

**GRANT CONTRACT 2025-15-H4H  
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 as further defined in the "SCOPE OF PROGRAM." Habitat for Humanity will be developing **27** affordable housing units located at **0 Rural Hill Rd.** The Recipient's grant budget is incorporated herein by reference. 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 **40-year term** ("Affordability Period"). 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 described in the Scope of Work, which is incorporated herein and attached hereto as Attachment A, and any of its amendments 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 the work scope outlined in Attachment A. These funds shall be expended consistent with the Grant Budget, included in Attachment B. Although some variation in line-item amounts for the Grant is consistent with the Grant Budget, any change greater than 20% of a draw category shall require the prior written approval of the Metro Housing Director. However, in no event will the total amount of the Grant funds provided to Recipient go above the Grant Award amount of **\$4,500,000**.
- 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.
- A.5. Recipient will allow Metro or a Metro-approved contractor to conduct on-site inspections of the grantee for compliance Barnes program requirements.

A.6. Requirements for Homeownership Projects:

- a. Recipient shall ensure that initial homeowners are income eligible. Income eligibility is determined and documented at the time a prospective homebuyer enters into a program agreement with the Recipient. Income- eligible is defined as households with incomes at or below 80% of the Area Median Income (AMI) based on actual household size. The AMI is established annually by the U.S. Department of Housing and Urban Development, and Recipient shall follow the AMI in effect at the time of purchase.
- b. Sales prices should be affordable to households with incomes at 80% AMI adjusted for household size. Should the project include the creation of a Homeowners Association ("HOA"), Recipient shall ensure that the sales prices of the homes and HOA fees combined are affordable to households with incomes at 80% AMI.
- c. In the event the home is sold during the Affordability Period, the Recipient must assist the seller in finding a qualified buyer who meets the income requirements provided herein.
- d. At a minimum, Recipient shall undertake marketing and outreach and housing stability efforts and implement application criteria as specified in Recipient's grant application.
- e. Recipient must provide pre- and post-purchase counseling as specified in the Recipient's grant applications, which is incorporated herein.
- f. At least annually during the Affordability Period, Recipient shall remind homeowners of the resale limitations placed upon the property.

A.7. Property Standards

- a. All projects must meet all applicable state and local codes, rehabilitation standards (if applicable), ordinances and zoning requirements and mitigate disaster impact, as applicable, per state and local codes, ordinances, etc.
- b. Recipient must incorporate all Universal Design elements specified in Recipient's grant application, which are incorporated herein.
- c. Recipient must incorporate, at a minimum, all energy efficiency, and sustainability practices and standards specified in Recipient's grant application, which are incorporated herein.

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.

- B.2. Contract Extensions. Recipient must notify Barnes Fund staff at least ninety (90) days prior to contract expiration of its request to extend the contract term. Each additional contract term cannot exceed twelve (12) months. Contract extensions must be approved by the Metropolitan Trust Fund Commission and the Metro Council.
- B.3. Contract Completion: The Contract Completion date is the date in which Metro has paid the final invoice.

C. PAYMENT TERMS AND CONDITIONS:

- C.1. Maximum Liability. In no event shall the maximum liability of Metro under this Grant Contract exceed **FOUR MILLION FIVE HUNDRED THOUSAND DOLLARS (\$4,500,000)** "Grant Award". The Grant Budget, attached and incorporated herein as part of Attachment B, details the project budget, and the Grant Award 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.
- 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**

1) **Construction Grant Draw Schedule**

- Recipient shall submit draw requests in accordance with the Draw Schedule provided in Attachment C. Changes to the Draw Schedule shall require an amendment to the Grant Contract.
- Before a draw can be made, there must be a physical inspection of the Project by Metro or an approved designee unless otherwise specified in the Draw Schedule. The inspection must confirm appropriate completion of the Project.

2) **Construction Grant Draw Process**

- Recipient must submit draw requests in the form and according to the directions provided by Metro.
- All invoices shall be sent to: **bfpayments@nashville.gov**
- 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 project completion in conjunction with the submission of the final draw on the award. 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. It should detail the outcomes of the activities funded under this Grant Contract.
  - 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. Procurement. 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 is funded in part by the Barnes Affordable Housing Trust Fund of the Metropolitan Government of Nashville & Davidson County.  
Metropolitan Housing Trust Fund Commission  
Freddie O'Connell, 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 Recipient 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 Recipient. 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 during the term of the contract and throughout the affordability period. 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. Recipient will be required to provide annual progress reports no later than July 15 of each year. The progress report should summarize activity that occurred during the previous fiscal year (July 1 – June 30). Said report shall be in a form provided by Metro. In addition, Recipient shall submit a Close-out Expenditure and Narrative Report as provided in section C.4 above detailing the outcome of the

activities funded under this Grant Contract.

- 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. Recipient'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 Recipient 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:

Metropolitan Housing Trust Fund Commission / Barnes Housing Trust Fund  
Planning Department – Housing Division  
PO Box 196300  
Nashville, TN 37219  
[BarnesFund@nashville.gov](mailto:BarnesFund@nashville.gov)

Recipient:

Habitat for Humanity  
Danny Herron, President and CEO  
414 Harding Pl, Suite 100, Nashville, TN 37211  
615-254-4663  
[dherron@habitatnashville.org](mailto: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.



THE METROPOLITAN GOVERNMENT OF  
NASHVILLE AND DAVIDSON COUNTY:

APPROVED AS TO PROGRAM SCOPE:

Peter Westerholm  
Peter Westerholm, Chair  
Metropolitan Trust Fund Commission

APPROVED AS TO AVAILABILITY OF  
FUNDS:

Jenneen Reed, 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:

Habitat for Humanity

By: Michael

Title: President

Sworn to and subscribed to before me a  
Notary Public, this 25<sup>th</sup> day of August,  
2025.

[Notary Public seal]



Notary Public

Lucile Houseworth

My Commission expires 07/06/2026



### Barnes Housing Trust Fund Scope of Work

**Funding Round Number:** 15

**Organization Name:** Habitat for Humanity

**Project Location:** 0 Rural Hill Rd. Antioch

**Project Type:** Homeownership

**Grant Award:** \$4,500,000

**Metro Property Award:** N/A

**Total Number of Units:** 27

**Total Number of Barnes Fund Units by Income Target:**

≤ 30% AMI	31-60% AMI	61-80% AMI	Total
0	3	24	27

**Project Summary:** Bella Terra 27 represents the second and final phase of a new 53-home affordable housing development in Antioch. This phase will deliver 27 ENERGY STAR® Certified single-family homes, to be constructed in 2027 by Habitat for Humanity. These homes will be sold to income-qualified homebuyers earning at or below 80% of the Area Median Income (AMI). The entire Bella Terra community is being developed in two phases, with 26 homes in Phase 1 scheduled for construction in 2026. All homes in Phase 2 will be subject to long-term resale restrictions to ensure lasting affordability and to preserve the community's affordable housing stock for future generations. Bella Terra 27 builds upon Habitat's mission to create sustainable, homeownership-centered neighborhoods that promote stability and opportunity for low- to moderate-income families.



## Barnes Housing Trust Fund Grant Budget

Spring 2027 and Fall 2027 Bella Terra Builds (27 lots)					
Cost Category	Project Budget	Barnes Request	% of Barnes Request by Cost Category	Barnes Usage per Lot	Number of Lots
acquisition	\$764,154.00	-	-	-	-
predevelopment costs	\$2,462,287.42	\$1,125,000.00	25.00%	\$41,666.67	27
construction	\$4,094,280.00	\$2,205,000.00	49.00%	\$81,666.67	27
downpayment assistance	\$270,000.00	\$270,000.00	6.00%	\$10,000.00	27
construction admin	\$1,080,000.00	-	-	-	-
homebuyer education	\$270,000.00	-	-	-	-
dev fee	\$900,000.00	\$900,000.00	20.00%	\$33,333.33	27
TOTAL	\$9,840,721.42	\$4,500,000			
		45.73%			

**Grant Sources and Uses Template**  
**Habitat for Humanity of Greater Nashville**  
**Bella Terra Project - Budget for the 27 Homes in this request**

Sources of Funds	Amount	Percentage of Total	Status (Secured/Pending)		
Frist Foundation	\$1,769,988.00	17.99%	Secured		
Joe C Davis Foundation	\$75,600.00	0.77%	Secured		
Pinnacle Bank	\$90,000.00	0.91%	Secured		
SHOP 2024	\$40,000.00	0.41%	Pending (w/ conditional approval)		
THDA HTF	\$69,750.00	0.71%	Pending		
FHLB AHP	\$230,000.00	2.34%	Pending		
MDHA HOME	\$820,000.00	8.33%	Pending		
Sponsorships	\$1,890,000.00	19.21%	Pending		
Habitat Operating Budget	\$355,383.42	3.61%	Pending		
Barnes Housing Trust Fund Round 15	\$4,500,000.00	45.73%	Pending		
Total Sources	\$9,840,721.42				
Total Project Costs	Amount for 22 Bedroom Homes	3- Amount for 5 Bedroom Homes	4- Amount for 5 Bedroom Homes	Total	Percentage of Total Cost
Acquisition Costs	\$622,644.00		\$141,510.00	\$764,154.00	7.77%
Predevelopment Costs					
Planning and Zoning	\$11,000.00		\$2,500.00	\$13,500.00	0.14%
Engineering	\$88,000.00		\$20,000.00	\$108,000.00	1.10%
Permitting and Approvals	\$26,400.00		\$6,000.00	\$32,400.00	0.33%
Surveys/Assessments/Appraisal	\$3,520.00		\$800.00	\$4,320.00	0.04%
Demolition	-		-	-	0.00%
Site Preparation	-		-	-	0.00%
Erosion Control	\$44,049.81		\$10,011.32	\$54,061.13	0.55%
Grading	\$493,962.26		\$112,264.15	\$606,226.42	6.16%
Storm Drainage	\$165,461.17		\$37,604.81	\$203,065.98	2.06%
Water	\$370,286.98		\$84,156.13	\$454,443.11	4.62%
Sewer	\$447,194.42		\$101,635.09	\$548,829.51	5.58%
Paving and Curbs Base	\$197,535.51		\$44,894.43	\$242,429.94	2.46%



Electrical Conduit	\$158,898.11	\$36,113.21	\$195,011.32	1.98%
Total	\$2,006,308.26	\$455,979.15	\$2,462,287.42	25.02%
Construction Costs				
Vertical Construction	-	-	-	-
Demolition	-	-	-	-
Contingency	-	-	-	-
Footer/Foundation	\$398,219.13	\$103,735.09	\$501,954.22	5.10%
Framing	\$591,088.70	\$153,977.13	\$745,065.83	7.57%
Electrical	\$240,813.87	\$62,731.41	\$303,545.29	3.08%
Plumbing	\$295,544.92	\$76,988.71	\$372,533.63	3.79%
Roofing	\$197,029.94	\$51,325.81	\$248,355.75	2.52%
HVAC	\$264,000.00	\$60,000.00	\$324,000.00	3.29%
Drywall/Insulation	\$207,975.93	\$54,177.21	\$262,153.14	2.66%
Paint/Stain	\$109,459.82	\$28,514.01	\$137,973.84	1.40%
Windows/Doors	\$98,514.97	\$25,662.90	\$124,177.88	1.26%
Floor Coverings	\$109,459.82	\$28,514.01	\$137,973.84	1.40%
Cabinets	\$110,000.00	\$25,000.00	\$135,000.00	1.37%
Brick/Siding	\$235,340.88	\$61,305.71	\$296,646.59	3.01%
Appliances	\$66,000.00	\$15,000.00	\$81,000.00	0.82%
Decks/Porches	\$35,200.00	\$8,000.00	\$43,200.00	0.44%
Side Walks/Driveways	\$187,000.00	\$42,500.00	\$229,500.00	2.33%
Landscaping	\$66,000.00	\$15,000.00	\$81,000.00	0.82%
Utility Hookups	\$13,200.00	\$3,000.00	\$16,200.00	0.16%
Fees	\$44,000.00	\$10,000.00	\$54,000.00	0.55%
Total	\$3,268,848.00	\$825,432.00	\$4,094,280.00	41.61%
Other / Soft Costs				
Homebuyer Education	\$220,000.00	\$50,000.00	\$270,000.00	2.74%
Construction Admin	\$880,000.00	\$200,000.00	\$1,080,000.00	10.97%
Developer Fee	\$733,333.33	\$166,666.67	\$900,000.00	9.15%
Downpayment assistance	\$220,000.00	\$50,000.00	\$270,000.00	2.74%
Total	\$2,053,333.33	\$466,666.67	\$2,520,000.00	25.61%







### Barnes Housing Trust Fund Draw Schedule

The following percentages are based on the Barnes Fund grant award.

Draw #	% of Grant	Milestone
1*	25%	Site Work - \$1,125,000.00 to be drawn upon invoice documentation of costs incurred
2*	49%	Construction Costs - \$2,205,000.00 to be drawn upon building permits and invoice documentation of costs incurred.
3	6%	Homebuyer Subsidy - \$270,000.00 to be drawn upon sale of properties, documented by home buyer closing disclosure and Certificate of Eligibility.
4*	20%	Developer Fee - \$900,000.00 to be drawn upon receipt of a Final Use & Occupancy letter (100% complete) from Metro Codes for each unit.

**\*Note:** Draws 1, 2, and 4 must be inspected by Metro or a third-party inspector contracted with Metro prior to the release of funds. All draw requests require documentation and are paid on a reimbursable basis.



**Required Documents**

The following are required items pursuant to Metropolitan Code 5.04.070:

1. A copy of the nonprofit's corporate charter or other articles, constitution, bylaws, or instruments of organization;
2. A copy of a letter from the Internal Revenue Service evidencing the fact that the organization is a nonprofit, tax-exempt organization under the Internal Revenue Code of 1986, as amended;
3. A statement of the nature and extent of the organization's program that serves the residents of the metropolitan government;
4. The proposed use of the funds to be provided by the metropolitan government (Provided in Attachment A);
5. The proposed budget of the organization, indicating all sources of funds and a line-item identification of the proposed expenditure of metropolitan government funds (Provided in Attachment B);
6. A copy of the nonprofit's annual audit or other required financial documentation described in Metro Code subsection 5.04.070(E).



THE BOARD OF DIRECTORS OF THE COMPANY, INCORPORATED IN THE STATE OF CALIFORNIA, DO HEREBY CERTIFY THAT THE FOLLOWING IS A TRUE AND CORRECT COPY OF THE CHARTER OF THE COMPANY, AS AMENDED TO DATE OF THE DATE OF THE SIGNATURE OF THE PRESIDENT AND SECRETARY OF THE COMPANY, AND THAT THE SAME IS THE ONLY CHARTER OF THE COMPANY ON FILE WITH THE SECRETARY OF THE STATE OF CALIFORNIA.

ADOPTED AND APPROVED BY THE BOARD OF DIRECTORS OF THE COMPANY, INCORPORATED IN THE STATE OF CALIFORNIA, ON THIS 15TH DAY OF JANUARY, 2010.

SIGNED AND DELIVERED IN PRESENCE OF THE BOARD OF DIRECTORS OF THE COMPANY, INCORPORATED IN THE STATE OF CALIFORNIA, ON THIS 15TH DAY OF JANUARY, 2010.

SIGNED AND DELIVERED IN PRESENCE OF THE BOARD OF DIRECTORS OF THE COMPANY, INCORPORATED IN THE STATE OF CALIFORNIA, ON THIS 15TH DAY OF JANUARY, 2010.

SIGNED AND DELIVERED IN PRESENCE OF THE BOARD OF DIRECTORS OF THE COMPANY, INCORPORATED IN THE STATE OF CALIFORNIA, ON THIS 15TH DAY OF JANUARY, 2010.

SIGNED AND DELIVERED IN PRESENCE OF THE BOARD OF DIRECTORS OF THE COMPANY, INCORPORATED IN THE STATE OF CALIFORNIA, ON THIS 15TH DAY OF JANUARY, 2010.

**AMENDED AND RESTATED CHARTER  
OF  
NASHVILLE AREA HABITAT FOR HUMANITY, INC.**

RECEIVED  
STATE OF TENNESSEE

2011 FEB 22 PM 2:08

LEE HARGETT  
SECRETARY OF STATE

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 Nashville Area Habitat for Humanity, Inc.
2. This corporation is a public benefit corporation.
3. The street address of the registered office of the corporation is 1006 Eighth Avenue South, Nashville, Davidson County, Tennessee 37203, 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 1006 Eight Avenue, South, Nashville, Davidson County, Tennessee 37203.
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 January 22, 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 22<sup>nd</sup> day of January, 2011

NASHVILLE AREA HABITAT FOR HUMANITY, INC.

By:   
Name: Jack F. King, Jr.  
Title: Chairman

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JRE HARGETT  
SECRETARY OF STATE



**AMENDED AND RESTATED CHARTER  
OF  
NASHVILLE AREA HABITAT FOR HUMANITY, INC.**

RECEIVED  
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2011 DEC 13 PM 2:12  
IRE HARGETT  
SECRETARY OF STATE

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 Nashville Area Habitat for Humanity, Inc.
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.

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STATE OF TENNESSEE  
2011 DEC 13 PM 2:12

SECRETARY OF STATE  
KATE HARGETT

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 29th day of November, 2011

NASHVILLE AREA HABITAT FOR HUMANITY, INC.

By: \_\_\_\_\_

Name: Jack F. King, Jr.

Title: Chairman



State of Tennessee



Department of State

Corporate Filings

312 Rosa L. Parks Avenue  
6<sup>th</sup> Floor, William R. Snodgrass Tower  
Nashville, TN 37243

ARTICLES OF AMENDMENT  
TO THE CHARTER  
(Nonprofit)

FILED

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2011 DEC 13 PM 2:12

TRE HARGETT  
SECRETARY OF STATE

Corporate Control Number (If Known) 153863

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:

Nashville Area Habitat for Humanity, Inc.

If changing the name, insert the new name on the line below:

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: 2950 Kraft Drive Suite 100 Nashville TN 37204  
(Street) (City) (State/County) (Zip Code)

b. Registered agent: \_\_\_\_\_

c. Registered address: 2950 Kraft Drive Suite 100 Nashville TN 37204  
(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 11/28/11 (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.

President & Chief Executive Officer

Signer's Capacity

Signature

Date

12/13/2011

Danny J. Herron

Name of Signer (typed or printed)



State of Tennessee



Department of State

Corporate Filings

312 Rosa L. Parks Avenue

6<sup>th</sup> Floor, William R. Snodgrass Tower

Nashville, TN 37243

ARTICLES OF AMENDMENT  
TO THE CHARTER  
(Nonprofit)

For Office Use Only

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STATE OF TENNESSEE

2011 FEB 22 PM 2:03

TRE HARGETT  
SECRETARY OF STATE

FILED

Corporate Control Number (If Known) 153863

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:

Nashville Area Habitat for Humanity, Inc.

If changing the name, insert the new name on the line below:

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:

(Street)

(City)

(State/County)

(Zip Code)

b. Registered agent: Danny J. Herron

c. Registered address:

(Street)

(City)

(State/County)

(Zip Code)

d. Other changes: See Article II Section 7

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 January 22, 2011

(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.

CEO/President

Signer's Capacity

Signature

Danny J. Herron

Name of Signer (typed or printed)

Date

February 21, 2011

SS-4416

Filing Fee: \$20

RDA 1678

Exhibit A





**STATE OF TENNESSEE**  
**Tre Hargett, Secretary of State**  
Division of Business Services  
William R. Snodgrass Tower  
312 Rosa L. Parks AVE, 6th FL  
Nashville, TN 37243-1102

NASHVILLE AREA HABITAT FOR HUMANITY, INC.  
SUITE 100  
2950 KRAFT DRIVE  
NASHVILLE, TN 37204

December 13, 2011

### Filing Acknowledgment

Please review the filing information below and notify our office immediately of any discrepancies.

**Control # : 153863**      Status: Active  
Filing Type: Corporation Non-Profit - Domestic

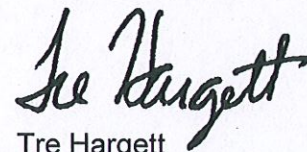
#### Document Receipt

Receipt # : 576209	Filing Fee:	\$20.00
Payment-Check/MO - Nashville Area Habitat for Humanity, NASHVILLE, TN		\$20.00

Amendment Type: Articles of Amendment      Image # : 6965-1689  
Filed Date: 12/13/2011 2:12 PM

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: Cynthia Dunn

Field Name	Changed From	Changed To
Principal Address 1	1006 8TH AVE SOUTH	2950 KRAFT DR STE 100
Principal Postal Code	37203	37204
Registered Agent Physical Address 1	1006 8TH AVE S	2950 KRAFT DR STE 100
Registered Agent Physical Postal Code	37203-4722	37204

AMENDED AND RESTATED

Bylaws  
of  
Habitat for Humanity of Greater Nashville

**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* ("*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 is to assist families and individuals 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.** There shall be a Directors Nominating Committee of the Board of Directors, consisting of the Outgoing/Past Chairman, the Incoming/Current Chairman, and the Incoming/Current Vice Chairman. Successors to members of the Board of Directors shall be elected by the Board currently in office, as approved and recommended by the Directors Nominating Committee. 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.

**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, place and format 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, time and format 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. The format of the meetings may be in person or by telephone conference or by video conference pursuant to Section 9 herein.

**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, place and format 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, by facsimile transmission, by electronic mail 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) three (3) 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) if transmitted by facsimile transmission or electronic mail, such notice shall be deemed to have been given (whether or not actually received) on the day it is transmitted; provided, however, that any notice via facsimile transmission or electronic mail received after 5:00 p.m. Nashville time shall be deemed for the purpose of this Section to have been given on the next business day.

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 term of the Past Chairman, Chairman and/or Vice Chairman can be automatically extended beyond the end of the second, three (3) year term to allow completion of service through the role of 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. CEO Compensation and Leadership Succession Committee.** There shall be a CEO Compensation and Leadership Succession Committee consisting of the elective Officers of the Corporation and chaired by the Secretary. The CEO Compensation and Leadership Succession Committee shall recommend the compensation of the CEO on at least an annual basis, and shall guide Leadership Succession planning as needed to ensure continuity of the affairs of the organization.

**Section 7. 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, as may be approved by the Board of Directors, and consist of such persons, whether Directors or others, and each committee shall perform such functions as may be lawfully assigned to it by the Board of Directors.

**Section 8. 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 9. Telephone and Video Conference 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, video conference 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 10. 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 10 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 10 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 10 shall have the effect of a meeting vote and may be described as such in any document.

This Section 10 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 11. 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 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 including, but not limited to, the execution of deeds, purchase or sale contracts, and other documents in connection with the purchase or conveyance of real property or other assets 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 in conjunction with 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 September 26, 2024**

**By Habitat for Humanity of Greater Nashville Board of Directors  
Laura Smith, Chair**

Signature: Laura Smith

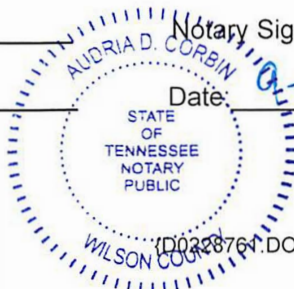
Date: 9.27.2024

By: Laura Smith

Title: Board Chair

Notary Signature: Audria D. Corbin

Date: 9-27-24







**IRS** 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  
58-1636286 000000 00

00020535  
BODC: TE

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](http://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).

**Exhibit A**

4077350282  
Nov. 06, 2017 LTR 4168C 0  
58-1636286 000000 00  
00020536

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

**Statement of the nature and extent of Habitat for Humanity of Greater Nashville's program  
that serves the residents of the metropolitan government**

**June 16, 2025**

Habitat for Humanity of Greater Nashville ("Nashville Habitat") is dedicated to its mission of bringing people together to build homes, communities, and hope. Habitat is a developer, home builder, educator, mortgage banker, and local employer. Established in 1985, Nashville Habitat has continually focused on building high-quality, energy-efficient, affordable homes, sold to individuals who meet the qualifications and complete the rigorous homeownership program, financed with a 0% mortgage loan originated by Habitat. The Habitat program creates a transformation that shares, lifts, and inspires, evolving from engaging partnerships with corporate, faith, entertainment, foundation, and government entities. Additionally, Habitat operates a social enterprise, the ReStore, providing employment, volunteering, shopping and donating opportunities, with net proceeds reinvested in the Habitat mission in the local community. Although Habitat Nashville serves a 5-county area in Middle Tennessee, our primary impact is in Davidson County, given our 40 years of service here, as outlined below.

**Developer/Homebuilder**

Nashville Habitat develops homeownership communities, building and selling affordable homes to people with incomes at or below 80% AMI. Nashville Habitat purchases vacant land throughout Davidson County to develop into building lots for affordable single-family homes, **providing approximately 26 families a year to purchase and own their own affordable home in Davidson County.** Once developed, the property's value increases along with the metropolitan government's base for property taxes paid by homeowners. Homes are built to Universal Design standards and are sustainable from the ground up, with Habitat having earned 14 consecutive ENERGY STAR® awards for building excellence.

**Homeownership and Homeowners**

Thanks to the generosity of local, state, and federal partners, including the Barnes Fund, along with contributions from businesses, faith communities, and individual supporters, **Nashville Habitat has helped over 910 families including a total of nearly 3,100 family members achieve homeownership in Davidson County, TN since inception in 1985.** Habitat homes are not free. Habitat homes are sold to individuals and families with a 0% APR mortgage originated by Habitat, made possible through the support of our funding partners and volunteer corps. Davidson County Habitat homeowners in aggregate pay property taxes of approximately \$1.5 million annually.

Habitat's impact resonates throughout metropolitan Davidson County, as its homeownership opportunities touch the lives of individuals who hold jobs in a wide variety of fields critical to our dynamic city, including teachers, school bus drivers, other government employees, healthcare aides, hospitality workers, musicians, and countless others who are vital to the community but struggle to keep up with rising housing costs.

### **Educator**

Future Habitat homeowners must apply for Habitat's homeownership program, meet income qualifications, attend education classes, and work with their sponsor(s) and volunteers to build their homes. Future homeowners also volunteer at the Habitat ReStore, explained below.

The Habitat homeownership program includes 200 hours of classroom education and volunteer work to prepare homebuyers for successful homeownership. The classroom topics span from financial lessons using FDIC's MoneySmart program to topics including budgeting, home maintenance, and the legal aspects of homeownership. **This up-front education helps to position Habitat homeowners for long-term homeownership success, as evidenced by Habitat Nashville's delinquency rate which routinely runs below 3%.**

### **Retailer**

Habitat ReStores sell new and gently used building supplies and home furnishings to the public across 3 locations, **The reuse benefit of the ReStore saves more than 1,500 tons of materials from city landfills annually.** Nashville's ReStore is celebrating its 20<sup>th</sup> anniversary this year and its 8<sup>th</sup> year in its own building at the intersection of Nolensville Pike and Harding Place. In 2017, Nashville Habitat purchased a former Kmart location which had been vacant for 4 years and renovated it, contributing to the redevelopment of the Nolensville Road corridor. The Nashville ReStore has over 30,000 square feet of shopping space and generates \$ 3 million in annual sales.

### **Employer**

Habitat Nashville employs over 60 people in Davidson County year-round. Employees work in a variety of jobs in the ReStore, at the build sites and in the central office. **Habitat Nashville has recently joined Nashville Living Wage and follows the associated pay practices, offering a minimum wage of \$19.20 per hour.**

# **HABITAT FOR HUMANITY OF GREATER NASHVILLE**

## **FINANCIAL STATEMENTS**

*As of and for the Years Ended June 30, 2024 and 2023*

*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

### Opinion

We have audited the accompanying financial statements of Habitat for Humanity of Greater Nashville (“Habitat”) (a nonprofit organization), which comprise the statements of financial position as of June 30, 2024 and 2023, 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 present fairly, in all material respects, the financial position of Habitat as of June 30, 2024 and 2023, 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 audits 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 Habitat and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe 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 Habitat’s ability to continue as a going concern within one year after the date 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 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 Habitat'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 Habitat'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.

*Cherry Bekaert LLP*

Tysons, Virginia  
December 9, 2024

# HABITAT FOR HUMANITY OF GREATER NASHVILLE

## STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2024 AND 2023

	2024	2023
<b>ASSETS</b>		
Cash and cash equivalents, including escrow accounts of \$254,500 and \$287,821, respectively	\$ 10,422,872	\$ 13,119,974
Grants receivable	2,911,683	1,293,038
Sponsor and other receivables, net of allowance of \$85,030 and \$70,978, respectively	715,406	128,655
Inventory - ReStores and other	1,169,702	854,761
Construction-in-progress - new homes	6,070,887	3,950,259
Land held for development	10,176,842	7,610,406
Mortgage notes receivable, net of discounts of \$29,081,359 and \$26,813,359, respectively	37,579,754	34,625,415
New Markets Tax Credit intangible assets, net	55,533	90,094
New Markets Tax Credit joint venture investment	2,307,652	2,307,652
New Markets Tax Credit joint venture cash	36,787	50,556
Right-of-use assets	487,815	363,251
Other assets	441,965	343,918
Property and equipment, net	14,111,728	11,465,768
<b>Total Assets</b>	<b>\$ 86,488,626</b>	<b>\$ 76,203,747</b>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 3,654,621	\$ 2,728,872
Deferred revenue	2,207,572	2,896,165
Escrow accounts	2,445	33,831
Notes payable, secured by mortgages, net of unamortized discount	20,424,401	18,486,618
Note payable, secured by real property	8,976,618	5,526,754
Notes payable, unsecured	398,507	329,986
New Markets Tax Credit joint venture note payable, net of issuance costs	3,134,336	3,127,529
Lease liabilities	501,281	370,122
Unearned revenue on mortgage loans	4,283,166	4,296,348
<b>Total Liabilities</b>	<b>43,582,947</b>	<b>37,796,225</b>
Net Assets:		
Net assets without donor restrictions	25,718,926	23,196,012
Net assets with donor restrictions	17,186,753	15,211,510
<b>Total Net Assets</b>	<b>42,905,679</b>	<b>38,407,522</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 86,488,626</b>	<b>\$ 76,203,747</b>

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

# HABITAT FOR HUMANITY OF GREATER NASHVILLE

## STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:			
Transfers to homeowners	\$ 8,777,640	\$ -	\$ 8,777,640
Grant income	4,607,973	175,000	4,782,973
Contributions	3,545,268	688,947	4,234,215
ReStore sales	3,613,536	-	3,613,536
Mortgage loan discount amortization	1,543,269	-	1,543,269
Contribution from discount on notes payable issued	-	2,365,079	2,365,079
Other income	979,314	-	979,314
Contributions of nonfinancial assets	4,207,736	-	4,207,736
Interest income	416,334	-	416,334
New Markets Tax Credit investment income	23,192	-	23,192
	27,714,262	3,229,026	30,943,288
Net assets released from restrictions	1,253,783	(1,253,783)	-
Total Support and Revenue	28,968,045	1,975,243	30,943,288
Expenses:			
Program services	23,791,758	-	23,791,758
Supporting services	2,653,373	-	2,653,373
Total Expenses	26,445,131	-	26,445,131
Change in net assets	2,522,914	1,975,243	4,498,157
Net assets, beginning of year	23,196,012	15,211,510	38,407,522
Net assets, end of year	\$ 25,718,926	\$ 17,186,753	\$ 42,905,679

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

# HABITAT FOR HUMANITY OF GREATER NASHVILLE

## STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:			
Transfers to homeowners	\$ 5,561,950	\$ -	\$ 5,561,950
Grant income	3,276,137	31,500	3,307,637
Contributions	3,957,742	172,657	4,130,399
ReStore sales	3,556,346	-	3,556,346
Mortgage loan discount amortization	1,447,206	-	1,447,206
Contribution from discount on notes payable issued	-	1,802,866	1,802,866
Other income	431,646	-	431,646
Contributions of nonfinancial assets	3,688,802	-	3,688,802
Interest income	327,930	-	327,930
New Markets Tax Credit investment income	23,192	-	23,192
	22,270,951	2,007,023	24,277,974
Net assets released from restrictions	1,013,360	(1,013,360)	-
Total Support and Revenue	23,284,311	993,663	24,277,974
Expenses:			
Program services	18,546,469	-	18,546,469
Supporting services	2,637,718	-	2,637,718
Total Expenses	21,184,187	-	21,184,187
Change in net assets	2,100,124	993,663	3,093,787
Net assets, beginning of year	21,095,888	14,217,847	35,313,735
Net assets, end of year	\$ 23,196,012	\$ 15,211,510	\$ 38,407,522

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

# HABITAT FOR HUMANITY OF GREATER NASHVILLE

## STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2024

	Program Services					Supporting Services			
	Construction	Homeowner Support and Educational Ministries	Discounts on Mortgage Originations	ReStore Operations	Total Program Services	Fundraising	Management and General	Total Supporting Services	Total
Construction costs - new homes	\$ 7,713,254	\$ -	\$ -	\$ -	\$ 7,713,254	\$ -	\$ -	\$ -	\$ 7,713,254
Salaries and related expenses	1,168,751	861,625	-	2,090,491	4,120,867	1,035,394	506,108	1,541,502	5,662,369
Mortgage discounts	-	-	3,823,431	-	3,823,431	-	-	-	3,823,431
Costs of ReStore sales	-	-	-	3,459,895	3,459,895	-	-	-	3,459,895
Interest and discount amortization	955,046	13,841	-	68,711	1,037,598	26,028	44,333	70,361	1,107,959
Contribution to Parkwood Collaboration	865,678	-	-	-	865,678	-	-	-	865,678
Office expenses	91,240	106,821	-	325,577	523,638	117,735	81,529	199,264	722,902
Depreciation	92,181	33,230	-	213,991	339,402	65,807	23,603	89,410	428,812
Legal and professional	238,859	19,043	-	3,492	261,394	35,527	117,521	153,048	414,442
Down payment and mortgage assistance	-	314,500	-	-	314,500	-	-	-	314,500
Other	11,123	68,601	-	37,645	117,369	11,716	54,263	65,979	183,348
Taxes and insurance	67,408	18,633	-	128,648	214,689	31,306	9,295	40,601	255,290
Small tools and equipment	62,941	1,274	-	143,445	207,660	19,736	1,166	20,902	228,562
Repairs and maintenance	90,880	5,152	-	39,380	135,412	11,878	4,349	16,227	151,639
Lease expense	85,113	109	-	184,706	269,928	3,473	76	3,549	273,477
Travel, meals, and entertainment	15,724	3,553	-	16,376	35,653	81,614	27,358	108,972	144,625
Recruiting and training	10,651	3,325	-	13,231	27,207	84,616	20,442	105,058	132,265
Bank and credit card fees	25,395	1,380	-	65,306	92,081	14,263	12,247	26,510	118,591
Tithe to Habitat International	99,761	-	-	-	99,761	-	-	-	99,761
Vehicle expenses	38,560	654	-	48,247	87,461	5,204	-	5,204	92,665
Printing and public relations	1,350	5,146	-	8,811	15,307	59,901	-	59,901	75,208
Advertising	956	637	-	19,156	20,749	39,023	392	39,415	60,164
Sponsor and volunteer appreciation	3,147	25	-	5,652	8,824	31,865	1,560	33,425	42,249
New Markets Tax Credit amortization	-	-	-	-	-	-	34,561	34,561	34,561
Special events	-	-	-	-	-	39,484	-	39,484	39,484
	\$ 11,638,018	\$ 1,457,549	\$ 3,823,431	\$ 6,872,760	\$ 23,791,758	\$ 1,714,570	\$ 938,803	\$ 2,653,373	\$ 26,445,131

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



# HABITAT FOR HUMANITY OF GREATER NASHVILLE

## STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2023

	Program Services					Supporting Services			
	Homeowner Support and Educational Construction	Discounts on Mortgage Originations	ReStore Operations	Total Program Services		Fundraising	Management and General	Total Supporting Services	Total
Construction costs - new homes	\$ 5,898,332	\$ -	\$ -	\$ -	\$ 5,898,332	\$ -	\$ -	\$ -	\$ 5,898,332
Costs of ReStore sales	-	-	-	3,409,909	3,409,909	-	-	-	3,409,909
Salaries and related expenses	1,022,133	746,848	-	1,762,029	3,531,010	1,080,431	547,605	1,628,036	5,159,046
Mortgage discounts	-	-	2,509,111	-	2,509,111	-	-	-	2,509,111
Interest and discount amortization	852,949	11,408	-	30,212	894,569	12,160	49,167	61,327	955,896
Depreciation	93,100	41,031	-	155,408	289,539	55,434	21,627	77,061	366,600
Office expenses	70,386	67,264	-	197,086	334,736	90,411	50,690	141,101	475,837
Travel, meals, and entertainment	13,533	2,727	-	23,553	39,813	58,884	29,701	88,585	128,398
Repairs and maintenance	54,415	11,542	-	61,909	127,866	11,711	6,024	17,735	145,601
Contribution to Parkwood Collaboration	392,900	-	-	-	392,900	-	-	-	392,900
Other	9,924	27,798	-	81,588	119,310	19,864	44,524	64,388	183,698
Small tools and equipment	69,351	-	-	106,174	175,525	2,507	119	2,626	178,151
Legal and professional	154,460	8,442	-	264	163,166	6,106	162,407	168,513	331,679
Lease expense	21,060	299	-	50,000	71,359	2,900	172	3,072	74,431
Printing and public relations	354	1,789	-	8,912	11,055	105,537	113	105,650	116,705
Taxes and insurance	59,511	25,619	-	96,363	181,493	28,822	11,667	40,489	221,982
Recruiting and training	14,956	2,109	-	11,703	28,768	61,995	16,604	78,599	107,367
Tithe to Habitat International	166,476	-	-	-	166,476	-	-	-	166,476
Bank and credit card fees	17,997	-	-	62,870	80,867	9,308	11,670	20,978	101,845
Vehicle expenses	48,892	601	-	48,640	98,133	8,383	-	8,383	106,516
Sponsor and volunteer appreciation	4,306	225	-	964	5,495	22,727	105	22,832	28,327
Advertising	3,932	800	-	12,305	17,037	25,107	675	25,782	42,819
New Markets Tax Credit amortization	-	-	-	-	-	-	34,560	34,560	34,560
Special events	-	-	-	-	-	48,001	-	48,001	48,001
	<u>\$ 8,968,967</u>	<u>\$ 948,502</u>	<u>\$ 2,509,111</u>	<u>\$ 6,119,889</u>	<u>\$ 18,546,469</u>	<u>\$ 1,650,288</u>	<u>\$ 987,430</u>	<u>\$ 2,637,718</u>	<u>\$ 21,184,187</u>

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

# HABITAT FOR HUMANITY OF GREATER NASHVILLE

## STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 4,498,157	\$ 3,093,787
Adjustments to reconcile change in net assets to net cash flows used in operating activities:		
Contribution of land held for development	-	(61,000)
Contribution from discount on notes payable issued	(2,365,079)	(1,802,866)
Transfers to homeowners	(4,639,709)	(3,052,839)
Depreciation and amortization	463,373	401,159
Bad debt expense	14,983	17,052
Gain on disposal of property and equipment	(680,153)	-
Noncash lease expense	18,954	16,663
Mortgage loan discount amortization	(1,543,269)	(1,447,205)
Amortization of discount on notes payable and issuance costs	944,488	855,749
New Markets Tax Credit investment income allocation	(23,192)	(23,192)
Changes in operating assets and liabilities:		
Grants receivable	(1,618,645)	(381,739)
Sponsor and other receivables	(601,734)	(37,853)
Construction-in-progress - new homes	(2,120,628)	387,963
Land held for development	(2,628,578)	(2,403,448)
Inventory - ReStores and other	(314,941)	(17,211)
Other assets	(98,047)	(36,608)
Accounts payable and accrued expenses	925,749	739,946
Deferred revenue	(688,593)	(697,867)
Escrow accounts	(31,386)	993
Net cash flows from operating activities	(10,488,250)	(4,448,516)
<b>Cash flows from investing activities:</b>		
Purchases of property and equipment	(3,230,727)	(929,839)
Proceeds from sale of property and equipment	898,250	-
Mortgage payments received	3,215,457	3,462,469
New Markets Tax Credit joint venture investment net distribution	23,192	23,192
Net cash flows from investing activities	906,172	2,555,822
<b>Cash flows from financing activities:</b>		
Proceeds from issuance of notes payable	9,350,665	4,294,676
Principal payments on lease liabilities	(12,359)	(9,792)
Repayments on notes payable	(2,467,099)	(2,545,823)
Net cash flows from financing activities	6,871,207	1,739,061
Net change in cash, cash equivalents, and NMTC joint venture cash	(2,710,871)	(153,633)
Cash, cash equivalents, and NMTC joint venture cash, beginning of year	13,170,530	13,324,163
Cash, cash equivalents, and NMTC joint venture cash, end of year	\$ 10,459,659	\$ 13,170,530
Cash and cash equivalents, including escrow accounts, end of year	\$ 10,422,872	\$ 13,119,974
New Markets Tax Credit joint venture cash, end of year	36,787	50,556
	\$ 10,459,659	\$ 13,170,530

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

# HABITAT FOR HUMANITY OF GREATER NASHVILLE

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

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### Note 1—Organization and purpose

Habitat for Humanity of Greater Nashville (“Habitat” or “Organization”), 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. Contributions of nonfinancial assets (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, 2024 AND 2023

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### **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. Habitat has no uncertain tax positions as of June 30, 2024 or 2023.

*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 losses resulting from non-payment of mortgages are not reasonably probable and, accordingly, no allowance for credit loss 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. As of June 30, 2024 and 2023, there were no foreclosures.

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.

*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, 2024 AND 2023

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### 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 \$2,207,572 and \$2,896,165 at June 30, 2024 and 2023, respectively.

*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 \$248,815 and \$235,933 for the years ended June 30, 2024 and 2023, respectively.

*Advertising* – Advertising costs are charged to expense as incurred. Advertising expense totaled \$60,164 and \$42,819 for the years ended June 30, 2024 and 2023, respectively.

*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.

*Leases* – Habitat follows Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) 2016-02, *Leases (Topic 842)*, which requires that Habitat recognize right-of-use (“ROU”) assets and lease liabilities for operating leases on the statement of financial position. Leased property meeting certain criteria is capitalized and the present value of the related lease payments is recorded as a liability. Amortization of capitalized leased assets is computed using the straight-line method over the term of the lease. The ROU assets recorded by Habitat were \$487,815 and \$363,251 as of June 30, 2024 and 2023, respectively.

*Recently Adopted Accounting Pronouncements* – In June 2016, FASB issued ASU 2016-13, *Financial Instruments – Credit Losses (Topic 326)*. This ASU was intended to improve financial reporting by requiring earlier recognition of credit losses on loans and other financial assets carried at amortized cost, which includes trade receivables. Habitat adopted this standard effective July 1, 2023, using the modified retrospective approach. Since Habitat already discounts material receivables subject to Accounting Standards Codification Topic 326, as of June 30, 2024, adoption of the new standard did not materially impact Habitat’s financial statements.

# HABITAT FOR HUMANITY OF GREATER NASHVILLE

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

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### **Note 2—Summary of significant accounting policies (continued)**

*Subsequent Events* – Habitat evaluated subsequent events through December 9, 2024, 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**

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. 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. This is shown as transfers to homeowners on the accompanying statements of activities.

*ReStore Sales* – A portion of the Organization'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.

### **Note 4—Liquidity and availability of resources**

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.



# HABITAT FOR HUMANITY OF GREATER NASHVILLE

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

### Note 4—Liquidity and availability of resources (continued)

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:

	<b>2024</b>	<b>2023</b>
Financial assets:		
Cash and cash equivalents, less escrow accounts	\$ 10,168,372	\$ 12,832,153
Grants receivable due in one year	2,911,683	1,293,038
Sponsor and other receivables	665,364	111,632
Total financial assets, at year-end	13,745,419	14,236,823
Less amounts unavailable for general expenditures within one year, due to:		
Net assets with donor restrictions	(902,460)	(358,238)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 12,842,959</u>	<u>\$ 13,878,585</u>

### Note 5—Grants receivable

A summary of grants receivable as of June 30 is as follows:

	<b>2024</b>	<b>2023</b>
Metropolitan Development and Housing Agency	\$ -	\$ 224,345
Habitat for Humanity of Tennessee	1,090,296	-
Habitat for Humanity International	-	132,770
Employee Retention Credit receivable	740,021	740,021
Foundations and other	1,081,366	195,902
	<u>\$ 2,911,683</u>	<u>\$ 1,293,038</u>

### Note 6—Sponsor and other receivables

Habitat has included unconditional promises to give in sponsor and other receivables. Unconditional promises to give consist of the following at June 30:

	<b>2024</b>	<b>2023</b>
Unconditional promises to give	\$ 800,436	\$ 199,633
Less allowance for uncollectible contributions	(85,030)	(70,978)
Net unconditional promises to give	715,406	128,655
Less amounts receivable in less than one year, net	(715,406)	(128,655)
Receivable in one to five years, net	<u>\$ -</u>	<u>\$ -</u>

# HABITAT FOR HUMANITY OF GREATER NASHVILLE

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

### Note 7—Construction-in-progress – new homes

A summary of new home construction activity for 2024 is as follows:

	<b>Number</b>	<b>Costs</b>
New homes under construction, June 30, 2023	37	\$ 3,950,259
Additional costs incurred on beginning inventory		5,067,415
New homes started in 2024	29	4,766,467
New homes closed in 2024	(31)	(7,713,254)
New homes under construction, June 30, 2024	35	\$ 6,070,887

### Note 8—Property and equipment

A summary of property and equipment as of June 30 is as follows:

	<b>2024</b>	<b>2023</b>
Land and land improvements	\$ 4,644,203	\$ 4,644,203
Buildings	10,242,779	5,525,407
Office equipment	783,694	488,517
Leasehold improvements	99,675	57,502
Vehicles and trailers	695,023	624,902
ReStore construction in progress	-	2,345,021
Other	309,547	324,334
	16,774,921	14,009,886
Less accumulated depreciation	(2,663,193)	(2,544,118)
	\$ 14,111,728	\$ 11,465,768

### 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:

	<b>2024</b>	<b>2023</b>
Hamilton Hills	\$ 1,317,436	\$ 1,316,936
Bella Terra	1,700,423	1,531,144
Village by the Creek	-	2,475,381
Wilson County - Hunters Point	350,000	333,892
Dickson County	67,952	96,254
Cheatham County	118,673	62,142
Sherwood Homes at Park Preserve	1,245,084	652,299
Parkwood Collaboration	663,430	935,935
Robertson County	11,453	-
Stoney Brook	4,495,868	-
Wilson County - South Maple	206,523	206,423
	\$ 10,176,842	\$ 7,610,406

# HABITAT FOR HUMANITY OF GREATER NASHVILLE

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

### Note 10—Mortgage notes receivable

At June 30, 2024 and 2023, Habitat holds mortgage notes receivable totaling \$66,661,113 and \$61,438,774, respectively, 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 9.0% 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:

	<b>2024</b>	<b>2023</b>
First mortgages	\$ 49,581,190	\$ 45,915,486
Second mortgages	14,283,367	12,983,149
Third mortgages	2,786,556	2,540,139
Fourth mortgages	10,000	-
	66,661,113	61,438,774
Less unamortized discount	(29,081,359)	(26,813,359)
	<u>\$ 37,579,754</u>	<u>\$ 34,625,415</u>

Following is a table which includes an aging analysis of the recorded investment of past due mortgage notes receivable as of June 30:

	<b>2024</b>	<b>2023</b>
31 - 60 days past due	\$ 866,681	\$ 466,965
61 - 90 days past due	430,844	344,315
Greater than 90 days past due	240,539	85,164
Total past due	1,538,064	896,444
Current	65,123,049	60,542,330
	<u>\$ 66,661,113</u>	<u>\$ 61,438,774</u>

Principal payments due on mortgage notes receivable are as follows:

#### Years Ending June 30,

2025	
2026	\$ 2,444,812
2027	2,735,949
2028	2,778,666
2029	2,780,722
Thereafter (including non-paying second and third mortgages of \$5,293,013)	2,767,322
	<u>53,153,642</u>
Notes receivable at face value	66,661,113
Less unamortized discount	<u>(29,081,359)</u>
	<u>\$ 37,579,754</u>

# HABITAT FOR HUMANITY OF GREATER NASHVILLE

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

### Note 11—New Market Tax Credits 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 Habitat performs and complies with all aspects of the transaction requirements.

As of June 30, the balances of NMTC intangible assets and accumulated amortization are as follows:

	<b>2024</b>	<b>2023</b>
QALICB guarantor fee	\$ 41,096	\$ 41,096
CDE audit fee	33,333	33,333
Asset management fee	117,954	117,954
Consulting fee	49,534	49,534
Total NMTC intangible assets	241,917	241,917
Accumulated NMTC amortization	(186,384)	(151,823)
NMTC intangible assets, net	<u>\$ 55,533</u>	<u>\$ 90,094</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 years ended June 30 is as follows:

	<b>2024</b>	<b>2023</b>
Beginning balance	\$ 1,201,374	\$ 1,201,374
Distributions received	(12,074)	(12,074)
Share of income	12,074	12,074
Ending balance	<u>\$ 1,201,374</u>	<u>\$ 1,201,374</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.

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.

# HABITAT FOR HUMANITY OF GREATER NASHVILLE

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

### Note 11—New Market Tax Credits intangible assets (continued)

The activity of the NMTC joint venture investment during the years ended June 30 is as follows:

	<b>2024</b>	<b>2023</b>
Beginning balance	\$ 1,106,278	\$ 1,106,278
Distributions received	(11,118)	(11,118)
Share of income	11,118	11,118
Ending balance	<u>\$ 1,106,278</u>	<u>\$ 1,106,278</u>

The major assets of Harbor Habitat Leverage II, LLC and Harbor Habitat Leverage III, LLC at June 30 are as follows:

	<b>2024</b>		<b>2023</b>	
	<b>Harbor Habitat Leverage II, LLC</b>	<b>Harbor Habitat Leverage III, LLC</b>	<b>Harbor Habitat Leverage II, LLC</b>	<b>Harbor Habitat Leverage III, LLC</b>
Assets:				
Notes receivable	\$ 7,244,463	\$ 4,447,352	\$ 7,244,463	\$ 4,447,352
Total assets	<u>\$ 7,244,463</u>	<u>\$ 4,447,352</u>	<u>\$ 7,244,463</u>	<u>\$ 4,447,352</u>

At June 30, 2024 and 2023, both Harbor Habitat Leverage II, LLC and Harbor Habitat Leverage III, LLC had no liabilities and minimal activity.

### Note 12—Notes payable

	<b>2024</b>	<b>2023</b>
Notes payable to Tennessee Housing Development Agency, non-interest bearing, payable in monthly principal installments totaling \$104,357 (at June 30, 2024) with varying maturities through May 2054, secured by non-interest bearing first mortgages held by Habitat, with a discounted value of \$14,216,950. The notes have an undiscounted balance outstanding of \$26,181,856 and \$23,520,627 at June 30, 2024 and 2023, respectively. 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 \$1,863,570 and \$1,305,752 has been recognized in 2024 and 2023, respectively, 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, 2024 and 2023 amounted to \$11,964,906 and \$10,810,181, respectively.	\$ 14,216,950	\$ 12,710,446

# HABITAT FOR HUMANITY OF GREATER NASHVILLE

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

### Note 12—Notes payable (continued)

	<u>2024</u>	<u>2023</u>
Notes payable to Habitat International, non-interest bearing, payable in monthly principal installments ranging from \$72 to \$2,395 through July 2030.	\$ 398,507	\$ 329,986
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 \$282 to \$549, 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 \$428,184 and \$538,925, at June 30, 2024 and 2023, respectively. The discount is being amortized to interest expense over the respective terms of the notes. The unamortized discount at June 30, 2024 and 2023 amounted to \$100,719 and \$123,427, respectively.	327,465	415,498
Notes payable to bank secured by mortgages receivable, non-interest bearing, payable in monthly principal installments totaling \$7,793, maturing at various times through March 2057. The notes payable have been discounted using a rate of 4.5%. The notes have an undiscounted balance outstanding at June 30, 2024 and 2023 of \$1,883,973 and \$1,750,044, respectively. Contribution revenue of \$66,093 and \$35,112 was recognized in 2024 and 2023, respectively, 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, 2024 and 2023 amounted to \$748,354 and \$716,525, respectively.	1,135,619	1,033,519
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, 2024 and 2023 of \$638,042 and \$667,327, respectively. 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, 2024 and 2023 amounted to \$278,258 and \$291,046, respectively.	359,784	376,281

# HABITAT FOR HUMANITY OF GREATER NASHVILLE

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

### Note 12—Notes payable (continued)

	2024	2023
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, 2024 and 2023 of \$417,453 and \$438,532, respectively. 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, 2024 and 2023 amounted to \$174,620 and \$183,320, respectively.	\$ 242,833	\$ 255,212
Note payable to bank, secured by certain real property with a net book value of \$4,495,868 at June 30, 2024 and \$-0- at June 30, 2023, at an interest rate of 7.45%, with interest only payments due through maturity in June 2025.	3,750,000	-
Note payable to bank, secured by certain real property with a net book value of \$6,700,645 at June 30, 2024, at a variable interest rate of 4% below prime (4.5% at June 30, 2024), with 82-monthly principal payments of \$26,333 and a balloon payment of the unpaid principal in July 2030.	2,246,658	2,532,695
Notes payable to bank secured by mortgages receivable, non-interest bearing, payable in monthly principal installments totaling \$2,777, 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, 2024 and 2023 of \$719,565 and \$825,713, respectively. 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, 2024 and 2023 amounted to \$302,774 and \$347,011, respectively.	416,791	478,702



# HABITAT FOR HUMANITY OF GREATER NASHVILLE

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

### Note 12—Notes payable (continued)

	<u>2024</u>	<u>2023</u>
Notes payable to bank secured by mortgages receivable, non-interest bearing, payable in monthly principal installments totaling \$7,405, maturing at various times through December 2052. The notes have been discounted using a rate of 4.5%. The notes have an undiscounted balance outstanding at June 30, 2024 and 2023 of \$2,115,870 and \$1,726,277, respectively. Contribution revenue of \$191,860 and \$91,620 was recognized in 2024 and 2023, respectively, 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, 2024 and 2023 amounted to \$888,093 and \$729,748, respectively.	\$ 1,227,777	\$ 996,529
Note payable to bank, secured by certain real property with a net book value of \$6,634,431 at June 30, 2024, at a variable interest rate of 4% below prime (4.5% at June 30, 2024), with a 20-year amortization maturing in May 2029.	2,979,960	2,994,059
Notes payable to bank secured by mortgages receivable, non-interest bearing, payable in monthly principal installments totaling \$1,782, maturing at various times through May 2049. The notes have been discounted using a rate of 4.5%. The notes have an undiscounted balance outstanding of \$516,325 and \$535,925 at June 30, 2024 and 2023, respectively. Contribution revenue of \$239,550 was recognized in 2022 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, 2024 and 2023 amounted to \$216,432 and \$225,381, respectively.	299,893	310,544
Notes payable to bank secured by mortgages receivable, non-interest bearing, payable in monthly principal installments totaling \$12,999, maturing at various times through September 2052. The notes have been discounted using a rate of 4.5%. The notes have an undiscounted balance outstanding of \$3,807,426 and \$3,336,520 at June 30, 2024 and 2023, respectively. Contribution revenue of \$243,556 and \$370,382 was recognized in 2024 and 2023, respectively, 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, 2024 and 2023 amounted to \$1,610,137 and \$1,426,633, respectively.	2,197,289	1,909,887
	<u>\$ 29,799,526</u>	<u>\$ 24,343,358</u>

# HABITAT FOR HUMANITY OF GREATER NASHVILLE

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

### Note 12—Notes payable (continued)

Notes payable are presented in the statements of financial position as follows at June 30:

	<b>2024</b>	<b>2023</b>
Notes payable, secured by mortgages, net of unamortized discount	\$ 20,424,401	\$ 18,486,618
Notes payable, secured by real property	8,976,618	5,526,754
Notes payable, unsecured	398,507	329,986
	<u>\$ 29,799,526</u>	<u>\$ 24,343,358</u>

Future principal maturities of notes payable are as follows:

#### Years Ending June 30.

2025	\$ 5,923,662
2026	2,159,185
2027	2,173,702
2028	2,141,021
2029	5,017,806
Thereafter	<u>28,668,443</u>
Total principal maturities	46,083,819
Amounts representing imputed interest	<u>(16,284,293)</u>
	<u>\$ 29,799,526</u>

### Note 13—Line of credit

Habitat has a \$3,642,000 line of credit agreement with a bank bearing interest at the bank's index rate plus 1% (9.50% at June 30, 2024). The line of credit is secured by real estate. The line of credit has a maturity date of September 2025. At June 30, 2024 and 2023, no borrowings were outstanding under the line of credit agreement.

### Note 14—NMTC 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, 2024 and 2023 is \$1,715,000, net of issuance costs of \$35,871 and \$38,528, respectively. 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 USB CDC, 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, USB CDC is expected to put its ownership interest into the Twain Fund for \$1,000, during the six-month put period beginning December 20, 2024.

# HABITAT FOR HUMANITY OF GREATER NASHVILLE

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

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### **Note 14—NMTC joint venture note payable (continued)**

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.

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, 2024 and 2023 was \$1,521,250 net of issuance costs of \$66,043 and \$70,193, respectively. 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—Employee Retention Credit**

Under the Coronavirus Aid, Relief, and Economic Security Act, Habitat was eligible for a refundable Employee Retention Credit ("ERC") subject to certain criteria. Habitat claimed an ERC of \$-0- and \$740,021, recognized as grant income in the statement of activities for the years ended June 30, 2024 and 2023, respectively. The amounts recognized in the year ended June 30, 2023 are still included in grants receivable on the statement of financial position at June 30, 2024.

# HABITAT FOR HUMANITY OF GREATER NASHVILLE

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

### 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:

	2024	2023
Unamortized discount on notes payable issued	\$ 16,284,293	\$ 14,853,272
Contributions purpose restricted for other projects	402,460	358,238
Unconditional promises to give, net	500,000	-
	<u>\$ 17,186,753</u>	<u>\$ 15,211,510</u>

For the year ended June 30, 2024, Habitat released \$934,054 related to amortization discount on notes payable issued and \$319,729 for the purpose and time restrictions being fulfilled. The total amount of net assets released from restrictions for the year ended June 30, 2024, is \$1,253,783, as reported on the statement of activities. For the year ended June 30, 2023, Habitat released \$ 838,065 related to amortization discount on notes payable issued and \$ 175,295 for the purpose and time restrictions being fulfilled. The total amount of net assets released from restrictions for the year ended June 30, 2023, is \$1,1013,360, as reported on the statement of activities.

### 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, 2024 and 2023 totaled \$119,362 and \$82,699, respectively.

### Note 18—Leases

Habitat leases certain office space, warehouse space, and equipment. Habitat determines whether a contract contains a lease at inception by determining if the contract conveys the right to control the use of identified property, plant, or equipment for a period of time in exchange for consideration. Habitat has lease agreements with lease and non-lease components, which are generally accounted for separately with amounts allocated to the lease and non-lease components based on the relative stand-alone prices.

The ROU assets and lease liabilities are recognized at the commencement date based on the present value of the future minimum lease payments over the lease term. Renewal and termination clauses that are factored into the determination of the lease term if it is reasonably certain these options would be exercised by Habitat. Lease assets are amortized over the lease term unless there is a transfer of title or purchase option reasonably certain of exercise, in which case the asset life is used. Certain of our lease agreements include variable payments. Variable lease payments are not dependent on an index or rate primarily consist of common area maintenance charges and are not included in the calculation of the ROU asset and lease liability and are expenses as incurred. In order to determine the present value of lease payments, Habitat uses the risk-free rate based on the information available at lease commencement to determine the present value of lease payments.

# HABITAT FOR HUMANITY OF GREATER NASHVILLE

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

### Note 18—Leases (continued)

Habitat's lease agreements do not contain any material residual value guarantees or material restrictive covenants. Habitat does not have leases where it is involved with the construction or design of an underlying asset. Habitat has no material obligation for leases signed but not yet commenced as of June 30, 2024. Habitat does not have any material subleases activities.

#### Practical Expedients Elected

- Habitat elected the transition practical expedients that permit an entity to (a) not reassess whether expired or existing contracts contain leases, (b) not reassess lease classification for existing or expired leases, and (c) not consider whether previously capitalized initial direct costs would be appropriate under the new standard.
- Habitat has elected the practical expedient not to recognize leases with terms of 12 months or less on the statement of financial position and instead to recognize the lease payments on a straight-line basis over the term of the lease and variable lease payments in the period in which the obligation for the payments in incurred. Therefore, Habitat's short-term lease expense for the period does not reflect ongoing short-term lease commitments. Lease expense for such short-term leases was not material for the year ended June 30, 2024.
- Habitat has elected to utilize the risk-free discount rate to calculate lease assets and liabilities.

Classification of right-of-use assets and lease liabilities as of June 30 is as follows:

Leases	Balance Sheet Classification	2024	2023
Assets:			
Operating right-of-use assets	Right-of-use assets	\$ 457,751	\$ 326,809
Finance right-of-use assets	Right-of-use assets	30,064	36,442
Total lease assets		<u>\$ 487,815</u>	<u>\$ 363,251</u>
Liabilities:			
Operating lease liabilities	Lease liabilities	\$ 470,388	\$ 333,161
Finance lease liabilities	Lease liabilities	30,893	36,961
Total lease liabilities		<u>\$ 501,281</u>	<u>\$ 370,122</u>

Future minimum lease payments as of June 30, 2024 is as follows:

<u>Maturity Analysis</u>	Finance	Operating
2025	\$ 13,652	\$ 138,533
2026	13,652	143,037
2027	4,729	144,409
2028	-	73,620
Total undiscounted cash flows	32,033	499,599
Less present value discount	(1,140)	(29,211)
Total lease liabilities	<u>\$ 30,893</u>	<u>\$ 470,388</u>

# HABITAT FOR HUMANITY OF GREATER NASHVILLE

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

### Note 18—Leases (continued)

Required supplemental information relating to our leases for the years ended June 30 is as follows:

	<u>2024</u>	<u>2023</u>
Lease expense:		
Finance lease expense:		
Amortization of right-of-use assets	\$ 12,825	\$ 80,440
Interest on lease liabilities	1,138	1,115
Operating lease expense	<u>136,381</u>	<u>11,213</u>
Total operating and finance lease cost	<u>\$ 150,344</u>	<u>\$ 92,768</u>
Cash flow information:		
Cash paid for amounts included in measurement of lease liabilities:		
Operating cash flows from operating leases	\$ 125,099	\$ 68,097
Operating cash flows from finance leases	1,147	1,115
Financing cash flows from finance leases	12,359	9,792
Lease assets obtained in exchange for lease liabilities:		
Operating leases	245,662	391,175
Finance leases	6,300	46,663
Lease term (in years) and discount rate:		
Weighted-average remaining lease term in years for finance leases	2.37	3.25
Weighted-average remaining lease term in years for operating leases	3.47	4.37
Weighted-average discount rate for finance leases	3.13%	2.88%
Weighted-average discount rate for operating leases	3.53%	2.91%

### Note 19—Commitments and contingencies

In connection with the development of Park Preserve and Village by the Creek subdivisions, Habitat has obtained letters of credit totaling \$3,642,000 and \$2,742,000 at June 30, 2024 and 2023, respectively, securing the completion of certain improvements. Habitat had no outstanding borrowings associated with these letters of credit at June 30, 2024 or 2023. The letters of credit expire through September 2025.

Habitat has multi-year commitments under information technology contracts and other agreements for various services. A summary of future minimum payments as of June 30, 2024 is as follows:

#### Years Ending June 30,

2025	\$ 73,344
2026	11,031
2027	4,708
2028	54
	<u>\$ 89,137</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, 2024 AND 2023

### Note 20—Contributed nonfinancial assets

Contributed nonfinancial assets received by Habitat are recorded based on their estimated value. A summary of contributed nonfinancial assets is as follows for the years ended June 30:

	2024	2023
ReStore donations	\$ 3,877,275	\$ 3,431,828
Building supplies and home appliances	179,030	85,687
Mortgage servicing	101,184	99,516
Contributed land	-	61,000
Operating supplies	50,247	10,771
	<u>\$ 4,207,736</u>	<u>\$ 3,688,802</u>

Habitat recognized nonfinancial assets within revenue, including ReStore donations, building supplies, and mortgage servicing. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

Habitat recognized approximately \$-0- and \$61,000 of contributed land held for development as contribution income on the statement of activities for the years ended June 30, 2024 and 2023, respectively. Habitat valued the contribution based upon an independent appraisal of the land.

Various donors contributed products to the ReStore for sale to customers. Habitat valued the contribution based upon its sales price of the contributed assets.

Various donors contribute building supplies and home appliances that are used in constructing homes transferred to homeowners. Habitat valued the contribution based upon current costs to purchase.

A financial institution services mortgages on behalf of Habitat. Habitat valued the contribution based upon estimated costs to pay a third party servicer.

Approximately 5,482 and 4,220 individuals contributed significant amounts of time to Habitat's activities during the years ended June 30, 2024 and 2023, respectively. 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 21—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 \$74,557 and \$79,836 for the years ended June 30, 2024 and 2023, respectively.



# HABITAT FOR HUMANITY OF GREATER NASHVILLE

## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

### Note 22—Supplemental cash flow information

The following is supplemental cash flow information required by U.S. GAAP.

Supplemental Cash Flow Information:

	<b>2024</b>	<b>2023</b>
Equipment acquired through issuance of capital lease	\$ 6,300	\$ 46,663
Parkwood collaboration of land for development	\$ -	\$ 624,885
Interest paid	\$ 265,038	\$ 188,363

Supplemental Schedule of Noncash Investing and Financing Activities:

	<b>2024</b>	<b>2023</b>
Issuance of non-interest bearing mortgage loans	\$ 8,777,640	\$ 5,561,950
Discount on non-interest bearing mortgage loans	(3,823,431)	(2,509,111)
Transfers to homeowners subject to non-interest bearing mortgage loans	\$ 4,954,209	\$ 3,052,839

### Note 23—Related parties

At June 30, 2024 and 2023, Habitat owed notes payable, net of discounts, totaling approximately \$11,340,015 and \$7,747,703, respectively, 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 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 years ended June 30, 2024 and 2023, Habitat contributed \$99,761 and \$166,476, respectively, 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 years ended June 30, 2024 and 2023, Habitat was granted \$709,827 and \$237,770, respectively. At June 30, 2024 and 2023, the balances of the loans totaled \$398,507 and \$329,986, respectively.