant monies for services or projects under the grant not performed as of the termination date. The Recipient shall also return to Metro any and all funds expended for purposes contrary to the terms of the Grant. Such termination shall not relieve the Recipient of any liability to Metro for damages sustained by virtue of any breach by the Recipient.
- D.4. Subcontracting. The Recipient shall not assign this Grant Contract or enter into a subcontract for any of the services performed under this Grant Contract without obtaining the prior written approval of Metro. Notwithstanding any use of approved subcontractors, the Recipient shall be considered the prime Recipient and shall be responsible for all work performed.
- D.5. Conflicts of Interest. The Recipient warrants that no part of the total Grant Amount shall be paid directly or indirectly to an employee or official of Metro as wages, compensation, or gifts in exchange for acting as an officer, agent, employee, subcontractor, or consultant to the Recipient in connection with any work contemplated or performed relative to this Grant Contract.

The Grantee also recognizes that no person identified as a Covered Person below may obtain a financial interest or benefit from a Metro Housing Trust Fund Competitive Grant assisted activity, or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds thereunder, either for themselves or those whom they have family or business ties, during their tenure or for one year thereafter.

Covered Persons include immediate family members of any employee or board member of the Grantee. Covered Persons are ineligible to receive benefits through the Metro Housing Trust Fund Competitive Grant program. Immediate family ties include (whether by blood, marriage or adoption) a spouse, parent (including stepparent), child (including a stepbrother or stepsister), sister, brother, grandparent, grandchild, and in-laws of a Covered Person.

D.6. **Nondiscrimination.** The Recipient hereby agrees, warrants, and assures that no person shall be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination in the performance of this Grant Contract or in the employment practices of the Recipient on the grounds of disability, age, race, color, religion, sex, national origin, or any other classification which is in violation of applicable laws. The Recipient shall, upon request, show proof of such nondiscrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination.

D.7. **Records.** All documents relating in any manner whatsoever to the grant project, or any designated portion thereof, which are in the possession of Recipient, or any subcontractor of Recipient shall be made available to the Metropolitan Government for inspection and copying upon written request by the Metropolitan Government. Furthermore, said documents shall be made available, upon request by the Metropolitan Government, to any state, federal or other regulatory authority and any such authority may review, inspect and copy such records. Said records include, but are not limited to, all drawings, plans, specifications, submittals, correspondence, minutes, memoranda, tape recordings, videos or other writings or things which document the grant project, its design and its construction. Said records expressly include those documents reflecting the cost of construction, including all subcontracts and payroll records of Recipient.

Recipient shall maintain documentation for all funds provided under this grant contract. The books, records, and documents of Recipient, insofar as they relate to funds provided under this grant contract, shall be maintained for a period of three (3) full years from the date of the final payment. The books, records, and documents of Recipient, insofar as they relate to funds provided under this grant contract, shall be subject to audit at any reasonable time and upon reasonable notice by Metro or its duly appointed representatives. Records shall be maintained in accordance with the standards outlined in the Metro Grants Manual. The financial statements shall be prepared in accordance with generally accepted accounting principles.

D.8. **Monitoring.** The Recipient's activities conducted and records maintained pursuant to this Grant Contract shall be subject to monitoring and evaluation by Metro or Metro's duly appointed representatives. The Recipient shall make all audit, accounting, or financial records, notes, and other documents pertinent to this grant available for review by the Metropolitan Office of Financial Accountability, Internal Audit or Metro's representatives, upon request, during normal working hours.

D.9. **Reporting.** The Recipient must submit an **Interim Program Report**, to be received by the Metropolitan Housing Trust Commission / Barnes Housing Trust Fund, by no later than September 1, 2023 and a **Final Program Report**, to be received by the Metropolitan Housing Trust Fund Commission within 45 [forty-five] days of the end of the Grant Contract. Said reports shall detail the outcome of the activities funded under this Grant Contract in the form required by Metro.

D.10. **Strict Performance.** Failure by Metro to insist in any one or more cases upon the strict performance of any of the terms, covenants, conditions, or provisions of this agreement shall not

be construed as a waiver or relinquishment of any such term, covenant, condition, or provision. No term or condition of this Grant Contract shall be held to be waived, modified, or deleted except by a written amendment by the appropriate parties as indicated on the signature page of this Grant.

- D.11. Insurance. The Recipient shall maintain adequate public liability and other appropriate forms of insurance, including other appropriate forms of insurance on the Recipient's employees, and to pay all applicable taxes incident to this Grant Contract.
- D.12. Metro Liability. Metro shall have no liability except as specifically provided in this Grant Contract.
- D. 13. Independent Contractor. Nothing herein shall in any way be construed or intended to create a partnership or joint venture between the Recipient and Metro or to create the relationship of principal and agent between or among the Recipient and Metro. The Recipient shall not hold itself out in a manner contrary to the terms of this paragraph. Metro shall not become liable for any representation, act, or omission of any other party contrary to the terms of this paragraph.
- D. 14. Indemnification and Hold Harmless.
- (a) Recipient shall indemnify, defend, and hold harmless Metro, its officers, agents and employees from any claims, damages, penalties, costs and attorney fees for injuries or damages arising, in part or in whole, from the negligent or intentional acts or omissions of Recipient, its officers, employees and/or agents, including its sub or independent contractors, in connection with the performance of the contract, and any claims, damages, penalties, costs and attorney fees arising from any failure of Recipient, its officers, employees and/or agents, including its sub or independent contractors, to observe applicable laws, including, but not limited to, labor laws and minimum wage laws.
- (b) Metro will not indemnify, defend or hold harmless in any fashion the Recipient from any claims, regardless of any language in any attachment or other document that the Recipient may provide.
- (c) Recipient shall pay Metro any expenses incurred as a result of Recipient's failure to fulfill any obligation in a professional and timely manner under this Contract.
- (d) Grantee's duties under this section shall survive the termination or expiration of the grant.
- D.15. Force Majeure. The obligations of the parties to this Grant Contract are subject to prevention by causes beyond the parties' control that could not be avoided by the exercise of due care including, but not limited to, acts of God, riots, wars, strikes, epidemics or any other similar cause.
- D.16. State, Local and Federal Compliance. The Recipient agrees to comply with all applicable federal, state and local laws and regulations in the performance of this Grant Contract.
- D.17. Governing Law and Venue. The validity, construction and effect of this Grant Contract and any and all extensions and/or modifications thereof shall be governed by and construed in accordance with the laws of the State of Tennessee. The venue for legal action concerning this Grant Contract shall be in the courts of Davidson County, Tennessee.
- D. 18 Attorney Fees. Recipient agrees that, in the event either party deems it necessary to take legal action to enforce any provision of the Grant Contract, and in the event Metro prevails, Recipient shall pay all expenses of such action including Metro's attorney fees and costs at all stages of the litigation.
- D.19. Completeness. This Grant Contract is complete and contains the entire understanding between the parties relating to the subject matter contained herein, including all the terms and conditions of the parties' agreement. This Grant Contract supersedes any and all prior understandings,

representations, negotiations, and agreements between the parties relating hereto, whether written or oral.

- D. 20. Headings. Section headings are for reference purposes only and shall not be construed as part of this Grant Contract.
- D. 21. Licensure. The Recipient and its employees and all sub-grantees shall be licensed pursuant to all applicable federal, state, and local laws, ordinances, rules, and regulations and shall upon request provide proof of all licenses. Recipient will obtain all permits, licenses, and permissions necessary for the grant project.
- D. 22. Waiver. No waiver of any provision of this contract shall affect the right of any party thereafter to enforce such provision or to exercise any right or remedy available to it in the event of any other default.
- D. 23. Inspection. The Grantee agrees to permit inspection of the project and/or services provided for herein, without any charge, by members of the Grantor and its representatives.
- D. 24. Assignment—Consent Required. The provisions of this contract shall inure to the benefit of and shall be binding upon the respective successors and assignees of the parties hereto. Except for the rights of money due to Recipient under this contract, neither this contract nor any of the rights and obligations of Recipient hereunder shall be assigned or transferred in whole or in part without the prior written consent of Metro. Any such assignment or transfer shall not release Recipient from its obligations hereunder. Notice of assignment of any rights to money due to Recipient under this Contract must be sent to the attention of the Metro Department of Finance.
- D.25. Gratuities and Kickbacks. It shall be a breach of ethical standards for any person to offer, give or agree to give any employee or former employee, or for any employee or former employee to solicit, demand, accept or agree to accept from another person, a gratuity or an offer of employment in connection with any decision, approval, disapproval, recommendation, preparations of any part of a program requirement or a purchase request, influencing the content of any specification or procurement standard, rendering of advice, investigation, auditing or in any other advisory capacity in any proceeding or application, request for ruling, determination, claim or controversy in any proceeding or application, request for ruling, determination, claim or controversy or other particular matter, pertaining to any program requirement of a contract or subcontract or to any solicitation or proposal therefore. It shall be a breach of ethical standards for any payment, gratuity or offer of employment to be made by or on behalf of a subcontractor under a contract to the prime contractor or higher tier subcontractor or a person associated therewith, as an inducement for the award of a subcontract or order. Breach of the provisions of this paragraph is, in addition to a breach of this contract, a breach of ethical standards which may result in civil or criminal sanction and/or debarment or suspension from participation in Metropolitan Government contracts.
- D.26. Communications and Contacts. All instructions, notices, consents, demands, or other communications from the Recipient required or contemplated by this Grant Contract shall be in writing and shall be made by facsimile transmission, email, or by first class mail, addressed to the respective party at the appropriate facsimile number or address as set forth below or to such other party, facsimile number, or address as may be hereafter specified by written notice.

Metro:

For contract-related matters and enquiries regarding invoices:

Metropolitan Housing Trust Fund Commission / Barnes Housing Trust Fund
Planning Department – Housing Division
800 2nd Avenue South
Nashville, TN 37210
(615) 862-7190
Ashley.Brown2@Nashville.Gov

Recipient:

Thistle Farms, Inc.
Tara Hamilton, Director of Development and Community Relations
5122 Charlotte Pike
Nashville, TN 37209
(615) 465-0561
tara.hamilton@thistlefarms.org

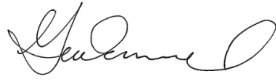
Affordable Housing Resources
Eddie Latimer, Executive Director
50 Vantage Way, Ste. 107
Nashville, TN 37228
615.251.0025 ext. 0
elatimer@ahrhousing.org

- D.27. Lobbying. The Recipient certifies, to the best of its knowledge and belief, that:
- a. No federally appropriated funds have been paid or will be paid, by or on behalf of the Recipient, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, and entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement.
 - b. If any funds other than federally appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this grant, loan, or cooperative agreement, the Recipient shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.
 - c. The Recipient shall require that the language of this certification be included in the award documents for all sub-awards at all tiers (including sub-grants, subcontracts, and contracts under grants, loans, and cooperative agreements) and that all subcontractors of federally appropriated funds shall certify and disclose accordingly.
- D. 28 Effective Date. This contract shall not be binding upon the parties until it has been signed first by the Recipient and then by the authorized representatives of the Metropolitan Government and has been filed in the office of the Metropolitan Clerk. When it has been so signed and filed, this contract shall be effective as of the date first written above.

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THE METROPOLITAN GOVERNMENT
OF NASHVILLE AND DAVIDSON
COUNTY:

APPROVED AS TO PROGRAM SCOPE:



Gina Emmanuel, Chair,
Metropolitan Housing Trust Fund
Commission

APPROVED AS TO AVAILABILITY OF
FUNDS:



Kelly Flannery, Director
Department of Finance



APPROVED AS TO FORM AND
LEGALITY:



Assistant Metropolitan Attorney

APPROVED AS TO RISK AND
INSURANCE:



Director of Risk Management Services

APPROVED BY METROPOLITAN
GOVERNMENT OF NASHVILLE AND
DAVIDSON COUNTY:

Metropolitan Clerk

RECIPIENT:

Thistle Farms, Inc.

By: 

Title: Executive Director

Sworn to and subscribed to before me a
Notary Public, this 20 day
of September, 2022.

Notary Public



My Commission Expires Sept. 8, 2025

My Commission
expires 9/8/25

BARNES HOUSING TRUST FUND HOMEBUYER PROFORMA

12th & Wheless Development

Thistle Farms

Unit Address	1701 12th Ave. N	1703 12th Ave. N	1705 12th Ave. N	Total	Notes
Development Type	Home Ownership Single Family Residence	Home Ownership Single Family Residence	Home Ownership Single Family Residence		1701 12th Ave N is included in the development, but not in the Barnes Funding Request
Accessible Bus Line Routes	#22 EB/WB - 0.3 mi	#22 EB/WB - 0.3 mi	#22 EB/WB - 0.3 mi		
Number of Bedrooms	3	2	3		
Number of Bathrooms	2.5	1.5	2.5		
Square Feet	1664	1105	1317		
Number of Stories	1-1/2	1	1-1/2		
Acquisition Costs					
Vacant Land	63,333.33	63,333.33	63,333.33	190,000.00	Compared to \$475k appraised value
Land with Structure	0.00	0.00	0.00		
Title & Recording	1,086.67	1,086.67	1,086.67	3,260.00	
Legal	0	0	0		
Total	64,420.00	64,420.00	64,420.00	193,260.00	
Predevelopment Costs					
Appraisal	N/A	N/A	N/A		
Survey	2,333.33	2,333.33	2,333.33	7,000.00	Barge
Relocation (if applicable)	N/A	N/A	N/A		
Insurance	500.00	500.00	500.00		
Architect	5,000.00	5,000.00	5,000.00	15,000.00	
Engineering	9,500.00	9,500.00	9,500.00	28,500.00	Barge/La Bella
Planning/Zoning	1,400.00	1,400.00	1,400.00	4,200.00	
Other					
Total	18,733.33	18,733.33	18,733.33	56,200.00	
Construction Costs					
Structure					
Footer/Foundation	27,923.27	19,675.67	22,466.25		
Framing	79,674.03	56,141.01	64,103.42		

BARNES HOUSING TRUST FUND HOMEBUYER PROFORMA

12th & Wheless Development

Thistle Farms

Unit Address	1701 12th Ave. N	1703 12th Ave. N	1705 12th Ave. N	Total	Notes
Electrical	17,713.20	12,481.32	14,251.53		
Plumbing	25,287.90	17,818.71	20,345.91		
Roofing	6,323.67	4,455.87	5,087.85		
HVAC	14,105.11	9,938.94	11,348.57		
Drywall/Insulation	13,289.43	9,364.18	10,692.29		
Paint/Stain	17,021.42	11,993.86	13,694.94		
Windows/Doors	20,078.93	14,148.29	16,154.93		
Floor Coverings	16,388.52	11,547.90	13,185.73		
Cabinets	20,574.90	14,497.77	16,553.97		
Brick/Siding	13,268.71	9,349.58	10,675.62		
Sub-Total	271,649.10	191,413.11	218,561.01		
Other					
Site Work	8,263.10	7,965.59	7,965.59		
Appliances	12,000.00	12,000.00	12,000.00		
Decks/Porches	2,538.96	2,447.54	2,447.54		
Side Walks/Curb & Gutter	15,000.00	10,000.00	10,000.00		
Walkways/Driveways	2,000.00	2,000.00	2,000.00		
Landscaping	6,000.00	6,000.00	6,000.00		
Utility Hookups - Water	8,000.00	8,000.00	8,000.00		
Utility Hookups - Sewer	7,000.00	7,000.00	7,000.00		
Utility Hookups - Electric	7,000.00	7,000.00	7,000.00		
Building Permits/Fees	1,500.00	1,200.00	1,300.00		
Demolition	0.00	0.00	0.00		
Fees	35,000.00	35,000.00	35,000.00		GC Fees - Ryan Nichols
Materials and Labor Market Contingency Cost Overrun	31,745.12	23,182.62	25,897.41	10%	10% Contingency
Sub-Total	136,047.17	121,795.75	124,610.54		
Construction Contingency	40,769.63	31,320.89	34,317.15		10% Contingency

BARNES HOUSING TRUST FUND HOMEBUYER PROFORMA

12th & Wheless Development

Thistle Farms

Unit Address	1701 12th Ave. N	1703 12th Ave. N	1705 12th Ave. N	Total	Notes
Profit (if organization has own construction crew)	0.00	0.00	0.00		
Total Construction Cost	407,696.27	313,208.86	343,171.55		
Sub-Total	40,769.63	31,320.89	34,317.15		
Total Development Cost (No Land)	467,199.23	363,263.08	396,222.04		
Cost per Unit	467,199.23	363,263.08	396,222.04		
Total Development Cost per SF	280.77	328.74	300.85		
Developer's Fee (capped at 20%)	6,000.00	6,000.00	6,000.00	1.28%	Kris Nonn mgmt fee
Total Cost/Unit	473,199.23	369,591.82	402,522.89		

12th & Wheless Development		Thistle Farms		
Unit Address	1701 12th Ave. N	1703 12th Ave. N	1705 12th Ave. N	
Plan Type				
Number of Bedrooms	3	2	2	
Number of Bathrooms	2.5	1.5	2.5	
Square Feet	1664	1105	1317	
Number of Stories	1-1/2	1	1-1/2	
Totals				
Total Construction Cost/Unit	407,696.27	313,208.86	343,171.55	
Total Cost/Unit	473,199.23	369,591.82	402,522.89	
Total Cost/Unit Less Contingency	432,429.61	338,270.94	368,205.73	
Estimated As Built Appraisal Value	700,000.00	600,000.00	650,000.00	
Buyer's Mortgage Amount	196,000.00	149,000.00	133,000.00	
Selling Price	264,864.86	201,351.35	179,729.73	
25% Shared Equity "Leave-In"	66,216.22	50,337.84	44,932.43	95,270.27
Pinnacle Downpayment Assist	12,000.00	12,000.00	12,000.00	
Buyer Downpayment	8,000.00	5,000.00	6,000.00	
Total Cost Before Barnes Subsidy	346,213.39	270,933.10	305,273.30	
Calculated Barnes Subsidy	81,348.52	69,581.75	125,543.57	195,125.32

1701 12th Ave N is included in the development, but not in the Barnes Funding Request

Totals	Notes	
	<i>With Construction Contingency & Mat'l Escalator excluded</i>	
	<i>With Construction Contingency & Mat'l Escalator included</i>	
	<i>Construction Contingency excluded, Mat'l Escalator included</i>	
	<i>Confirm Appraisal Amount - Estimate Shown</i>	
	<i>Based on Buyers' Incomes & 30% max./80 AMI, 6.25% Interest Rate</i>	
	<i>Buyer's Mortgage Amount = 74% of sales price</i>	
95,270.27	<i>The Housing Fund - 25% of Purchase Price</i>	The Housing Fund
	<i>Based on property address</i>	
	<i>Buyers' Downpayment</i>	Thistle Farms

Value Brought to Project by Thistle Farms

Land - Donated	193,260.00	Donated Land
Land - Market Value	281,740.00	Appraised Value (Jan. 2021)
Developer Fee - minimal	230,336.87	20% (max.)vs. 1.30% (actual)
Total Value Donated to Project	705,336.87	
<i>Amount per Lot Donated</i>	235,112.29	

Barnes Ask	195,125.32
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By-laws
Of
THISTLE FARMS, INC.

These By-laws are adopted this 17th day of November, 2002, amended the 19th day of October, 2004, and further amended the 21st day of October, 2015 and supersede all previous by-laws.

OFFICES

1. The principal office of Thistle Farms, Inc. (the "Corporation") shall be located at 5122 Charlotte Pike, Nashville, TN 37209-3347, and the Corporation shall have such other offices at such other places as the Board of Directors may from time to time specify or as the business of the Corporation may require.

SEAL

2. The Corporation shall not have a seal.

MEMBERS

3. The Corporation shall not have members.

DIRECTORS

4. The affairs of the Corporation shall be managed by the Board of Directors, and all of the powers of the Corporation shall be vested in the Board. The Board of Directors shall consist of no fewer than ten (10) and no more than twenty-one (21) individuals, as

the Board may from time to time determine, each of whom shall serve a three-year term and shall be eligible for re-election.

5. Term: The Directors shall be divided into three classes of Directors, with, to the extent possible, the same number of Directors in each class, so that the terms of the Directors are staggered. The Directors of each class shall be elected in the same year and for the same term. Each Director shall hold office for the term for which the person was elected and until his/her successor has been elected. Members shall be eligible for reelection for one additional term of three (3) years. Any member elected to fill an unscheduled vacancy shall be elected for the remaining portion of the scheduled term of that vacancy. Should that period of time be less than 2 years, such partial term will not constitute a term of office for purposes of reelection to the Board. At the end of a second term as a member of the Board of Directors, a person shall not be eligible for reelection for a period of at least one (1) year.

6. Election: Each person shall be elected as a Director by a majority vote of the Directors then serving.

7. Resignation of a Director. A Director may resign by tendering notice in writing to the President or CEO.

8. Removal of a Director. Any Director may be removed from office with or without cause by a majority of the then serving members of the Board of Directors. Any Director

who has been absent from three consecutive regular meetings of the Board is automatically removed but may be reinstated by a majority of the Directors in office.

9. An annual meeting of the Board of Directors shall be held in June. Regular meetings of the Board may be held without notice or upon such notice as shall from time to time be determined by the Board.

10. The Board of Directors shall hold its meetings at the principal office of the Corporation or at such other place or places as it may from time to time determine.

11. Special meetings of the Board may be called by the Chair or Vice Chair of the Corporation on two days' notice to each Director. Such notice may be in person or by mail, telephone, or electronic communication. Special meetings shall be called by the Chair or Vice Chair on the same notice at the request of any Director.

12. At all meetings of the Board, a majority of the total number of Directors then serving shall constitute a quorum for the transaction of business, and the action of a majority of the Directors present at any meeting at which a quorum is present shall be the action of the Board of Directors, except as may be otherwise specifically provided by statute, by the Charter of the Corporation, or by these By-Laws.

13. The Board of Directors shall keep a record of all proceedings, and these records and the books of the Corporation shall be kept at the principal office of the Corporation, with necessary books and records being kept at such place or places as the Board of

Directors may from time to time determine. All of the books and records shall be subject to inspection by any Director at any reasonable time of the day.

14. At all meetings of the Board of Directors, the Chair or Vice Chair, or in the absence of both a chair chosen by the Directors present, shall preside.

15. Directors shall not receive any salary or other remuneration for their services. Directors may be reimbursed for the ordinary, reasonable expenses incurred in the performance of their duties as members of the Board of Directors.

16. Vacancies on the Board shall be filled by election of the Board by a majority of the Directors then serving. Such election shall fill the remaining term of the individual whose place on the Board is filled.

ADVISORY BOARD

17. The Board of Directors may appoint an advisory board of directors with such responsibilities and composition as may be determined from time to time by the Board.

COMMITTEES

18. The Board of Directors, by resolution adopted by the Board, may designate such committees, as it deems necessary and delegate to such committees such authority, as it deems desirable.

19. Executive Committee. The Executive Committee shall consist of the Officers of the Corporation, the immediate past president, the Chairs of any then-existing

committees, which shall have been designated from time to time by the Board of Directors, and other such Directors the President deems necessary. Such committee shall have the power and responsibility to take any necessary action on behalf of the Corporation between meetings of the Board of Directors and majority vote of the members shall control. A majority of the members of the Committee shall constitute a quorum for the purpose of transacting business. Meetings of the Committee may be held by conference telephone call as long as a quorum is participating simultaneously. Any action taken by the Executive Committee shall be reported to the Board of Directors at its next meeting.

20. Ex Officio. Upon election by the Board of Directors, individuals, including but not limited to Thistle Farms employees, may serve as ex-officio members of the Board. Ex-officio members shall serve for a term of one year. All ex-officio members, including The Executive Director or the CEO shall sit with the board in all its deliberations except when in executive session.

OFFICERS

21. The officers of the Corporation shall consist of a Chair, Chair-Elect, Secretary/ Treasurer and may include such other officers as may be deemed necessary by the Board of Directors. The Chair shall be president of the Corporation. One person may hold any two or more of such offices except that the same person may not hold the offices of Chair and Secretary.

22. All officers shall be elected by the Board of Directors at its annual meeting and shall hold office for one year and thereafter until their successors are elected and qualified. The officers specifically enumerated in paragraph 15 shall be members of the Board of Directors except that the Treasurer need not be a member of the Board.

23. The officers of the Corporation shall exercise such powers and perform such duties as are specified in these By-Laws or are from time to time conferred by the Board of Directors.

24. Any officer may be removed from office at any time, with or without cause, by an affirmative vote of a majority of the entire Board of Directors.

25. Vacancies occurring in any office for any reason, including removal, shall be filled by the Board of Directors. Any officer elected to fill a vacancy shall hold office for the remainder of the unexpired term of the predecessor in that office and thereafter until his or her successor is elected and qualified.

26. In case of the absence of any officer of the Corporation, or for any other reason that the Board may deem sufficient, the Board may delegate, for any length of time, any of the powers and duties of such officer to any other officer or to any director, provided a majority of the entire Board concur therein.

THE CHAIR

27. The Chair shall preside at all meetings of the Board of Directors and shall see that all orders and resolutions of the Board are carried into effect. The Chair shall be a member of all committees.

CHAIR-ELECT

28. At the request of the Chair, or in the event of the Chair's absence or disability, the Chair Elect shall perform the duties and possess and exercise the powers of the Chair. The Chair Elect shall perform such others duties as the Board of Directors may from time to time prescribe.

SECRETARY

29. The Secretary shall attend all sessions of the Board and shall record all votes and minutes of all proceedings in a book to be kept for that purpose, and shall perform like duties for the standing committees when required. The Secretary shall give, or cause to be given, notice, as required, of all meetings of the Board of Directors and shall perform such other duties as may be prescribed by the Board of Directors. The Secretary may sign with the Chair or Vice Chair, in the name and on behalf of the Corporation, any contracts or agreements authorized by the Board of Directors, and shall, in general, perform all duties incident to the office of Secretary, subject to the control of the Board of Directors, and shall do and perform such other duties as maybe assigned by the Board of Directors.

TREASURER

30. The Treasurer shall have custody of the funds and securities of the Corporation and shall keep a full and accurate account of receipts and disbursements in books belonging to the Corporation, and shall deposit all money or other valuable effects in the name and to the credit of the Corporation in such depositories as maybe designated by the Board of Directors. The Treasurer shall render to the Chair and Directors at regular meetings of the Board, or whenever they may require it, an account of all transactions and the financial condition of the Corporation. The Treasurer shall sign all receipts and vouchers and, together with such other officer or officers, if any, as shall be designated by the Board of Directors, shall sign all checks of the Corporation and all promissory notes issued by the Corporation, except in cases where the signing and execution thereof shall be expressly designated by the Board of Directors or by these By-Laws to some other officer or agent of the Corporation.

INDEMNIFICATION

31. The Corporation shall indemnify and advance expenses to each Director of the Corporation, or any person who may have served at its request as a Director of another corporation, to the full extent allowed by the laws of the State of Tennessee, both as now in effect and as hereafter adopted. The Corporation may indemnify and advance expenses to any employee or agent of the Corporation who is not a Director to the same extent as to a Director, if the Board of Directors determines that to do so is in the best interests of the Corporation.

32. The indemnification and advancement of expenses provisions herein shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of the Charter, provision of these By-laws, resolution adopted by the shareholders, resolution adopted by the Board of Directors, agreement, insurance, purchased by the Corporation or otherwise, both as to action in his or her official capacity and as to action in another capacity.

33. The Corporation may maintain insurance, at its expense, to protect itself and any individual who is or was a Director, officer, employee or agent of the Corporation, or who, while a Director, officer, employee or agent of the Corporation, is or was serving at its request as a Director, officer, partner, trustee, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise against any expense, liability or loss whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the Tennessee Nonprofit Corporation Act, as it may be amended from time to time.

EXECUTIVE DIRECTOR AND OTHER AGENTS

34. The Board of Directors shall appoint an Executive Director or Chief Executive Officer (CEO) and such other agents of the Corporation as it considers appropriate. The Executive Director or CEO shall be responsible for the active management of the day-to-day affairs of the Corporation, with such powers and to perform such acts or duties on behalf of the Corporation as the Board of Directors may see fit, so far as may be consistent with these By-Laws, to the extent authorized or permitted by law.

CONTRACTS

35. The Board of Directors, except as in these By-Laws otherwise provided, may authorize any officer or agent to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to a specific instance; and unless so authorized by the Board of Directors, no officer, agent, or employee shall have any power or authority to bind the Corporation by any contract or engagement, or to pledge its credit, or render it liable pecuniarily for any purpose or to any amount.

AUDIT

36. The Board of Directors shall provide for an audit of the financial records of the Corporation each fiscal year.

FISCAL YEAR

37. The fiscal year of the Corporation shall be for twelve-month periods ending June 30 of each year.

PROHIBITION AGAINST SHARING IN CORPORATE EARNINGS

38. No Director, officer, or employee of, or member of a committee of, or person connected with the Corporation, or any other private individual shall receive at any time any of the net earnings or pecuniary profit from the operations of the Corporation; provided, that this shall not prevent the payment to any such person of reasonable compensation for services rendered to or for the Corporation in effecting any of its

purposes. No such person or persons shall be entitled to share in the distribution of any of the corporate assets upon the dissolution of the Corporation. Upon such dissolution or winding up of the affairs of the Corporation, whether voluntary or involuntary, the assets of the Corporation, after all debts have been satisfied, then remaining in the hands of the Board of Directors shall be distributed, in such amounts as the Board of Directors may determine or as may be determined by a court of competent jurisdiction upon application of the Board of Directors, exclusively to charitable, religious, scientific, literary, or education organizations which would then qualify under the provisions of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, and its Regulations as they now exist or as they may hereafter be amended.

DEPOSITORIES

39. The Board of Directors shall have the power to select depositories for the funds of the Corporation and power to direct the method and manner of signing checks, notes, and other instruments binding on the Corporation.

AMENDMENTS

40. These By-Laws may be amended by the affirmative vote of a majority of the members of the Board at any regular or special meeting provided that notice of the proposed amendment is contained in the notice of the meeting.

EXEMPT ACTIVITIES

41. Notwithstanding any other provision of these By-Laws, no Director, officer, employee, or representative of this Corporation shall take any action or carry on any activity by or on behalf of the Corporation not permitted to be taken or carried on by an organization exempt under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended, and its Regulations as they now exist or as they may hereafter be amended, or by an organization described in Sections 170(c)(2), 2055(a) and 2522(a) of such Code and Regulations as they now exist or as they may hereafter be amended.



STATE OF TENNESSEE
DEPARTMENT OF REVENUE

THISTLEFARMS
5122 CHARLOTTE PIKE
NASHVILLE TN 37209-3347

Effective Date: July 1, 2019
Expiration Date: June 30, 2023
Account No: 1000234581-SLC
Exemption No: 1839397888
Facility Address:
5122 CHARLOTTE PIKE
NASHVILLE TN 37209-3347

Exempt Organizations or Institutions
Sales and Use Tax Certificate of Exemption

This organization or institution qualifies for the authority to make sales and use tax exempt purchases of goods and services that it will use, consume or give away.

This authorization for exemption is limited to sales made directly to the referenced organization. This exemption certificate may not be used for sales made to individuals paying with personal checks or personal debit or credit cards, even if the individual is a representative or employee of the organization, and he or she will be reimbursed for the purchase. Sellers must refuse to accept the certificate when the sale is made to someone other than the organization.

This exemption certificate may not be used to make purchases without the payment of sales and use tax for other locations and may not be transferred to or used by any other person.

Seller's Name

Seller's Address (City & State)

I, Renee Wood, as an authorized representative of the taxpayer named above, affirm that the purchases qualify for the exemption and will be used at the location of the facility address referenced above. Under penalty of perjury, I affirm this to be a true and correct statement.

Renee Wood, Finance Director
Signature of Authorized Representative: Renee Wood
Date: 7/27/19

The supplier must maintain a copy of this document as evidence of the sales tax exemption.

THISTLE FARMS

LOVE HEALS

Thistle Farms is a nonprofit social enterprise dedicated to helping women survivors recover and heal from trafficking, prostitution, and addiction. We do this by providing a safe place to live, a meaningful job, and a lifelong community of support. We believe that love is the most powerful force for change in the world.

We live out our mission through three integrated paths:

1. Thistle Farms Residential Program:

Thistle Farms residential program offers survivors housing, individual case management, mental and physical healthcare, education, transportation, job skills training, and employment—all free of charge. Thistle Farms owns six homes that together house up to 24 women and supply office space for our residential staff. We are in the process of building an additional residence that will bring our total residential program capacity to 32. Our homes operate without 24 hour live-in staff, and rely on residents to create a supportive community, maintain recovery, and share household tasks. Our residential department also includes emergency services for women in our safe house as well as our therapeutic program within the Tennessee Prison for Women, Thistle on the Inside.

2. Thistle Farms Social Enterprises:

Thistle Farms operates three nationally recognized, market-competitive social enterprises—Body & Home, The Cafe at Thistle Farms, and Thistle Farms Global. The goal of each is to provide gateway jobs for those we serve as well as provide an entrepreneurial income stream for Thistle Farms. Our social enterprises employ 59 survivors and offer financial recovery in addition to physical and mental recovery, paying over \$2m in wages this past year. This aspect of our work is important, not only because of its clear goal of bringing individuals in need back to the dignity and productivity of employment, but because of our mission to transform women's lives.

3. Thistle Farms National Network:

A coordinated movement of survivors, customers, advocates, and communities who collaborate on innovative ways to deliver justice and challenge systems that commodify and abuse women. The Thistle National Network now includes 62 organizations with open residences based on Thistle Farms' holistic model, as well as 42 additional organizations in the start-up phase of development. We provide mentorship, intensive programmatic and social entrepreneurship support, and a referral network to survivor service organizations across the US. Together the survivor-centered network can house over 500 women across the country. Most recently, we have opened an office in Washington, DC that will focus on addressing public policy and advocacy efforts to help individuals negatively impacted by commercial sexual exploitation.

THISTLE FARMS

LOVE HEALS

According to data collected by Polaris, substance use disorder is the number one risk factor for sexual exploitation in the US. The Department of State's 2020 Trafficking in Persons Report identified the role addiction plays in human trafficking as "powerful and pervasive," increasing an individual's vulnerability to being trafficked, used as a means of coercion and control, and a strategy employed to cope with the trauma associated with being bought and sold. A recent roundtable discussion hosted by the National Trafficking Sheltered Alliance brought together experts and leaders in the field of anti-trafficking, and all participants unanimously agreed that the public health and economic crises associated with the pandemic allowed traffickers to capitalize on the chaos to increase exploitation. Furthermore, 71% of trafficking victims around the world are women and girls, an already marginalized demographic. On the local level, data compiled from the United States Census Bureau and Brookings Institution revealed that zip code 37208 (where a majority of our program participants live) not only has the highest incarceration rate in the country, but 66% of households live below the poverty line and receive supplemental benefits. In addition, 30% of the households in the area total annual income is below \$25,000. Clearly, the need for housing, recovery support, and increased access to economic opportunity is great.

Thistle Farms helps survivors of trafficking, prostitution, and addiction break the cycles of poverty, homelessness, and abuse by providing two full years of housing, healthcare, and on-the-job vocational training completely free of charge. Over 90% of residents have gone through short-term treatment programs only to relapse, return to the street, and be jailed again. The majority of women who come to Thistle Farms experienced sexual abuse beginning between ages 7 and 11, began alcohol/drug usage by age 13, and have endured one decade of commercial sexual exploitation. Current residents report spending 18 years on average on the streets and in active addiction, and 90% have been incarcerated. 99% have experienced homelessness, 24% a physical disability, and 38% report a chronic disease. 100% have incomes below poverty and 76% have a diagnosed mental illness. By providing a trauma-informed environment, Thistle Farms promotes the health practices and well-being needed to restore survivors' physical and psychological wholeness.

Upon entry into the program, each resident is immediately provided basic needs and creates an individualized recovery plan with milestones to meet for mental and physical health, sobriety, education, employment, and housing. Within the first 90 days, residents begin a job-readiness course designed specifically for survivors to give them the confidence and skills needed to successfully reenter the workforce. While in our residential program, residents receive training and employment at our social enterprises, ongoing recovery support, and trauma-informed care. Thistle Farms understands that when women survivors receive the comprehensive care needed to physically and mentally recover, reenter the workforce, and achieve financial independence, our community becomes safer, stronger, and more vibrant.

THISTLE FARMS, INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

As of and for the Years Ended June 30, 2021 and 2020

And Report of Independent Auditor

THISTLE FARMS, INC. AND SUBSIDIARIES

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Report of Independent Auditor

To the Board of Directors
Thistle Farms, Inc. and Subsidiaries
Nashville, Tennessee

We have audited the accompanying consolidated financial statements of Thistle Farms, Inc. and Subsidiaries (a nonprofit organization), which comprise the consolidated statements of financial position as of June 30, 2021 and 2020 and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Thistle Farms, Inc. and Subsidiaries as of June 30, 2021 and 2020, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Cherry Bekaert LLP

Nashville, Tennessee
October 29, 2021

THISTLE FARMS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 2,770,140	\$ 3,017,443
Unconditional promises to give, current	120,775	216,625
Accounts receivable, net	88,721	37,636
Inventories	706,741	551,920
Other current assets	<u>162,131</u>	<u>112,107</u>
Total Current Assets	3,848,508	3,935,731
Cash restricted for endowment	64,619	57,879
Beneficial interest in assets at Community Foundation of Middle Tennessee	114,221	96,765
Third mortgages receivable	20,000	20,000
Property and equipment, net	<u>5,494,917</u>	<u>4,266,370</u>
Total Assets	<u><u>\$ 9,542,265</u></u>	<u><u>\$ 8,376,745</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable and accrued expenses	\$ 466,569	\$ 394,152
Deferred trade revenue	97,339	39,373
Deferred government grant revenue	<u>695,578</u>	<u>695,500</u>
Total Current Liabilities	1,259,486	1,129,025
Unearned revenue on third mortgages	<u>20,000</u>	<u>20,000</u>
Total Liabilities	<u>1,279,486</u>	<u>1,149,025</u>
Net Assets:		
Without donor restrictions	6,533,214	5,692,825
With donor restrictions	<u>1,729,565</u>	<u>1,534,895</u>
Total Net Assets	<u>8,262,779</u>	<u>7,227,720</u>
Total Liabilities and Net Assets	<u><u>\$ 9,542,265</u></u>	<u><u>\$ 8,376,745</u></u>

THISTLE FARMS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenue and Support:			
Contributions	\$ 2,536,492	\$ 578,925	\$ 3,115,417
Product sales	3,143,039	-	3,143,039
Café sales	852,075	-	852,075
Government grants	778,160	-	778,160
Grants	458,250	-	458,250
In-kind	87,743	-	87,743
Other	71,214	-	71,214
Net assets released from restrictions	161,402	(161,402)	-
Total Operating Revenue and Support	<u>8,088,375</u>	<u>417,523</u>	<u>8,505,898</u>
Operating Expenses:			
Salaries, taxes, and benefits	3,356,126	-	3,356,126
Cost of sales	2,381,013	-	2,381,013
Other operating expenses	1,913,574	-	1,913,574
Total Operating Expenses before Depreciation	<u>7,650,713</u>	<u>-</u>	<u>7,650,713</u>
Change in net assets from operations before depreciation expense	437,662	417,523	855,185
Depreciation and amortization expense	672,313	-	672,313
Change in Net Assets from Operations	<u>(234,651)</u>	<u>417,523</u>	<u>182,872</u>
Nonoperating Revenue and Support:			
Contributions - capital	-	141,947	141,947
Contributions - endowment	-	6,740	6,740
Contributions - property and equipment	703,500	-	703,500
Net assets released from capital restrictions	371,540	(371,540)	-
Total Nonoperating Revenue and Support	<u>1,075,040</u>	<u>(222,853)</u>	<u>852,187</u>
Change in net assets	840,389	194,670	1,035,059
Net assets, beginning of year	5,692,825	1,534,895	7,227,720
Net assets, end of year	<u>\$ 6,533,214</u>	<u>\$ 1,729,565</u>	<u>\$ 8,262,779</u>

THISTLE FARMS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenue and Support:			
Contributions	\$ 2,837,107	\$ 147,200	\$ 2,984,307
Product sales	2,991,618	-	2,991,618
Café sales	860,001	-	860,001
Grants	738,500	-	738,500
In-kind	64,209	-	64,209
Other	38,767	3,160	41,927
Net assets released from restrictions	53,981	(53,981)	-
Total Operating Revenue and Support	<u>7,584,183</u>	<u>96,379</u>	<u>7,680,562</u>
Operating Expenses:			
Salaries, taxes, and benefits	3,124,211	-	3,124,211
Cost of sales	2,235,895	-	2,235,895
Other operating expenses	1,653,126	-	1,653,126
Total Operating Expenses before Depreciation	<u>7,013,232</u>	<u>-</u>	<u>7,013,232</u>
Change in net assets from operations before depreciation expense	570,951	96,379	667,330
Depreciation and amortization expense	601,724	-	601,724
Change in Net Assets from Operations	<u>(30,773)</u>	<u>96,379</u>	<u>65,606</u>
Nonoperating Revenue and Support:			
Contributions - capital	100,003	1,290,000	1,390,003
In-kind - capital	7,500	-	7,500
Net assets released from capital restrictions	50,000	(50,000)	-
Total Nonoperating Revenue and Support	<u>157,503</u>	<u>1,240,000</u>	<u>1,397,503</u>
Change in net assets	126,730	1,336,379	1,463,109
Net assets, beginning of year	5,566,095	198,516	5,764,611
Net assets, end of year	<u>\$ 5,692,825</u>	<u>\$ 1,534,895</u>	<u>\$ 7,227,720</u>

THISTLE FARMS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2021

	Program Services				Total Program Services	Supporting Services			Total Expenses
	Social Enterprise	Residential Services	National Network	Global Program		Management and General	Fundraising	Total Supporting Services	
Salaries, taxes, and benefits	\$ 1,405,826	\$ 476,630	\$ 279,412	\$ 77,495	\$ 2,239,363	823,818	\$ 292,945	\$ 1,116,763	\$ 3,356,126
Cost of sales - materials	1,176,293	-	-	-	1,176,293	-	-	-	1,176,293
Cost of sales - labor	925,800	-	-	-	925,800	-	-	-	925,800
Other program expenses	8,690	170,893	1,638	46,155	227,376	2,273	9	2,282	229,658
Legal and professional	82,830	24,044	42,936	9,711	159,521	52,639	7,328	59,967	219,488
Equipment and computer software	99,083	11,291	2,206	-	112,580	74,096	28,531	102,627	215,207
Rent and occupancy	92,941	35,001	13	-	127,955	32,631	15	32,646	160,601
Utilities and telephone	33,341	62,632	75	-	96,048	55,810	-	55,810	151,858
Cost of sales - fees	145,786	-	-	-	145,786	-	-	-	145,786
Repairs and maintenance	45,296	70,009	870	-	116,175	18,420	2,661	21,081	137,256
Contract labor	67,969	15,038	16,127	2,043	101,177	20,691	12,841	33,532	134,709
Cost of sales - shipping	133,134	-	-	-	133,134	-	-	-	133,134
Advertising and promotion	79,167	1,585	6,862	306	87,920	7,522	14,377	21,899	109,819
Mental health	-	93,096	-	-	93,096	-	-	-	93,096
In-kind expenses	4,808	60	361	-	5,229	361	82,153	82,514	87,743
Printing and supplies	25,845	3,038	2,720	576	32,179	9,989	29,188	39,177	71,356
Insurance	-	1,797	-	-	1,797	67,185	-	67,185	68,982
Travel, meals and entertainment	13,806	27,186	8,829	472	50,293	10,737	1,196	11,933	62,226
Medical	-	41,305	-	-	41,305	429	-	429	41,734
Miscellaneous	6,533	2,449	9,327	3,000	21,309	4,341	11,559	15,900	37,209
Dues, licenses, and fees	12,322	8,574	4,597	-	25,493	7,733	2,003	9,736	35,229
Interest and fees	470	-	-	-	470	5,283	17,255	22,538	23,008
Stipends	-	22,121	-	-	22,121	-	-	-	22,121
Research and development	12,228	-	46	-	12,274	-	-	-	12,274
Total Expenses before Depreciation	4,372,168	1,066,749	376,019	139,758	5,954,694	1,193,958	502,061	1,696,019	7,650,713
Depreciation and amortization	295,276	142,484	-	-	437,760	204,082	30,471	234,553	672,313
Total Expenses	\$ 4,667,444	\$ 1,209,233	\$ 376,019	\$ 139,758	\$ 6,392,454	\$ 1,398,040	\$ 532,532	\$ 1,930,572	\$ 8,323,026

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

THISTLE FARMS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2020

	Program Services				Total Program Services	Supporting Services			Total Expenses
	Social Enterprise	Residential Services	National Network	Global Program		Management and General	Fundraising	Total Supporting Services	
Salaries, taxes, and benefits	\$ 1,513,905	\$ 535,883	\$ 238,577	\$ 66,383	\$ 2,354,748	\$ 576,243	\$ 193,220	\$ 769,463	\$ 3,124,211
Cost of sales - materials	1,197,348	-	-	-	1,197,348	-	-	-	1,197,348
Cost of sales - labor	756,607	-	-	-	756,607	-	-	-	756,607
Program - other expenses	123,930	63,692	13,165	59,063	259,850	3,398	181	3,579	263,429
Professional and contract services	82,779	40,289	29,918	6,000	158,986	73,347	18,919	92,266	251,252
Advertising and marketing	116,140	4,189	27,692	1,245	149,266	9,189	19,961	29,150	178,416
General and administrative expenses	73,265	6,434	3,605	62	83,366	58,846	24,150	82,996	166,362
Cost of sales - fees and services	159,787	-	-	-	159,787	-	-	-	159,787
Cost of sales - shipping and freight	116,814	-	-	-	116,814	-	-	-	116,814
Repairs and maintenance	17,024	32,321	-	-	49,345	52,968	-	52,968	102,313
Travel, meals, and entertainment	17,760	15,863	18,545	19,284	71,452	13,375	4,744	18,119	89,571
Utilities	35,288	31,640	-	-	66,928	19,765	-	19,765	86,693
Program - mental health expenses	-	74,025	-	-	74,025	-	-	-	74,025
In-kind expenses	-	-	-	-	-	-	71,709	71,709	71,709
Insurance	-	-	-	-	-	62,500	-	62,500	62,500
Phone and internet	8,649	23,455	-	-	32,104	24,169	-	24,169	56,273
Program - medical expenses	46	40,344	-	-	40,390	104	23	127	40,517
Printing and copying	5,625	53	315	-	5,993	315	32,281	32,596	38,589
Miscellaneous	8,186	11,610	974	225	20,995	4,947	822	5,769	26,764
Dues, licenses, and fees	15,035	317	2,018	-	17,370	5,684	1,356	7,040	24,410
Professional development	4,849	11,049	2,306	-	18,204	2,400	900	3,300	21,504
Credit card and bank fees	1,889	-	-	-	1,889	1,678	14,901	16,579	18,468
Research and development	15,875	5	158	112	16,150	31	36	67	16,217
Program - graduate investment matching	-	14,727	-	-	14,727	-	-	-	14,727
Program - food and household supplies	-	13,837	-	-	13,837	-	-	-	13,837
Program - resident stipends	-	12,224	-	-	12,224	-	-	-	12,224
Taxes	6,493	-	-	-	6,493	1,709	-	1,709	8,202
Event fees	5,329	557	335	-	6,221	195	723	918	7,139
Bad debt expense	6,085	-	-	-	6,085	-	247	247	6,332
Cost of sales - printing	5,339	-	-	-	5,339	-	-	-	5,339
Interest	-	-	-	-	-	1,653	-	1,653	1,653
Total Expenses before Depreciation	4,294,047	932,514	337,608	152,374	5,716,543	912,516	384,173	1,296,689	7,013,232
Depreciation and amortization	283,025	106,184	-	-	389,209	181,592	30,923	212,515	601,724
Total Expenses	\$ 4,577,072	\$ 1,038,698	\$ 337,608	\$ 152,374	\$ 6,105,752	\$ 1,094,108	\$ 415,096	\$ 1,509,204	\$ 7,614,956

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

THISTLE FARMS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ 1,035,059	\$ 1,463,109
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Noncash contribution of property and equipment	(703,500)	-
Contributions restricted for long-term purposes	(141,947)	(1,390,003)
Depreciation	672,313	601,724
Change in beneficial interest in assets	(17,456)	1,840
Provision for bad debts	-	6,332
Change in operating assets and liabilities:		
Accounts receivable	(51,085)	(1,840)
Unconditional promises to give	237,797	(49,768)
Inventories	(154,821)	55,732
Other current assets	(50,024)	(310)
Accounts payable and accrued expenses	72,417	192,165
Deferred trade revenue	57,966	-
Deferred government grant revenue	78	692,464
Net cash flows from operating activities	<u>956,797</u>	<u>1,571,445</u>
Cash flows from investing activities:		
Purchases of property and equipment	<u>(1,197,360)</u>	<u>(269,331)</u>
Net cash flows from investing activities	<u>(1,197,360)</u>	<u>(269,331)</u>
Cash flows from financing activities:		
Contributions restricted for long-term purposes	<u>-</u>	<u>1,240,003</u>
Net cash flows from financing activities	<u>-</u>	<u>1,240,003</u>
Change in cash and cash equivalents	(240,563)	2,542,117
Cash and cash equivalents, beginning of year	3,075,322	533,205
Cash and cash equivalents, end of year	<u>\$ 2,834,759</u>	<u>\$ 3,075,322</u>
Cash and cash equivalents consist of the following:		
Cash and cash equivalents	\$ 2,770,140	\$ 3,017,443
Cash restricted for endowment	64,619	57,879
	<u>\$ 2,834,759</u>	<u>\$ 3,075,322</u>
Supplemental disclosure of cash flow information:		
Noncash donation of property and equipment	<u>\$ 703,500</u>	<u>\$ -</u>

THISTLE FARMS, INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

Note 1—Nature of organization and summary of significant accounting policies

Nature of Organization – Thistle Farms, Inc. and Subsidiaries (the “Organization”) is a nonprofit corporation, organized in the state of Tennessee in 1993. Its mission is to heal, empower, and employ women survivors of trafficking, prostitution, and addiction by providing safe and supportive housing, the opportunity for economic independence, and a strong community of advocates and partners.

The Organization operates from facilities located in Nashville, Tennessee and attracts its participants and its support primarily from the Middle Tennessee area. The Organization is supported primarily by contributions from the general public, Thistle Farms product sales, Café sales, and fundraising events.

The following program services are provided by the Organization:

Social Enterprise – Residents and graduates of our residential program are often employed in one of our social enterprises. Here the women can learn new job skills and make a living wage to support themselves. Body & Home, Thistle Farms’ largest nonprofit social enterprise, creates natural bath and body products and has grown into a national brand that sells a variety of product lines. Everything we produce is hand poured in small batches by women survivors, using pure essential oils to promote wellness and healing. The Café at Thistle Farms is a restaurant and special event space located at the heart of the Thistle Farms campus. With a produce-driven, full-service menu, the Café serves locally-sourced breakfast, lunch, and Nashville’s only daily tea service. In addition, the Café at Thistle Farms offers an array of options and services for special events.

Residential Services – Our two-year residential program is based in Nashville, Tennessee. We are able to house up to 26 residents at a time in a therapeutic setting that offers women survivors a peaceful place where they can experience transformative, sustainable recovery through two years of rent-free housing, healthcare, counseling, employment, and community building. When entering the program, our residents help create their own personalized plan for their healthcare and therapeutic needs. For the first four to six months, residents focus on recovery, attending group meetings, medical appointments, individual therapy, and other educational courses. While in the program, women are also eligible for our savings program that provides a match of resident’s savings per year. After two years in the residential program, women become candidates for graduation, a celebratory event that takes place each spring. And after graduation, many women continue working in Thistle Farms’ social enterprises and often move into full-time and supervisory positions. Others take the skills they have acquired and find work in the community. We also offer a program within the Tennessee Prison for Women called Thistle on the Inside, that allows women to begin their healing journey within prison walls. Women in this program receive education and group therapy that, upon release, eases their transition into one of our residential homes. The new Safe House provides physical and emotional safety, while we work to find long-term housing and resources for women to continue their healing journey. We provide food, hygiene supplies, medical care, mental health services, and chemical dependency support with dignity and respect for the women.

National Network – The Thistle Farms National Network is comprised of like-minded organizations committed to connecting survivors of prostitution, trafficking, and addiction to hope, healing, and empowerment. To date, over 100 organizations throughout the country have programs based on Thistle Farms’ model of recovery; 64 of these organizations have residential programs to house women survivors, while the other half are in the early stages of development.

THISTLE FARMS, INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

Note 1—Nature of organization and summary of significant accounting policies (continued)

Global Program – Thistle Farms Global addresses trafficking, trauma and extreme poverty through an aligned network of artisan survivor justice enterprises supporting women’s dignity and economic freedom. This model is designed to increase the value of artisans in the market chain through increased percentage of sales and access to a global community of support including mentoring, workshops, business development, as well as product and brand development. With the support and sales generated through Thistle Farms Global, partner enterprises can hire more women, increase wages, and reinvest in their communities.

The Organization has established a wholly-owned subsidiary, Magdalene Homes, LLC, to construct residential housing for graduates of its program.

Principles of Consolidation – The consolidated financial statements include the accounts and activities of Thistle Farms, Inc. and Magdalene Homes, LLC. All significant intercompany accounts and transactions have been eliminated in consolidation. Magdalene Homes, LLC was dormant during the years ended June 30, 2021 and 2020.

Basis of Presentation – The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed stipulations.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time and net assets subject to donor-imposed stipulations that they be maintained in perpetuity by the Organization. Generally, the donors of assets to be held in perpetuity permit the Organization to use all or part of the income earned and any related investments for general or specific purposes. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

Cash and Cash Equivalents – For purposes of the consolidated statements of cash flows, the Organization considers all cash and related short-term investments with original maturities of three months or less to be cash equivalents.

Unconditional Promises to Give – Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor restrictions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. The Organization uses the allowance method to determine uncollectible unconditional promises to give.

Other Receivables – Other receivables represent amounts due from government grants and other miscellaneous balances owed to the Organization.

Inventories – Inventories consisting primarily of bath and home products and related raw materials are stated at the lower of cost or market. Cost is determined by the first-in, first-out method.

THISTLE FARMS, INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

Note 1—Nature of organization and summary of significant accounting policies (continued)

Property and Equipment – Property and equipment are recorded at cost or, if donated, at the estimated fair market value at the date of donation. Depreciation is provided using the straight-line basis over the estimated useful lives of the respective assets, which range from three to thirty-nine years. Expenditures for repairs and maintenance are charged to expense as incurred. Amortization of leasehold improvements is computed using the straight-line method over the shorter of the remaining lease term or the estimated useful lives of the improvements.

Income Taxes – The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation. Therefore, no provision for income taxes has been made.

In-Kind Contributions – The Organization records various types of in-kind support. Contributions of tangible assets are recognized at fair value when received. The amounts reflected in the accompanying financial statements as in-kind contributions are typically offset by like amounts included in expenses, except for contributions of property and equipment.

Contributed professional services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The Organization receives contributed time from volunteers which does not meet this recognition criteria. Accordingly, the value of this contributed time has not been determined and is not reflected in the accompanying financial statements.

Functional Allocation of Expenses – The costs of providing programs and supporting services have been summarized on a functional basis in the consolidated statement of functional expenses. Expenses that relate to more than one function are allocated among applicable functions on the basis of objectively evaluated financial and nonfinancial data or reasonable subjective methods determined by management. Expenses that have been allocated consist primarily of salaries and related expenses and depreciation.

Use of Estimates – The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Advertising Costs – The cost of advertising is expensed when incurred. Advertising and promotion expense amounted to \$146,104 and \$96,689 during the years ended June 30, 2021 and 2020, respectively.

Shipping and Handling Costs – Shipping billed to customers is considered an offset to the related cost of sales of shipping.

Endowment Funds – U.S. GAAP states that a nonprofit organization should classify the portion of a donor-restricted endowment fund that is not restricted in perpetuity by the donor or by law as net assets with donor restrictions (time restricted) until it is appropriated for expenditure and donor-imposed purpose restrictions, if any, are met. When the purpose restrictions, if any, on the portion of donor-restricted endowment funds are met and the appropriation has occurred, net assets with donor restrictions are reclassified to net assets without donor restrictions. The guidance also requires additional disclosures applicable to all nonprofit organizations.

THISTLE FARMS, INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

Note 1—Nature of organization and summary of significant accounting policies (continued)

Those disclosures provide: a) a description of an organization's policies for making appropriations for expenditures from endowment funds (i.e., the organization's endowment spending policies), b) a description of an organization's investment policies for endowment funds, c) a description of an organization's endowment by net asset class at the end of the period in total and by type of endowment fund, d) a reconciliation of the beginning and ending balances of endowment funds in total and by net asset class, and e) a description of an organization's interpretation of the laws underlying the net asset classification of donor-restricted endowment funds.

New Accounting Pronouncements – In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers (Topic 606)*. ASU 2014-09 clarifies the principles for recognizing revenue and develops a common revenue standard under U.S. GAAP under which an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. During the year ended June 30, 2021, the Organization adopted ASU 2014-09 using the modified retrospective approach and determined there was no cumulative effect adjustment. (See Note 2.)

Future Pronouncements – In February 2016, FASB issued ASU 2016-02, *Leases*. The standard requires all leases with lease terms over 12 months to be capitalized as a right of use asset and lease liability on the statement of financial position at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the statement of activities. This standard will be effective for the fiscal year ending June 30, 2023. The Organization is currently in the process of evaluating the impact of adoption of this ASU on the consolidated financial statements.

Note 2—Revenue recognition

Effective July 1, 2020, the Organization adopted Topic 606, which requires an entity to recognize revenue when it transfers the promised goods or services to a customer in an amount that reflects consideration to which the entity expects to be entitled to in exchange for those goods and services. As disclosed in Note 1, the Organization adopted Topic 606 using the modified retrospective method, which recognizes the cumulative effect of initial adoption as of the effective date to net assets. There was no impact to net assets as of July 1, 2020 as a result of the adoption of Topic 606.

The Organization recognizes revenue for services in accordance with the following five steps outlined in ASC 606:

- Identification of the contract or contracts with a customer.
- Identification of the performance obligations in the contract.
- Determination of the transaction prices.
- Allocation of the transaction price to the performance obligations in the contract.
- Recognition of revenue when or as the Organization satisfies a performance obligation.

The Organization has analyzed the provisions of Topic 606 and has concluded the following:

Contract Balances – Net accounts receivable related to exchange transactions were \$28,043 and \$36,561 as of June 30, 2021 and 2020, respectively. Deferred revenue was \$97,339 and \$39,373 as of June 30, 2021 and 2020, respectively.

THISTLE FARMS, INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

Note 2—Revenue recognition (continued)

Accounts receivable consist of amounts due from product sales to retailers and are presented net of an allowance for doubtful accounts. Management evaluates the collectability of accounts receivable based primarily on the length of time the receivables are past due, historical experience, and an individual customer's ability to meet their financial obligations. When it has been determined to be probable that an account is uncollectible, the Organization recognizes an allowance for doubtful accounts. However, actual accounts receivable write-offs might differ from management's estimate. The allowance for doubtful accounts included in accounts receivable, net totaled \$7,702 and \$11,310, respectively, at June 30, 2021 and 2020.

Deferred trade revenue represents cash received in advance of the fulfillment of sales orders. Such revenues will be recognized in the subsequent year. Also included in unearned revenue is an amount related to the future redemption of gift cards sold to customers. Such revenue will be recognized when redeemed by the customer.

Sales of Products – Sales of product and Café goods are recognized at the time of delivery to the customer and when collectability is reasonably assured. Such revenue is included in product and Café sales in the accompanying consolidated statements of activities. Revenue is recorded net of estimated and actual sales adjustments in the same period the related revenues are recorded or when current information indicates additional allowances are required. These estimates are based on the Organization's historical experience, specific customer information and current economic conditions.

Performance Obligations – A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account under Topic 606. The transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. The Organization's contracts with customers do not typically include multiple performance obligations.

Variable Consideration – The Organization's contracts with customers do not result in contract modifications. The Organization offers immaterial discounts to its customers, which it nets with total sales in the accompanying consolidated statements of activities. The discounts offered by the Organization are fixed, and are recognized at the point in time that the sale occurs.

Payment Terms – The Organization's payment terms vary by the type of products offered. The time between invoicing and when payment is due is not significant. The Organization's contracts with customers do not generally result in significant obligations associated with returns, refunds, or warranties. Revenue is recognized net of taxes collected from customers, which are subsequently remitted to governmental authorities.

Contract Costs – The Organization does not recognize any assets associated with the incremental costs of obtaining a contract with a customer (for example, a sales commission) that the Organization expects to recover. Most revenue is recognized at a point-in-time or over a period of one year or less, and the Organization uses the practical expedient that allows the Organization to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that would have otherwise been recognized is one year or less.

Practical Expedients and Exemptions – There are several practical expedients and exemptions allowed under Topic 606 that impact timing of revenue recognition and disclosures. The Organization applied a practical expedient in the adoption and application of ASC 606 allows the Organization to elect to treat similar contracts as part of a portfolio of contracts. The contracts have the same provision terms and management has the expectation that the result will not be materially different from the consideration of each individual contract.

THISTLE FARMS, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

Note 2—Revenue recognition (continued)

Disaggregation of Revenue – The table below depicts the disaggregation of revenue by product type for the years ended June 30, 2021 and 2020, and is consistent with how the Organization evaluates financial performance.

	<u>2021</u>	<u>2020</u>
Product sales:		
Body & Home	\$ 2,634,084	\$ 2,522,658
Global retail	508,955	468,960
Café sales	<u>852,075</u>	<u>860,001</u>
	<u>\$ 3,995,114</u>	<u>\$ 3,851,619</u>

Note 3—Liquidity

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities of providing programs and services to help heal and employ women survivors as well as conduct of services undertaken to support those activities to be general expenditures. The Organization maintains a line of credit with maximum borrowings of \$600,000 (see Note 5) with a financial institution that is drawn upon during the year to manage cash flow, if needed.

As a part of the Organization’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following at June 30:

	<u>2021</u>	<u>2020</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 2,770,140	\$ 3,017,443
Unconditional promises to give, current	120,775	216,625
Accounts receivable, net	<u>88,721</u>	<u>37,636</u>
Total financial assets	<u>2,979,636</u>	<u>3,271,704</u>
Less amounts not available to be used for general expenditures within one year:		
Purpose and time restrictions	120,775	140,251
Capital Campaign Expansion Phase II	<u>1,010,832</u>	<u>1,240,000</u>
Financial assets not available to be used within one year	<u>1,131,607</u>	<u>1,380,251</u>
Financial assets available to meet general expenditures within one year	<u>\$ 1,848,029</u>	<u>\$ 1,891,453</u>

THISTLE FARMS, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Note 4—Property and equipment

Property and equipment consist of the following at June 30:

	<u>2021</u>	<u>2020</u>
Land and buildings	\$ 6,575,155	\$ 4,933,369
Leasehold improvements	805,177	795,896
Furniture, fixtures, and equipment	1,067,076	900,033
Vehicles	145,986	100,486
Capitalized software	120,615	111,165
Construction in progress	40,522	12,723
	<u>8,754,531</u>	<u>6,853,672</u>
Less accumulated depreciation	<u>(3,259,614)</u>	<u>(2,587,302)</u>
	<u>\$ 5,494,917</u>	<u>\$ 4,266,370</u>

Note 5—Line of credit

The Organization has a line of credit agreement with a financial institution that allows for maximum borrowings of \$600,000. The line of credit agreement matures on November 5, 2021. The line of credit is secured by certain real estate and bears interest at the prime rate. The line of credit requires monthly interest payments. No amounts were outstanding at June 30, 2021 and 2020.

Note 6—Net assets with donor restrictions

Net assets with donor restrictions consist of the following at June 30:

	<u>2021</u>	<u>2020</u>
Contributions received for Capital Campaign Expansion Phase II	\$ 1,010,832	\$ 1,090,000
Grants	419,118	73,626
Endowment	145,315	138,575
Unconditional promises to give		
due in future periods - operating and programmatic	120,775	66,625
Earnings on endowment funds	33,525	16,069
Unconditional promises to give due in future periods - capital	-	150,000
	<u>\$ 1,729,565</u>	<u>\$ 1,534,895</u>

THISTLE FARMS, INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Note 7—Donated materials and services

The Organization received in-kind contributions as follows during the years ended June 30:

	<u>2021</u>	<u>2020</u>
Capital campaign	\$ 703,500	\$ 7,500
Legal and professional	81,818	63,909
Other	5,925	300
	<u>\$ 791,243</u>	<u>\$ 71,709</u>

During the year ended June 30, 2021, the Organization received a donation consisting of land and building. The property was valued at \$655,000 based on local appraisals. This is included in the capital campaign amount above and in the contributions of property and equipment reflected on the consolidated statement of activities. The Organization intends to use this property for housing certain of its program participants in the near term. The donor made no stipulations regarding the use of this property.

Note 8—Magdalene Homes, LLC

Magdalene Homes, LLC, was organized on April 1, 2004, as a Tennessee limited liability company and is owned 100% by Thistle Farms, Inc. for the purpose of purchasing real estate and building residential homes for graduates of its program. During the year ended June 30, 2008, the construction of two homes was completed and the homes were sold to former Magdalene residents. The sales price of the two homes included unearned revenue for third mortgages of \$20,000. Unearned revenue on third mortgages represents the non-interest bearing third mortgage loans held by the Organization related to these homes. The homeowners were required to sign a third mortgage for the difference between the estimated fair market value of the home, and the balance of other mortgages at the transfer date. The Organization does not foresee collection of the third mortgage loans except in the event of sale, refinance, or other transfer of the home by the owner.

Note 9—Concentrations

The Organization maintains its cash in bank accounts that at times may exceed federally insured limits. The Organization has not experienced any losses in such accounts. Deposits are insured by the Federal Deposit Insurance Corporation. Management believes the Organization is not exposed to any significant credit risk on cash. Uninsured balances at June 30, 2021 and 2020 totaled approximately \$2,512,000 and \$2,818,000, respectively. Management of the Organization deposits cash funds in quality financial institutions to mitigate the risk of exposure.

The Organization also receives a significant amount of its support from contributions and grants. During the years ended June 30, 2021 and 2020, contributions from one donor represented approximately 24% and 23%, respectively, of contributions from individuals, corporations, and capital campaign donors. This same donor contributed approximately 71% of the Organization's capital campaign funding during the year ended June 30, 2020. Similarly, pledges receivable from three and five donors represented approximately 92% of pledges receivable (unconditional promises to give) at June 30, 2020.

THISTLE FARMS, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

Note 10—Endowment

Net assets with donor restrictions consist of contributions whose principal is to be held in perpetuity in accordance with terms prescribed by the donors. The income from contributions to be held in perpetuity is expendable to provide maintenance on a resident home. Net assets to be held in perpetuity totaled \$145,315 and \$138,575 at June 30, 2021 and 2020, respectively.

The Organization has interpreted the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) as requiring that the Organization classify as net assets with donor restrictions: a) the original value of donor-restricted gifts to the endowment, b) the original value of subsequent donor-restricted gifts to the endowment, and c) accumulations (interest, dividends, and capital gain/loss) to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the endowment fund is classified as net assets with donor restrictions until those amounts are approved for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policies of the Organization

Endowment net asset composition by type of fund at June 30, 2021 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds including unappropriated earnings	<u>\$ -</u>	<u>\$ 178,840</u>	<u>\$ 178,840</u>

Endowment net asset composition by type of fund at June 30, 2020 is as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds including unappropriated earnings	<u>\$ -</u>	<u>\$ 154,644</u>	<u>\$ 154,644</u>

THISTLE FARMS, INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

Note 10—Endowment (continued)

Changes in endowment net assets for the year ended June 30, 2021 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ -	\$ 154,644	\$ 154,644
Contributions for endowment	-	6,740	6,740
Grant disbursement	-	(5,100)	(5,100)
Investment return	-	22,556	22,556
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 178,840</u>	<u>\$ 178,840</u>

Changes in endowment net assets for the year ended June 30, 2020 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ -	\$ 155,909	\$ 155,909
Contributions for endowment	-	575	575
Grant disbursement	-	(5,000)	(5,000)
Investment return	-	3,160	3,160
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 154,644</u>	<u>\$ 154,644</u>

The Organization has contributed approximately \$81,000 of its endowment assets to be held at the Community Foundation of Middle Tennessee. The remainder of the endowment assets is comprised of cash held by the Organization. The Organization does not have a formal investment and spending policy for its endowment assets.

Note 11—Related party transactions

The Organization receives voluntary contributions, gift-in-kind donations, and volunteer labor from various board members and their companies throughout the year.

Note 12—Retirement plan

During 2019, the Organization created a retirement plan covering substantially all employees. The Organization makes matching contributions up to 4% of compensation for employees who have contributed to the plan. The Organization made a contribution of \$79,357 and \$73,838 to the plan during the years ended June 30, 2021 and 2020, respectively.

THISTLE FARMS, INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

Note 13—Lease commitments

The Organization leases certain warehouse space under noncancelable operating leases. Future minimum lease payments under noncancelable leases at June 30, 2021 are as follows:

Years Ending June 30,

2022	\$ 104,127
2023	81,213
2024	81,395
2025	81,152
2026	81,061
Thereafter	13,555
	<u>\$ 442,503</u>

Total rental expense for the years ended June 30, 2021 and 2020 was approximately \$138,000 and \$134,000, respectively.

During the year ended June 30, 2021, the Organization began leasing one of its properties to an unrelated third party for \$1,400 monthly. This leasing arrangement extends through August 2022.

Note 14—Capital campaign

During the year ended June 30, 2020, the Organization began a capital campaign in order to amplify the Organization's impact through several initiatives. Such initiatives include expanding the residential program by increasing housing for the women served, promoting national awareness and sales growth, and strengthening systems infrastructure. These goals indicated a need for the Organization to raise approximately \$2,000,000. As of June 30, 2021, this goal was substantially met.

Note 15—Deferred grant revenue

During the year ended June 30, 2020, the Organization received a loan under the Paycheck Protection Program ("PPP") in the amount of \$695,500, which was established under the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act") and administered by the Small Business Administration ("SBA"). PPP loans are considered conditional contributions under ASC 958-605, *Not-for Profit Entities - Revenue Recognition*. The loan must be repaid if the Organization does not overcome certain barriers within the CARES Act. The barriers under the program include the requirement to maintain employee headcount, spend up to 60% of the loan proceeds on certain payroll and employee benefits, and restricts other loan proceeds to be used for other qualifying expenses such as mortgage interest, rent, and utilities. The Organization deferred recognition of grant revenue for the year ended June 30, 2020, because the conditions for forgiveness had not yet been substantially met. In December 2020, the PPP loan of \$695,500, plus accrued interest, was fully forgiven by the SBA and was recognized in government grants within the consolidated statement of activities for the year ended June 30, 2021.

Under the same terms and requirements, the Organization received a second PPP loan in the amount of \$695,578, which was established by the CARES Act and administered by the SBA. The Organization has deferred recognition of grant revenue for the year ended June 30, 2021, because the conditions for forgiveness have not yet been substantially met.

THISTLE FARMS, INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

Note 16—Uncertainty

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a global pandemic which continues to spread throughout the world and has adversely impacted global commercial activity and contributed to significant declines and volatility in the financial markets. The coronavirus outbreak and government responses are creating disruptions and adversely impacting many industries. The rapid development and fluidity of this situation precludes any prediction as to the ultimate material, adverse impact of the coronavirus outbreak. Nevertheless, the outbreak presents uncertainty and risk with respect to the Organization, its performance, and its financial results.

Note 17—Subsequent events

In accordance with U.S. GAAP related to subsequent events, the Organization has evaluated events subsequent to the statement of financial position date of June 30, 2021 through October 29, 2021, which is the date these financial statements were available to be issued and has determined there are no subsequent events that require disclosure other than as follows:

In August 2021, the Organization closed on the purchase of undeveloped property on which the Organization plans to construct affordable housing units for graduates of its programs. This property was purchased for \$190,000.

In August 2021, the Organization entered into a lease for 20,000 square feet of warehouse and office space. This lease term extends through July 2031 and stipulates monthly payments beginning at \$15,184 (\$182,200 annually) with 3% annual increases thereafter.