

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

This Grant Contract issued and entered into by and between the Metropolitan Government of Nashville and Davidson County, a municipal corporation of the State of Tennessee hereinafter referred to as "Metro", and Urban Housing Solutions, Inc., hereinafter referred to as the "Recipient," is for the provision of the construction of affordable housing units as further defined in the "SCOPE OF PROGRAM." Urban Housing Solutions, Inc. will be adding 13 affordable housing units located at 2121 26th Avenue N, Nashville, TN 37208. The recipient's budget request, financial statements or audit, 501(c)3 letter, and/or charter documents are incorporated herein. The Recipient is a nonprofit charitable or civic organization.

A. SCOPE OF PROGRAM:

- A.1. Each Property to which these grant funds are provided for shall be subject to a Declaration of Restrictive Covenants ("Declaration") imposing certain affordability requirements to encumber the Property and run with the land over a 30-year term. Terms defined in the Declaration shall have the same meanings when used in this Agreement.
- A.2. The Recipient shall use the funds under this grant in accordance with the affordable housing project submitted in the application and any of its amendments, which application is incorporated herein, and subject to the terms and conditions set forth herein.
- A.3. The Recipient, under this Grant Contract, will spend funds solely for the purposes set forth in their application or proposal for grant funding which is incorporated herein. These funds shall be expended consistent with the Grant Budget, included in Attachment A. Although some variation in line-item amounts for the Grant is consistent with the Grant Budget, any change greater than 20% of a line-item shall require the prior written approval of Metro. However, in no event will the total amount of the Grant funds provided to Recipient go above the awarded Grant amount of \$2,100,000.

Additional Conditions for Rental Properties:

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

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

B. GRANT CONTRACT TERM:

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

C. PAYMENT TERMS AND CONDITIONS:

C.1. Maximum Liability. In no event shall the maximum liability of Metro under this Grant Contract exceed Two Million One Hundred Thousand Dollars (\$2,100,000). The Grant Budget, attached and incorporated herein as part of Attachment A, shall constitute the maximum amount to be provided to the Recipient by Metro for all of the Recipient's obligations hereunder. The Grant Budget line-items include, but are not limited to, all applicable taxes, fees, overhead, and all other direct and indirect costs incurred or to be incurred by the Recipient.

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

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

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

a. Grant Draws

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

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

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

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

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

The above is the preferred draw method. Metro may occasionally fund based on a true percentage of completion as noted in a Construction Inspection report or if

the application requested funds for land acquisition, understanding that the initial 12.5% or acquisition draw may overfund the grant, requiring later draws to be reduced.

2) **Construction Grant Draw Process**

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

All invoices shall be sent to:

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

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

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

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

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

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

Metropolitan Housing Trust Fund Commission

John Cooper, Mayor

Metropolitan Council of Nashville and Davidson County

D. STANDARD TERMS AND CONDITIONS:

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

The Grantee also recognizes that no person identified as a Covered Person below may obtain a financial interest or benefit from a Metro Housing Trust Fund Competitive Grant assisted activity, or have an interest in any contract, subcontract or agreement with respect thereto, or the proceeds thereunder, either

for themselves or those whom they have family or business ties, during their tenure or for one year thereafter.

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

D.6. Nondiscrimination. The Recipient hereby agrees, warrants, and assures that no person shall be excluded from participation in, be denied benefits of, or be otherwise subjected to discrimination in the performance of this Grant Contract or in the employment practices of the Recipient on the grounds of disability, age, race, color, religion, sex, national origin, or any other classification which is in violation of applicable laws. The Recipient shall, upon request, show proof of such nondiscrimination and shall post in conspicuous places, available to all employees and applicants, notices of nondiscrimination.

D.7. Records. All documents relating in any manner whatsoever to the grant project, or any designated portion thereof, which are in the possession of Recipient, or any subcontractor of Recipient shall be made available to the Metropolitan Government for inspection and copying upon written request by the Metropolitan Government. Furthermore, said documents shall be made available, upon request by the Metropolitan Government, to any state, federal or other regulatory authority and any such authority may review, inspect and copy such records. Said records include, but are not limited to, all drawings, plans, specifications, submittals, correspondence, minutes, memoranda, tape recordings, videos or other writings or things which document the grant project, its design and its construction. Said records expressly include those documents reflecting the cost of construction, including all subcontracts and payroll records of Recipient.

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

D.8. Monitoring. The Recipient's activities conducted and records maintained pursuant to this Grant Contract shall be subject to monitoring and evaluation by Metro or Metro's duly appointed representatives. The Recipient shall make all audit, accounting, or financial records, notes, and other documents pertinent to this grant available for review by the Metropolitan Office of Financial Accountability, Internal Audit or Metro's representatives, upon request, during normal working hours.

D.9. Reporting. The Recipient must submit an Interim Program Report, to be received by the Metropolitan Housing Trust Commission / Barnes Housing Trust Fund, by no later than September 1, 2023 and a Final Program Report, to be received by the Metropolitan Housing Trust Fund Commission within 45 [forty-five] days of the end of the Grant Contract. Said reports shall detail the outcome of the activities funded under this Grant Contract in the form required by Metro.

D.10. Strict Performance. Failure by Metro to insist in any one or more cases upon the strict performance of any of the terms, covenants, conditions, or provisions of this agreement shall not be construed as a waiver or relinquishment of any such term, covenant, condition, or provision. No term or condition of this Grant Contract shall be held to be waived, modified, or deleted except

by a written amendment by the appropriate parties as indicated on the signature page of this Grant.

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

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

Metro:

For contract-related matters and enquiries regarding invoices:

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

Recipient:

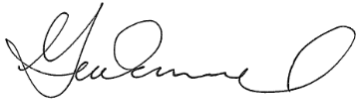
Urban Housing Solutions, Inc.
Brent Elrod
822 Woodland Street
Nashville, TN 37206
615-726-2696
brent@urbanhousingsolutions.org

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

(THIS PAGE LEFT INTENTIONALLY BLANK)

THE METROPOLITAN GOVERNMENT
OF NASHVILLE AND DAVIDSON
COUNTY:

APPROVED AS TO PROGRAM SCOPE:



Gina Emmanuel, Chair,
Metropolitan Housing Trust Fund
Commission

APPROVED AS TO AVAILABILITY OF
FUNDS:

Kelly Flannery, Director
Department of Finance

APPROVED AS TO FORM AND
LEGALITY:

Assistant Metropolitan Attorney

APPROVED AS TO RISK AND
INSURANCE:

Director of Risk Management Services

APPROVED BY METROPOLITAN
GOVERNMENT OF NASHVILLE AND
DAVIDSON COUNTY:

Metropolitan Clerk

RECIPIENT:

Urban Housing Solutions, Inc.

By:  _____

Title: Executive Director

Sworn to and subscribed to before me a
Notary Public, this 20th
of August, 2022.

Notary Public





My Commission
expires 5-5-25

BARNES HOUSING TRUST FUND RENTAL BUDGET

Unit Address	26th and Clarksville - Phase 4				
Development Type	New Construction - Townhouses				
Accessible Bus Line Routes	#22, 42, 75, 77				
Number of Studios	0				
Number of 1 Bedrooms	0				
Number of 2+ Bedrooms	16				
Square Feet	26,734				
Number of Stories	2				
Acquisition Costs					
Vacant Land	\$0				
Land with Structure	\$0				
Title & Recording	\$3,000				
Legal	\$8,000				
Sub-Total	\$11,000				
Predevelopment Costs					
Appraisal	\$4,000				
Survey	Included below				
Relocation (if applicable)	NA				
Insurance/Taxes/Utilities	\$224,000				
Architect/Engineering/Surveys	\$255,850				
Engineering	Included above				
Planning/Zoning	NA				
Other	\$0				
Sub-Total	\$483,850				
Construction Costs					
Structure					
Footer/Foundation	\$170,000				
Framing	\$890,000				
Electrical	\$253,000				

BARNES HOUSING TRUST FUND RENTAL BUDGET

Plumbing	\$265,000			
Roofing	\$93,450			
HVAC	\$200,250			
Drywall/Insulation	\$181,000			
Paint/Stain	\$209,000			
Windows/Doors	\$220,000			
Floor Coverings	\$134,000			
Cabinets	\$96,000			
Brick/Siding	\$257,575			
Sub-Total	\$2,969,275			
Other				
Site Work	\$70,250			
Appliances	\$56,070			
Decks/Porches	\$25,000			
Side Walks/Driveways	\$30,000			
Landscaping	\$50,000			
Utility Hookups	\$50,000			
Building Permits/Fees	\$40,000			
Demolition	\$15,000			
Fees	\$11,780			
Materials and Labor Market Contingency Cost Overrun	\$663,475			
Sub-Total	\$1,011,575		\$1,011,575	
Construction Contingency	\$223,785			
Profit (if organization has own construction crew)	NA			
Sub-Total	\$223,785			
Total Construction Cost	\$4,699,485			
Cost per Unit	\$293,718			

BARNES HOUSING TRUST FUND RENTAL BUDGET

Developer's Fee (capped at 20%)	\$250,000				
Total Cost/Unit	\$309,343				


Secretary of State
Corporations Section

James K. Polk Building, Suite 1800
Nashville, Tennessee 37243-0306

DATE: 05/10/00
REQUEST NUMBER: 3905-0412
TELEPHONE CONTACT: (615) 741-2286
FILE DATE/TIME: 05/09/00 1423
EFFECTIVE DATE/TIME: 05/09/00 1630
CONTROL NUMBER: 0240804

TO:
ALAN D. MAZER, ATTORNEY
212 THIRD AVE, N
NASHVILLE, TN 37201

RE:
URBAN HOUSING SOLUTIONS, INC.
ARTICLES OF AMENDMENT TO THE CHARTER


Instr: 200025150048767 Page: 1 OF 3
REC'D FOR REC 05/15/2000 1:48:58PM
RECORD FEE: \$7.00
R. TAX: \$0.00 T. TAX: \$0.00

THIS WILL ACKNOWLEDGE THE FILING OF THE ATTACHED DOCUMENT WITH AN EFFECTIVE DATE AS INDICATED ABOVE.
WHEN CORRESPONDING WITH THIS OFFICE OR SUBMITTING DOCUMENTS FOR FILING, PLEASE REFER TO THE CORPORATION CONTROL NUMBER GIVEN ABOVE.
PLEASE BE ADVISED THAT THIS DOCUMENT MUST ALSO BE FILED IN THE OFFICE OF THE REGISTER OF DEEDS IN THE COUNTY WHEREIN A CORPORATION HAS ITS PRINCIPAL OFFICE IF SUCH PRINCIPAL OFFICE IS IN TENNESSEE.

FOR: ARTICLES OF AMENDMENT TO THE CHARTER

ON DATE: 05/10/00

FROM:
ALAN D. MAZER
3600 WOODMONT LN.
NASHVILLE, TN 37215-0000

RECEIVED: FEES \$20.00 \$0.00
TOTAL PAYMENT RECEIVED: \$20.00
RECEIPT NUMBER: 00002686251
ACCOUNT NUMBER: 00339844



Riley C. Darnell
RILEY C. DARNELL
SECRETARY OF STATE

FILED

ARTICLES OF AMENDMENT TO THE CHARTER

CORPORATE CONTROL NUMBER (IF KNOWN) 0240804

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

- AMENDMENT IS TO BE EFFECTIVE WHEN FILED BY THE SECRETARY OF STATE.
- AMENDMENT IS TO BE EFFECTIVE, _____ MONTH _____ DAY _____ YEAR

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

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

IF CHANGING THE NAME, INSERT THE NEW NAME ON THE LINE BELOW:
URBAN HOUSING SOLUTIONS, INC.

2. PLEASE INSERT ANY CHANGES THAT APPLY:

A. PRINCIPAL ADDRESS: (street) 411 Murfreesboro Road
(city) Nashville (state) Tn (zip code) 37210

B. REGISTERED AGENT: Rusty Lawrence

C. REGISTERED ADDRESS: (street) 411 Murfreesboro Road
(city) Nashville (state) TN (zip code) 37210 (county) Davidson

D. OTHER CHANGES: The corporation is to have members, and the members shall include but not be limited to voluntary governmental agencies, community organizations, and individuals who are (see Exhibit A)

- 3. THE CORPORATION IS A NONPROFIT CORPORATION.
- 4. THE MANNER (IF NOT SET FORTH IN THE AMENDMENT) FOR THE IMPLEMENTATION OF ANY EXCHANGE, RECLASSIFICATION, OR CANCELLATION OF MEMBERSHIPS IS AS FOLLOWS:
- 5. THE AMENDMENT WAS DULY ADOPTED ON April 4 2000 BY:
MONTH DAY YEAR

(NOTE: PLEASE MARK THE BLOCK THAT APPLIES)

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

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

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

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

EXECUTIVE DIRECTOR
SIGNER'S CAPACITY

COUNCIL OF COMMUNITY SERVICES, INC.
BY: Arthur J Perovick Jr
SIGNATURE

ARTHUR J PEROVICK JR
NAME OF SIGNER (TYPED OR PRINTED)



SS-4416 (Rev. 12/93)

RDA 1678

URBAN HOUSING SOLUTIONS, INC.

BYLAWS

=====

ARTICLE I

OFFICES

The principal office of Urban Housing Solutions, Inc. shall be 411 Murfreesboro Rd., Nashville, Tn. 37210. The Corporation may have such other offices as the Board of Directors may designate or as the business of the corporation may require from time to time.

The registered office of the Corporation required to be maintained in the State of Tennessee by the Tennessee Nonprofit Corporation Act, as amended from time to time (the "Act") may, but need not, be identical with the principal office in the State of Tennessee. The address of the registered office may be changed from time to time by the Board of Directors.

ARTICLE II

PURPOSE AND USE OF FUNDS

Section 2.1 Purpose. The purpose of the Corporation is to develop and operate low income and special needs residential housing in the Middle Tennessee area.

Section 2.2 Use of Funds. In making distributions to effectuate the charitable purposes of the Corporation, as delineated in the Charter, the Board of Directors shall have the authority to make distributions of both income and principal in such proportions and amounts as the Board, in its sole discretion, determines advisable, provided that all such distributions are consistent with all applicable federal tax laws and regulations, as herein provided. The Corporation is not formed for financial or pecuniary gain; and no part of the assets, income, or profits of the Corporation is distributable to, or inures to, the benefit of its directors or officers or any other private person, except as provided in Section 4.10 and Section 5.3 as reimbursement for expenses or reasonable compensation for services rendered to the Corporation, and except to make payments and distributions in furtherance of the purposes of the Corporation, as set forth in the Charter. No substantial part of the activities of the Corporation shall be the carrying on of propaganda, or otherwise attempting to influence

legislation; and no part of the activities of the Corporation shall be the participation in, or intervention in (including the publishing or distributing of statements), any political campaign on behalf of (or in opposition to) any candidate for public office.

Section 2.3. Administration of Funds. The Corporation shall distribute its income for each tax year in such manner so that it will not become subject to the tax on undistributed income imposed by Section 4942 of the Code, or corresponding provisions of any later federal tax laws. The Corporation will not engage in any act of self-dealing, as defined in Section 4941(d) of the Code, or corresponding provisions of any later federal tax laws; nor retain any excess business holdings, as defined in Section 4943(c) of the Code, or corresponding provisions of any later federal tax laws; nor make any investments in a manner that would incur tax liability under Section 4944 of the Code, or corresponding provisions of any later federal tax laws; nor make any taxable expenditures, as defined in Section 4945(d) of the Code, or corresponding provisions of any later federal tax laws. In order fully to effectuate the provisions of this Section, the Corporation shall adopt such grant procedures, and shall otherwise adhere to such administrative requirements as may from time to time be necessary, in order fully to comply with all applicable federal tax laws and regulations.

Section 2.4. Dissolution of Corporation. The Board of Directors shall have the authority to dissolve and terminate the Corporation at any time that, by a unanimous vote, it deems such termination appropriate or advisable. In such event, after paying, or making provision for the payment of, all liabilities of the Corporation then outstanding and unpaid, the Board of Directors shall distribute the assets of the Corporation exclusively for its charitable purposes, as delineated in the Charter, in such manner as the Board of Directors shall determine. Any assets not so distributed shall be distributed to one or more organizations then described under Section 501(c)(3) of the Code, or any corresponding provision of any future federal tax laws, as the Board of Directors shall determine. Any assets not so disposed of by the Board of Directors shall be disposed of by a court having equity jurisdiction in the county in which the principal office of the Corporation is then located, with the distribution of assets to be made for such charitable purposes, or to such organization or organizations which are organized and operated exclusively for such purposes, as such court shall determine.

ARTICLE III

MEMBERS

The Corporation is to have members, and the members shall include but not be limited to voluntary government agencies, community organizations, and individuals who are interested in community service and who subscribe to the goals of the Corporation.

ARTICLE IV

BOARD OF DIRECTORS

Section 4.1 General Powers. The business and affairs of the Corporation shall be supervised by its Board of Directors, which shall exercise in the name of and on behalf of the Corporation all of the rights and privileges legally exercisable by the Corporation as a corporate entity, except as may otherwise be provided by law, the Charter, or these By-Laws. The Board of Directors, as the governing body of the Corporation, shall have the authority to receive, administer, invest and distribute property on behalf of the Corporation in accordance with the provisions set forth in these By-Laws.

Section 4.2 Numbers, Tenure, and Qualifications. The Board of Directors shall be composed of no fewer than _____ members and no more than _____ members and shall be elected to serve _____ years in terms. No Director can serve more than _____ consecutive terms. Election shall be by majority vote of the Directors at any scheduled meeting. No less than one-third of the Board of Directors will be residents of low-income neighborhoods, other low-income community residents., or elected representatives of low-income neighborhood organizations. No more than one-third of the Board of Directors shall be public officials or appointed by State or local government. Any Board members appointed by State or local government shall not, in turn, appoint remaining members of the Board of Directors.

Section 4.3 Limited Personal Liability of Directors. No person who is or was a director of the Corporation, nor such person's heirs, executors or administrators (hereinafter collectively referred to as a "director"), shall be personally liable to the Corporation for monetary damages for breach of fiduciary duty as a director. However, this provision shall not eliminate or limit the liability of a director (a) for any breach of a director's duty of loyalty to the Corporation, (b) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, or (c) under Section 48-58-304 of the Act. No repeal or modification of the provisions of this Section 4.3, either directly or by the adoption of a provision inconsistent with the provisions of this Section, shall adversely affect any right or protection, as set forth herein, existing in favor of a particular individual at the time of such repeal or modification.

Section 4.4 Annual Meeting. The annual meeting of the Board of Directors shall be held in the fourth (4th) month following the close of the Corporation's fiscal year, or at such other time and date following the close of the Corporation's fiscal year as shall be determined by the Board of Directors.

The purpose of the annual meeting shall be to transact such business as may properly be brought before the meeting.

Section 4.5 Special Meetings. Special meetings of the Board of Directors may be called by the President, or at the request of any director with the agreement of two-thirds (2/3) of the Board. The President shall fix the place, either within or without the State of Tennessee, as the place for holding any special meeting.

Section 4.6 Notices. Notice of each annual meeting shall be given at least two (2) weeks prior thereto, and notice of any special meeting shall be given at least five (5) business days prior thereto. The attendance of a director at a meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting was not lawfully called or convened. The business to be transacted at, or the purpose of, any special meeting of the Board of Directors must be specified in the notice of such meeting.

Section 4.7 Quorum and Participation in Meeting. A majority of the total number of directors in office shall constitute a quorum for the transaction of business at any meeting of the Board of Directors. The members of the Board of Directors, or any committee designated by the Board, may participate in a meeting of the Board, or of such committee, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear one another; and participation in a meeting pursuant to this provision shall constitute presence in person at such meeting. The directors shall be promptly furnished a copy of the minutes of the meetings of the Board of Directors.

Section 4.8 Manner of Acting. Each director shall be entitled to one (1) vote upon any matter properly submitted for a vote to the Board of Directors. The act of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, except as may otherwise be specifically provided by law, by the Charter, or by these ByLaws. Members of the Board of Directors absent from any meeting shall be permitted to vote at such meeting by written proxies.

Section 4.9 Action Without a Meeting. Any action required or permitted to be taken at a meeting by the Board of Directors, or by any committee thereof, may be taken without a meeting if all voting members of the Board or committee, as the case may be, consent in writing to taking such action without a meeting. If all members entitled to vote on the action consent in writing to taking such action without a meeting, the affirmative vote of the numbers of votes that would be necessary to authorize or take such action at a meeting shall be the act of the members. The action must be evidenced by one or more written

consents describing the action taken, signed in one or more counterparts by each member entitled to vote on the action, indicating each signing member's vote or abstention on the action taken. All such written consents and actions shall be filed with the minutes of the proceedings of the Board or committee. A consent signed under this Section shall have the same force and effect as a meeting vote of the Board, or any committee thereof, and may be described as such in any document.

Section 4.10 Compensation and Reimbursement of Expenses. Each director may receive reasonable compensation, as may from time to time be set by the Board of Directors, for services rendered to the Corporation. No such payments shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor.

Section 4.11 Presumption of Assent. A director of the Corporation who is present at a meeting of the Board of Directors at which action on any Corporation matter is taken shall be presumed to have assented to the action taken, unless his dissent shall be entered in the minutes of the meeting, or unless he shall file his written dissent to such action with the person acting as the secretary of the meeting before the adjournment thereof, or forward such dissent by registered mail to the Secretary of the Corporation immediately after the adjournment of the meeting. The right to dissent shall not apply to a director who voted in favor of an action.

Section 4.12 Removal. Any or all of the directors may be removed for cause or without cause by vote of two-thirds (2/3) of the Board of Directors, exclusive of the director whose removal is at issue. Removal of a director shall also constitute removal as an officer of the Corporation and as a member of all committees of the Board.

Section 4.13 Resignation. A director may resign his membership at any time by tendering his resignation in writing to the President or, in the case of the resignation of the President, to the Secretary-Treasurer. A resignation shall become effective upon the date specified in such notice or, if no date is specified, upon receipt of the resignation by the Corporation at its principal place of business.

ARTICLE V

OFFICERS

Section 5.1 Designation The principal officers of the Corporation shall be the President, Vice-President, and Secretary Treasurer.

Section 5.2 Election, Terms of Office, Duties. The Corporation's officers will be elected by majority vote of the Board of Directors and will serve _____ year terms. Nominations may come from the floor at any regularly scheduled meeting or from a Nominating Committee, appointed by the President.

Section 5.3 Salaries and Expenses. The officers of the Corporation may receive reasonable compensation, as may be set by the Board of Directors from time to time, for services rendered to the Corporation. Reasonable expenses incurred by all of the officers in the course of coordinating the affairs of the Corporation may be reimbursed by the Corporation upon proper substantiation and a resolution of the Board.

Section 5.4 Voting Securities of Corporation. Unless otherwise ordered by the Board of Directors, the President shall have full power and authority on behalf of the Corporation to attend and to act and vote at any meetings of security holders, partnerships, or corporations in which the Corporation may hold securities, and at such meetings shall possess and may execute any and all rights and powers incident to the ownership of such securities which the Corporation might have possessed and exercised if it had been present. The Board of Directors may from time to time by resolution confer like powers upon any other person or persons.

ARTICLE VI

STANDARDS OF CONDUCT

Section 6.1 Standards of Conduct. A director or an officer of the Corporation shall discharge his duties as a director or as an officer, including duties as a member of a committee:

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

Section 6.2 Reliance on Third Parties. In discharging his duties, a director or officer is entitled to rely on information, opinions, reports, or statements, including financial statements and other financial data, if prepared or presented by:

(a) One or more officers or employees of the Corporation who the director or officer reasonably believes to be reliable and competent in the matters presented;

(b) Legal counsel, public accountants or other persons as to matters the director or officer reasonably believes are within the person's professional or expert competence; or

(c) A committee of the Board of Directors of which the director or officer is not a member, as to matters within its jurisdiction, if the director or officer reasonably believes the committee merits confidence.

Section 6.3 Bad Faith. A director or officer is not acting in good faith if he has knowledge concerning the matter in question that makes reliance otherwise permitted by Section 6.2 unwarranted.

Section 6.4 No Liability. A director or officer is not liable for any action taken, or any failure to take action, as a director or officer, if he performs the duties of his or her office in compliance with the provisions of this Article, or if he is immune from suit under the provisions of Section 48-58-601 of the Act.

Section 6.5 No Fiduciary. No director or officer shall be deemed to be a fiduciary with respect to the Corporation or with respect to any property held or administered by the Corporation, including, without limitation, property that may be subject to restrictions imposed by the donor or transferor of such property.

ARTICLE VII

COMMITTEES

Section 7.1 Committees of the Board. All committees shall consist of two (2) or more members, shall be under the control and serve at the pleasure of the Board of Directors, shall have charge of such duties as may be assigned to them by the Board or these By-Laws, shall maintain a permanent record of their actions and proceedings, and shall regularly submit a report of their actions to the Board, which shall ratify the actions of each committee. The President, or his or her designee, shall serve on each committee as an ex-officio member.

Section 7.2 General Provisions for Standing Committees. The Board of Directors may maintain such standing committees as it may determine from time to time to be necessary or desirable for its proper functioning.

(a) Unless otherwise provided herein, the Board of Directors shall appoint the members of all standing committees at the annual meeting of the Board, or as soon thereafter as practical, to hold office for a term of one (1) year, commencing immediately following the meeting at which they are appointed and ending after the close of the next annual meeting of the Board, until their successors are appointed and qualified, or until their earlier death, resignation or removal. A retiring committee member may succeed himself.

(b) Unless otherwise provided herein, the President shall appoint all chairmen of all standing committees from among the membership of the Board of Directors.

(c) A member of a standing committee may resign at any time by giving written notice both to the President and the chairman of the committee from which the member is resigning.

(d) The Board may remove a member of a standing committee when, in its judgment, the best interests of the Corporation will be served by such removal.

(e) The President shall fill all vacancies in chairmanships of standing committees, and the Board shall fill all other vacancies in standing committees.

(f) Meetings of standing committees may be called by their respective chairmen or by the President. Each committee shall meet as often as is necessary to perform its functions.

(g) Each standing committee may adopt rules for its own governance, provided such rules are not inconsistent with the law, the Charter or these By-Laws.

(h) A majority of the voting members of a committee shall constitute a quorum for the transaction of business at any committee meeting. The act of a majority of the members of a standing committee present at a meeting at which a quorum is present shall be the act of the committee. Unless otherwise provided, a chairman of a standing committee shall be entitled to vote on any question before the committee.

(i) Each standing committee may invite additional individuals with expertise or familiarity in a pertinent area to meet with and assist the committee. Such individuals shall not vote or be counted in determining the existence of a quorum and may be excluded from any executive session of the committee.

Section 7.3 Ad Hoc Committees. The President, with the approval of the Board as evidenced by resolution, may from time to time create such ad hoc committees as the President believes necessary or desirable to investigate matters or advise the Board. Ad hoc committees shall limit their activities to the accomplishment of the tasks for which created and shall have no power to act except as specifically conferred by resolution of the Board. Such committees shall operate until their tasks have been accomplished or until earlier discharged by the Board.

Section 7.4 Advisory Committees. The Corporation shall utilize project specific advisory committees to provide a formal process for the participation of program beneficiaries in the decisions affecting the development and management of its projects.

ARTICLE VIII

CONTRACTS, LOANS, CHECKS, DEPOSITS, INVESTMENTS

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

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

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

Section 8.4 Deposits. All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation with such banks, trust companies, brokerage accounts, investment managers, or other depositories as the Board of Directors may from time to time select.

Section 8.5 Incorporation of Statutory Powers and Investment Authority. The Board of Directors is specifically authorized to exercise all fiduciary powers specifically enumerated in Section 35-50-110, Tennessee Code Annotated. These powers, as set out in this statute as of the date of the execution of these ByLaws, are granted, notwithstanding that this statute may be subsequently amended or repealed. Further, without in any way intending to limit the discretionary authority granted by statute, the Board of Directors shall be authorized to retain assets distributed to it, even though such assets may constitute an over-concentration in one or more similar

investments. Further, the Board shall have the authority to make investments in unproductive property, or to hold unproductive property to the extent necessary until it can be converted into productive property at an appropriate time, provided the retention of such property is in the best interest of the Corporation and does not in any way jeopardize the tax-exempt status of the Corporation.

Section 8.6 Audit. The Board of Directors shall employ an independent certified public accounting firm to conduct an audit of the Corporation's books and records at any time at which the assets of the Corporation exceed in value \$1,000,000.00.

ARTICLE IX

INDEMNIFICATION AND ADVANCEMENT OF EXPENSES

Section 9.1 Mandatory Indemnification of Directors and Officers. To the maximum extent permitted by the provisions of Sections 48-58-501, et seq., of the Act, as amended from time to time (provided, however, that if an amendment to the Act in any way limits or restricts the indemnification rights permitted by law as of the date hereof, such amendment shall apply only to the extent mandated by law and only to activities of persons subject to indemnification under this Section which occur subsequent to the effective date of such amendment), the Corporation shall indemnify and advance expenses to any person who is or was a director or officer of the Corporation, or to his heirs, executors, administrators and legal representatives, for the defense of any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, and whether formal or informal (any such action, suit or proceeding being hereinafter referred to as the "Proceeding"), to which such person was, is or is threatened to be made, a named defendant or respondent, which indemnification and advancement of expenses shall include counsel fees actually incurred as a result of the Proceeding or any appeal thereof, reasonable expenses actually incurred with respect to the Proceeding, all fines (including any excess tax assessed with respect to an employee benefit plan), judgments, penalties and amounts paid in settlement thereof, subject to the following conditions:

(a) The Proceeding was instituted because such person is or was a director or officer of the Corporation; and

(b) The director or officer conducted himself in good faith, and he reasonably believed (i) in the case of conduct in his official capacity with the Corporation, that his conduct was in its best interest; (ii) in all other cases, that his conduct was at least not opposed to the best interests of the

Corporation; and (iii) in the case of any criminal proceeding, that he had no reasonable cause to believe his conduct was unlawful. The conduct of a director or officer with respect to an employee benefit plan for a purpose he reasonably believed to be in the interest of the participants in, and beneficiaries of, the plan shall be conduct that satisfies the requirements that such person's conduct was at least not opposed to the best interests of the Corporation. The termination of a proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent is not, of itself, determinative that the director or officer did not meet the standard of conduct herein described.

Section 9.2. Permissive Indemnification of Employees and Agents. The Corporation may, to the maximum extent permitted by the provisions of Section 48-58-501, et seq., of the Act, as amended from time to time (provided, however, that if an amendment to the Act in any way limits or restricts the indemnification rights permitted by law as of the date hereof, such amendment shall apply only to the extent mandated by law and only to activities of persons subject to indemnification under this Section which occur subsequent to the effective date of such amendment), indemnify and advance expenses in a Proceeding to any person who is or was an employee or agent of the Corporation, or to his heirs, executors, administrators and legal representatives, to the same extent as set forth in Section 10.1 above, provided that the Proceeding was instituted by reason of the fact that he is or was an employee or agent of the Corporation and met the standards of conduct set forth in Subsection 10.1(b) above. The Corporation may also indemnify and advance expenses in a Proceeding to any person who is or was an employee or agent of the Corporation to the extent, consistent with public policy, as may be provided by the Charter, by these By-Laws, by contract, or by general or specific action of the Board of Directors.

Section 9.3 Non-Exclusive Application. The rights to indemnification and advancement of expenses set forth in Sections 9.1 and 9.2 above are contractual between the Corporation and the person being indemnified, and his heirs, executors, administrators and legal representatives, and are not exclusive of other similar rights of indemnification or advancement of expenses to which such person may be entitled, whether by contract, by law, by the Charter, by a resolution of the Board of Directors, by these By-Laws, by the purchase and maintenance by the Corporation of insurance on behalf of a director, officer, employee or agent of the Corporation, or by an agreement with the Corporation providing for such indemnification, all of which means of indemnification and advancement of expenses are hereby specifically authorized.

Section 9.4 Non-Limiting Application. The provisions of this Article IX shall not limit the power of the Corporation to pay or reimburse expenses incurred by a director, officer,

employee or agent of the Corporation in connection with his appearance as a witness in a Proceeding at a time when he is not a named defendant or respondent in the Proceeding.

Section 9.5 Prohibited Indemnification. Notwithstanding any other provision of this Article IX, the Corporation shall not indemnify or advance expenses to or on behalf of any director, officer, employee or agent of the Corporation, or such person's heirs, executors, administrators or legal representatives:

(a) If a judgment or other final adjudication adverse to such person establishes his liability for any breach of the duty of loyalty to the Corporation, for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, or under Section 48-58-304 of the Act; or

(b) In connection with a Proceeding by or in the right of the Corporation in which such person was adjudged liable to the Corporation; or

(c) In connection with any other Proceeding charging improper personal benefit to such person, whether or not involving action in his or her official capacity, in which he was adjudged liable on the basis that personal benefit was improperly received by him.

Section 9.6 Repeal or Modification Not Retroactive. No repeal or modification of the provisions of this Article IX, either directly or by the adoption of a provision inconsistent with the provisions of this Article, shall adversely affect any right or protection, as set forth herein, existing in favor of a particular individual at the time of such repeal or modification.

ARTICLE X

CONFLICTS OF INTEREST

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

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

(a) The material facts of the transaction and the interest of the director or officer were disclosed or known to the Board of Directors, or to a committee consisting entirely of members of the Board of Directors, and the Board of Directors or such committee authorized, approved or ratified the transaction; or

(b) Approval is obtained from the Attorney General of the State of Tennessee, or from a court of record having equity jurisdiction in an action in which the Attorney General is joined as a party.

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

ARTICLE XI

NOTICES AND WAIVER OF NOTICE

The notices provided for in these ByLaws shall be by telegram or written notice delivered personally or mailed to each individual entitled to receive the notice at his business or home address. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, so addressed, with postage thereon prepaid. If notice be given by telegram, such notice shall be deemed to be delivered when the telegram is delivered to the telegraph company. Whenever any notice is required to be given to any director, officer or committee member of the Corporation under the provisions of these By-Laws, the Charter, or the Act, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

ARTICLE XII

AMENDMENTS

These By-Laws and the Charter may be altered, amended, or repealed, and a new Charter or By-Laws adopted, upon the affirmative vote of a majority of the Board of Directors at any annual or special meeting, except to the extent that such alteration, amendment or repeal is inconsistent with Article XIII hereof.

ARTICLE XIII

EXEMPT STATUS

The Corporation has been organized and will be operated exclusively for exempt purposes within the meaning of Section 501(c)(3) of the Code and, as such, will be exempt from taxation under Section 501(a) of the Code. The Corporation intends to apply for recognition of its exempt status by filing Internal Revenue Service Form 1023 within the time prescribed under Section 508 of the Code and Treas. Reg. § 1.508-1(a)(2). Any provision of these By-Laws or of the Charter which would in any manner adversely affect the Corporation's tax exempt status shall be void and shall be deleted or modified as necessary to comply with all applicable federal and state requirements for the maintenance of the Corporation's tax exempt status.

wp:CMCCSByLaw

AMENDMENT
CCS HOUSING SYSTEM, INC.
BYLAWS

The Bylaws of CCS Housing Systems, Inc. are hereby amended as follows:

SECTION 2.1 PURPOSE: The purpose of the corporation is to develop and operate low income and special needs residential housing in the Middle Tennessee area.

SECTION 4.2 BOARD OF DIRECTORS: The Board of Directors shall be composed of the officers of the Council of Community Services Board of Directors and others duly nominated and elected by the CCS Board of Directors. No less than one-third of the CCS Housing Systems Board of Directors will be residents of low-income neighborhoods, other low-income community residents, or elected representatives of low-income neighborhood organizations. No more than one-third of the CCS Housing Systems Board of Directors shall be public officials or appointed by State or local government. Any Board members appointed by State or local government shall not in turn, appoint the remaining members of the Board of Directors.

SECTION 7.4 COMMITTEES: CCS Housing Systems, Inc. shall utilize project specific advisory committees to provide a formal process for the participation of program beneficiaries in the decisions affecting the development and management of its projects.

FILED

STATE OF TENNESSEE
CHARTER
OF
CCS HOUSING SYSTEMS, INC.

BOOK 8358 PAGE 191

Article I: Name and Filing of Charter

The name of the corporation is CCS HOUSING SYSTEMS, INC. The Charter of the corporation is being filed pursuant to the Tennessee Nonprofit Corporation Act.

Article II: Public Benefit Corporation

The corporation is a nonprofit public benefit corporation.

Article III: Office, Registered Agent and Incorporator.

The initial registered office of the corporation is located at 2012 21st Avenue, South, Nashville, Davidson County, Tennessee 37212; and the name of the registered agent at this address is Rusty Lawrence.

The incorporator of the corporation is Richard F. Warren, Jr., whose mailing address is 222 Third Avenue North, P.O. Box 198062, Nashville, Tennessee 37219.

The principal office of the corporation is located at 2012 21st Avenue, South, Nashville, Davidson County, Tennessee 37212.

Article IV: Members

The corporation will have a single member, Council of Community Services, a Tennessee non-profit corporation.

Article V: Purpose

The corporation is organized exclusively for charitable, educational, literary and scientific purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), including the receipt and acceptance of property, whether real, personal or mixed, by gift or bequest from any person or entity; the retention, administration and investment of such property in accordance with

the terms of this Charter and the corporation's bylaws; and the distribution of such property for the purposes herein delineated. The corporation is organized to engage in any activity, and to exercise any and all powers, rights and privileges, afforded a nonprofit corporation under the Act. Specifically, the corporation is organized primarily for the purpose of establishing single room occupancy facilities for the homeless of Metropolitan Nashville, Davidson County.

Article VI: Limited Personal Liability of Directors

No person who is or was a director of the corporation, nor such person's heirs, executors, administrators or legal representatives (collectively referred to as a "director"), shall be personally liable to the corporation for monetary damages for breach of fiduciary duty as a director. However, this provision shall not eliminate or limit the liability of a director (1) for any breach of a director's duty of loyalty to the corporation, (2) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, or (3) under Section 48-58-304 of the Act. No repeal or modification of the provisions of this Article, either directly or by the adoption of provisions inconsistent with the provisions of this Article, shall adversely affect any right or protection, as set forth herein, existing in favor of a particular individual at the time of such repeal or modification.

Article VII: Indemnification and Advancement of Expenses

1. Mandatory Indemnification of Directors and Officers. To the maximum extent permitted by the provisions of Sections 48-58-501, et seq., of the Act, as amended from time to time (provided, however, that if an amendment to the Act in any way limits or restricts the indemnification rights permitted by law as of the date hereof, such amendment shall apply only to the extent mandated by law and only to activities of persons subject to indemnification under this paragraph 1 which occur subsequent

to the effective date of such amendment), the corporation shall indemnify and advance expenses to any person who is or was a director or officer of the corporation, or to such person's heirs, executors, administrators and legal representatives, for the defense of any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, and whether formal or informal (any such action, suit or proceeding being hereinafter referred to as the "Proceeding"), to which such person was, is or is threatened to be made, a named defendant or respondent, which indemnification and advancement of expenses shall include counsel fees actually incurred as a result of the Proceeding or any appeal thereof, reasonable expenses actually incurred with respect to the Proceeding, all fines (including any excess tax assessed with respect to an employee benefit plan), judgments, penalties and amounts paid in settlement thereof, subject to the following conditions:

(a) The Proceeding was instituted by reason of the fact that such person is or was a director or officer of the corporation; and

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

2. Permissive Indemnification of Employees and Agents. The corporation may, to the maximum extent permitted by

the provisions of Section 48-58-501, et seq., of the Act, as amended from time to time (provided, however, that if an amendment to the Act in any way limits or restricts the indemnification rights permitted by law as of the date hereof, such amendment shall apply only to the extent mandated by law and only to activities of persons subject to indemnification under this paragraph 2 which occur subsequent to the effective date of such amendment), indemnify and advance expenses in a Proceeding to any person who is or was an employee or agent of the corporation, or to such person's heirs, executors, administrators and legal representatives, to the same extent as set forth in paragraph 1 above, provided that the Proceeding was instituted by reason of the fact that such person is or was an employee or agent of the corporation and met the standards of conduct set forth in subparagraph 1(b) above. The corporation may also indemnify and advance expenses in a Proceeding to any person who is or was an employee or agent of the corporation to the extent, consistent with public policy, as may be provided by its bylaws, by contract, or by general or specific action of the Board of Directors.

3. Non-Exclusive Application. The rights to indemnification and advancement of expenses set forth in paragraphs 1 and 2 above are contractual between the corporation and the person being indemnified, and his or her heirs, executors, administrators and legal representatives, and are not exclusive of other similar rights of indemnification or advancement of expenses to which such person may be entitled, whether by law, by this Charter, by a resolution of the Board of Directors, by the bylaws of the corporation, by the purchase and maintenance by the corporation of insurance on behalf of a director, officer, employee or agent of the corporation, or by an agreement with the corporation providing for such indemnification, all of which means of indemnification and advancement of expenses are hereby specifically authorized. The

she was adjudged liable on the basis that personal benefit was improperly received by him or her.

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

Article VIII: Prohibited Transactions

No part of the net earnings of the corporation shall inure to the benefit of, or be distributable to, its directors, officers or other private persons, except that the corporation shall be authorized and empowered to pay reasonable compensation for services rendered to it or on its behalf, pay reimbursements for expenses incurred on its behalf, and make payments and distributions in furtherance of the purposes set forth in Article V hereof. No substantial part of the activities of the corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation; and the corporation shall not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of (or in opposition to) any candidate for public office. Notwithstanding any other provision of these Articles, the corporation shall not carry on any other activities not permitted to be carried on by (a) a corporation exempt from federal income tax under Section 501(c)(3) of the Code, or any corresponding provision of any future federal tax laws; or (b) a corporation contributions to which are deductible under Sections 170(c)(2) and 2055(a) of the Code, or any corresponding provisions of any future federal tax laws.

The corporation shall not engage in any act of self-dealing, as defined in Section 4943(d) of the Code, or any corresponding provision of any future federal tax laws. The corporation shall not retain any excess business holdings, as

defined in Section 4943(c) of the Code, or any corresponding provision of any future federal tax laws. The corporation shall not make any investments in a manner that would subject it to tax under Section 4944 of the Code, or any corresponding provision of any future federal tax laws. The corporation shall not make any taxable expenditures, as defined in Section 4945(d) of the Code, or any corresponding provisions of any future federal tax laws.

Article IX: Distributions on Dissolution

Upon the dissolution of the corporation, after paying or making provision for the payment of all liabilities of the corporation then outstanding and unpaid, the Board of Directors shall distribute the assets of the corporation exclusively for the charitable purposes of the Corporation in such manner as the Board of Directors shall determine. Any assets not so distributed shall be distributed to one or more organizations then described under Section 501(c)(3) of the Code, or any corresponding provision of any future federal tax laws, as the Board of Directors shall determine. Any assets not so disposed of by the Board of Directors shall be disposed of by a court having equity jurisdiction in the county in which the principal office of the corporation is then located, with the distribution of assets to be made for such charitable purposes, or to such organization or organizations which are organized and operated exclusively for such purposes, as such court shall determine.

This Charter shall be effective upon the filing of these Articles with the Secretary of State of Tennessee.

Dated: May 22, 1991.

CCS HOUSING SYSTEMS, INC.

By: Richard F. Warren, Jr.
Richard F. Warren, Jr.
Incorporator



Department of the Treasury
Internal Revenue Service

P.O. Box 2508
Cincinnati OH 45201

In reply refer to: 0248164838
Oct. 30, 2012 LTR 4168C E0
62-1466422 000000 00

00014004
BODC: TE

URBAN HOUSING SOLUTIONS INC
822 WOODLAND ST
NASHVILLE TN 37206

11090

Employer Identification Number: 62-1466422
Person to Contact: MR. BROWN
Toll Free Telephone Number: 1-877-829-5500

Dear TAXPAYER:

This is in response to your Oct. 18, 2012, request for information regarding your tax-exempt status.

Our records indicate that you were recognized as exempt under section 501(c)(3) of the Internal Revenue Code in a determination letter issued in SEPTEMBER 1992.

Our records also indicate that you are not a private foundation within the meaning of section 509(a) of the Code because you are described in section(s) 509(a)(1) and 170(b)(1)(A)(vi).

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

Please refer to our website www.irs.gov/eo for information regarding filing requirements. Specifically, section 6033(j) of the Code provides that failure to file an annual information return for three consecutive years results in revocation of tax-exempt status as of the filing due date of the third return for organizations required to file. We will publish a list of organizations whose tax-exempt status was revoked under section 6033(j) of the Code on our website beginning in early 2011.

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

DEPARTMENT OF THE TREASURY

Date: **AUG 29 2007**

URBAN HOUSING SOLUTIONS INC
411 MURFREESBORO ROAD
NASHVILLE, TN 37210-2838

Employer Identification Number:
62-1466422

DLN:
407159014

Contact Person:
JACK D NEITZEL

ID# 95127

Contact Telephone Number:
(877) 829-5500

Date of Exemption:
May 1991

Internal Revenue Code
Section 501(c) (3)

Dear Applicant:


Thank you for submitting the information shown on the enclosure. We have made it a part of your file.

The changes indicated do not adversely affect your exempt status and the exemption letter issued to you continues in effect.

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

Thank you for your cooperation.

Sincerely yours,



Robert Choi
Director, Exempt Organizations
Rulings and Agreements


URBAN HOUSING SOLUTIONS INC

Item Changed

From

To

CHANGE FOUNDATION CLASSIFICATION FROM 509(a) (3) TO 509(a) (2)

 Department of the Treasury
Internal Revenue Service

OGDEN, UT 84201

In reply refer to: 2917042082
Dec. 07, 2001 LTR 252C
62-1466422 000000 00

00750

URBAN HOUSING SOLUTIONS INC
411 MURFREESBORO RD
NASHVILLE TN 37210-2821112

Taxpayer Identification Number: 62-1466422

Dear Taxpayer:

Thank you for the inquiry dated Nov. 09, 2001.

We have changed the name on your account as requested. The number shown above is valid for use on all tax documents.

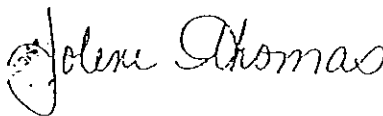
If you have any questions, please call us toll free at 1-800-829-1040. If you prefer, you may write to us at the address shown at the top of the first page of this letter.

Whenever you write, please include this letter and, in the spaces below, give us your telephone number with the hours we can reach you. Also, you may want to keep a copy of this letter for your records.

Telephone Number () _____ Hours _____

Thank you for your cooperation.

Sincerely yours,



Jolene Thomas
Dept. Manager, Code & Edit/Entity 3

Enclosure(s):
Copy of this letter

Date: OCT 1 1992

CCS HOUSING SYSTEMS INC
2012 21ST AVENUE SOUTH
NASHVILLE, TN 37212

Employer Identification Number:
62-1466422
Contact Person:
VICKY BAKER
Contact Telephone Number:
(404) 331-0930

Accounting Period Ending:
December 31
Form 990 Required:
Yes
Residency Applies:
Yes

Dear Applicant:

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

We have further determined that you are not a private foundation within the meaning of section 509(a) of the Code, because you are an organization described in section 509(a)(3).

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

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

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

Grantors and contributors may rely on this determination unless the Internal Revenue Service publishes notice to the contrary. However, if you lose your section 509(a)(3) status, a grantor or contributor may not rely on this determination if he or she was in part responsible for, or was aware of, the act or failure to act, or the substantial or material change on the part of the organization that resulted in your loss of such status, or if he or she acquired knowledge that the Internal Revenue Service had given notice that you would no longer be classified as a section 509(a)(3) organization.

Letter 947105/05

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

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

In the heading of this letter we have indicated whether you must file Form 990, Return of Organization Exempt From Income Tax. If Yes is indicated, you are required to file Form 990 only if your gross receipts each year are normally more than \$25,000. However, if you receive a Form 990 package in the mail, please file the return even if you do not exceed the gross receipts test. If you are not required to file, simply attach the label provided, check the box in the heading to indicate that your annual gross receipts are normally \$25,000 or less, and sign the return.

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

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

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

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

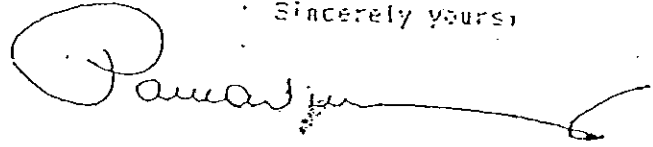
Because this letter could help resolve any questions about your exempt status and foundation status, you should keep it in your permanent records.

CCS HOUSING SYSTEMS INC

We have sent a copy of this letter to your representative as indicated in your power of attorney.

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

Sincerely yours,

A handwritten signature in cursive script, appearing to read "Paul Williams", with a long horizontal flourish extending to the right.

Paul Williams
District Director

Enclosure(s):
Addendum



About Urban Housing Solutions

Having a Place to Call Home Changes Everything.

As Nashville's largest non-profit provider of affordable housing, Urban Housing Solutions develops creative alternatives for individuals and families seeking attractive, accessible communities. Practicing sustainable construction, we rehabilitate aging structures and build new ones to offer decent, affordable options for Nashvillians and surrounding Middle Tennessee residents.

In partnership with other nonprofits and government organizations, we go beyond housing assistance to match clients with transportation providers, social service agencies, and community health care access. It's through this service continuum that our team seeks to impact families and enhance Nashville neighborhoods in compassionate, forward-thinking ways.



"Heartland Stories" featuring Urban Housing Solutions

URBAN HOUSING SOLUTIONS, INC.

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORTS**

DECEMBER 31, 2020 AND 2019

URBAN HOUSING SOLUTIONS, INC.

TABLE OF CONTENTS

Independent Auditor's Report	3
Financial Statements:	
Consolidated Statements of Financial Position	6
Consolidated Statements of Activities	8
Consolidated Statement of Functional Expenses - 2020	10
Consolidated Statement of Functional Expenses - 2019	11
Consolidated Statements of Cash Flows	12
Notes to Financial Statements	14
Required Supplementary Information	
Schedule of Changes in Total OPEB liability and related ratios	28
Supplemental Information	
Consolidating Statement of Financial Position, December 31, 2020	30
Consolidating Statement of Activities, December 31, 2020	32
Consolidating Statement of Functional Expenses, December 31, 2020	34
Consolidating Statement of Cash Flows, December 31, 2020	36
Schedule of Expenditures of Federal Awards and State Financial Assistance - 2020	38
Schedule of Expenditures of Federal Awards and State Financial Assistance - 2019	39
Schedule of Program Services Revenues and Expenses - 2020	40
Schedule of Program Services Revenues and Expenses - 2019	45
Schedule of Directors and Management Officials	46
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	50
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	52
Schedule of Findings and Questioned Costs	54
Schedule of Prior Audit Findings	55



BELLENFANT

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Urban Housing Solutions, Inc.
Nashville, Tennessee

Report on the Financial Statements

We have audited the accompanying combined financial statements of Urban Housing Solutions, Inc. and affiliates, which comprise the combined statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audits. We did not audit the financial statements of 300 E. Webster Street Holdings, L.P., and 2125 26th Ave N Holdings, L.P., which represent 19.7% and 8.5%, 6.5% and 14.5%, and 18% and 1.7%, respectively of the assets, net assets, and revenues of Urban Housing Solutions, Inc. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for 300 E. Webster Street Holdings, L.P. and 2125 26th Ave N Holdings, L.P., is based solely on the report of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, based on our audit and the report of other auditors, the combined financial statements referred to above present fairly, in all material respects, the financial position of Urban Housing Solutions, Inc. and affiliates as of December 31, 2020 and 2019, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Schedule of Changes in Total OPEB Liability and Related Ratios, as listed in the Table of Contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Consolidating Statements of Financial Position, Consolidating Statements of Activities, and Consolidating Statements of Cash Flows, and the Schedule of Program Services Revenues and Expenses for 2020 and 2019 as listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal and state awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2021 on our consideration of Urban Housing Solutions, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Urban Housing Solution, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Urban Housing Solutions, Inc.'s internal control over financial reporting and compliance.

Bellenfant, PLLC

Nashville, Tennessee

September 27, 2021

URBAN HOUSING SOLUTIONS, INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2020 AND 2019

ASSETS

	2020	2019
Current Assets		
Cash	\$ 28,746,101	\$ 12,178,009
Restricted cash:		
Tenant security deposits	904	284,161
Replacement reserves	522,728	585,421
Investment securities	15,149,705	14,862,804
Accounts receivable:		
Grants	210,132	286,512
Tenants, net of doubtful accounts	143,415	51,469
Other	78,557	79,221
Investment - Skyliner	-	716,619
Prepaid expenses	6,074	6,074
Total Current Assets	44,857,616	29,050,290
Fixed Assets - net of accumulated depreciation of \$22,776,291 and \$19,780,426 for 2020 and 2019	89,278,780	66,652,061
Other Assets		
Intangible expenses	218,143	-
Total Other Assets	218,143	-
Total Assets	134,354,539	95,702,351
Deferred Outflows of Resources	3,173	2,361
Total Assets and Deferred Outflows	\$ 134,357,712	\$ 95,704,712

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

URBAN HOUSING SOLUTIONS, INC.
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS OF DECEMBER 31, 2020 AND 2019

LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable and accrued expenses	\$ 961,846	\$ 1,826,520
Due to related party	-	-
Line of credit	6,500,000	-
Tenant security deposits	317,126	287,821
Development fee payable	-	5,080,523
Prepaid rent	16,107	22,894
Current notes payable	4,625,879	11,515,680
Total Current Liabilities	12,420,958	18,733,438

Noncurrent Liabilities

Bonds payable	15,000,000	14,945,082
OPEB Liability	32,195	38,309
Non-current notes payable	46,719,454	20,867,502
Total Noncurrent Liabilities	61,751,649	35,850,893

Total Liabilities	74,172,607	54,584,331
-------------------	------------	------------

Deferred Inflows of Resources	23,106	10,711
-------------------------------	--------	--------

Net Assets

Without donor restrictions	60,161,999	41,109,670
With donor restrictions	-	-
Total Net Assets	60,161,999	41,109,670

Total Liabilities, Deferred Inflows, and Net Assets	\$ 134,357,712	\$ 95,704,712
---	----------------	---------------

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

URBAN HOUSING SOLUTIONS, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020			2019		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUES						
Public Support:						
Individual and corporate gifts & Barnes Fund	\$ 849,149	\$ -	\$ 849,149	\$ 5,019,811	\$ -	\$ 5,019,811
Grants:						
Government	1,103,119	-	1,103,119	893,163	-	893,163
Total Public Support	<u>1,952,268</u>	<u>-</u>	<u>1,952,268</u>	<u>5,912,974</u>	<u>-</u>	<u>5,912,974</u>
Revenues:						
Rental Income	9,561,153	-	9,561,153	7,192,948	-	7,192,948
Laundry and vending machine income	39,033	-	39,033	36,606	-	36,606
Investment income	106,232	-	106,232	453,406	-	453,406
Interest income	403,050	-	403,050	-	-	-
Developer fees	-	-	-	253,300	-	253,300
Insurance proceeds	369,196	-	369,196	737,835	-	737,835
Miscellaneous	413,988	-	413,988	97,088	-	97,088
Application fees	30,265	-	30,265	25,091	-	25,091
Net assets released from restrictions:						
Satisfaction of time and purpose restricitons:	-	-	-	4,000	(4,000)	-
Total support and revenues	<u>12,875,185</u>	<u>-</u>	<u>12,875,185</u>	<u>14,713,248</u>	<u>(4,000)</u>	<u>14,709,248</u>

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

URBAN HOUSING SOLUTIONS, INC.
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020			2019		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Expenses:						
Program services:						
Rental projects	9,462,575	-	9,462,575	7,062,605	-	7,062,605
Resident support programs	922,383	-	922,383	628,451	-	628,451
Total program services	10,384,958	-	10,384,958	7,691,056	-	7,691,056
Supporting services:						
Management and general	260,357	-	260,357	632,964	-	632,964
Total expenses	10,645,315	-	10,645,315	8,324,020	-	8,324,020
Change in net assets	2,229,870	-	2,229,870	6,389,228	(4,000)	6,385,228
Net Assets - Beginning of Year	41,109,670	-	41,109,670	33,811,751	4,000	33,815,751
Prior Period Adjustment	5,080,523	-	5,080,523	42,073	-	42,073
Syndication	-	-	-	(178,524)	-	(178,524)
Capital Contributions	11,741,936	-	11,741,936	1,045,142	-	1,045,142
Net Assets - End of Year	<u>\$ 60,161,999</u>	<u>\$ -</u>	<u>\$ 60,161,999</u>	<u>\$ 41,109,670</u>	<u>\$ -</u>	<u>\$ 41,109,670</u>

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

URBAN HOUSING SOLUTIONS, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	TOTAL PROGRAM SERVICES	TOTAL MANAGEMENT & GENERAL	TOTAL EXPENSES
Payroll and related expenses	\$ 2,687,382	\$ 39,958	\$ 2,727,340
OPEB Expense	5,469	-	5,469
Advertising	9,308	6,581	15,889
Bad debt expense	27,586	-	27,586
Contract Services	650,180	13,219	663,399
Dues and subscriptions	-	5,400	5,400
Insurance	555,697	194	555,891
Interest	320,163	-	320,163
Legal and professional	216,375	101,831	318,206
Miscellaneous	8,299	17,747	26,046
Printing and postage	10,231	7,971	18,202
Rebate expense	115,122	-	115,122
Repairs and maintenance	683,010	4,422	687,432
Security services	28,003	-	28,003
Social program funds	61,095	1,252	62,347
Supplies	120,517	33,893	154,410
Taxes and licenses	652,353	13,263	665,616
Telephone	17,576	7,334	24,910
Travel	34,904	661	35,565
Utilities	1,085,638	-	1,085,638
Total Functional Expenses before Depreciation and Amortization	7,288,908	253,726	7,542,634
Depreciation and Amortization	3,096,050	6,631	3,102,681
Total Functional Expenses	<u>\$ 10,384,958</u>	<u>\$ 260,357</u>	<u>\$ 10,645,315</u>

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

URBAN HOUSING SOLUTIONS, INC.
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019

	TOTAL PROGRAM SERVICES	TOTAL MANAGEMENT & GENERAL	TOTAL EXPENSES
Payroll and related expenses	\$ 1,893,747	\$ 273,345	\$ 2,167,092
OPEB Expense	-	6,213	6,213
Advertising	8,248	195	8,443
Contract services	691,051	5,848	696,899
Insurance	364,549	1,914	366,463
Interest	453,764	22,357	476,121
Legal and professional	79,799	71,803	151,602
Miscellaneous	1,723	112,953	114,676
Printing and postage	4,238	6,760	10,998
Repairs and maintenance	534,799	3,637	538,436
Social program funds	109,552	255	109,807
Supplies	105,381	29,871	135,252
Taxes and licenses	232,168	41,945	274,113
Telephone	17,964	3,828	21,792
Travel	40,959	2,623	43,582
Utilities	957,485	19,943	977,428
Total Functional Expenses before Depreciation and Amortization	5,495,427	603,490	6,098,917
Depreciation and amortization	2,195,629	29,474	2,225,103
Total Functional Expenses	<u>\$ 7,691,056</u>	<u>\$ 632,964</u>	<u>\$ 8,324,020</u>

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

URBAN HOUSING SOLUTIONS, INC.
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Cash Flows From Operating Activities:		
Change in net assets	\$ 2,229,870	\$ 6,385,228
Adjustments to reconcile increase in net assets		
Depreciation and amortization	3,102,681	2,225,103
Changes in:		
Restricted deposits	869,582	(47,821)
Accounts receivable	76,380	
Grants	(122,849)	1,035,469
Tenants	-	23,808
Development fee receivable	(2,250,000)	-
Due from related parties	(38,934)	-
Other	-	174,779
Prepaid expenses	(70,711)	(6,074)
Other assets	(812)	(496,945)
Deferred outflows	-	(2,077)
Accounts payable and accrued expenses	3,108,250	816,815
Due to related parties	2,250,000	-
Tenant security deposits payable	182,422	91,855
Prepaid rent	(6,787)	22,894
Development fee payable	1,027,500	5,080,523
OPEB liability	(6,114)	(997)
Deferred inflows	12,395	9,287
Net cash provided by operating activities	<u>10,362,873</u>	<u>15,311,847</u>
Cash Flows from Investing Activities:		
Purchase of property and equipment	(24,546,582)	(20,930,649)
Payments for deferred charges	(163,850)	
Payment of contractor payable	(613,892)	-
Purchase of investment securities	(17,792,118)	-
Sale of investment securities, net	14,862,804	102,944
Net cash used in investing activities	<u>(28,253,638)</u>	<u>(20,827,705)</u>
Cash Flows from Financing Activities:		
Change in line of credit	6,500,000	-
Loan closing costs incurred	64,043	39,212
Payments to affiliates	(186,118)	
Bond issue costs	(10,000)	(54,918)
Proceeds from bonds payable	15,000,000	-
Payments on bonds payable	(15,000,000)	-
Proceeds from notes payable	26,274,339	7,639,446

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

URBAN HOUSING SOLUTIONS, INC.
STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
Cash Flows from Financing Activities (Continued):		
Principal payments on notes payable	(9,401,711)	(2,364,802)
Contributions	11,741,936	1,045,142
Syndication	-	(178,524)
Net cash provided by financing activities	34,982,489	6,125,556
Change in cash and restricted cash	17,091,724	609,698
Cash and restricted cash - beginning of year	12,178,009	11,526,238
Prior period adjustment	-	42,073
Cash and restricted cash - end of year	\$ 29,269,733	\$ 12,178,009

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

URBAN HOUSING SOLUTIONS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Organization and Purpose:

Urban Housing Solutions, Inc. ("UHS") was founded in 1991 as a Tennessee not-for-profit corporation. UHS provides affordable rental housing and social services for low-income residents of Nashville, primarily those with special needs.

Basis of Presentation:

UHS prepares its financial statements and maintains its financial accounting records on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Financial statement presentation follows the requirements of the Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic related to Presentation of Financial Statements of Not-for Profit Organizations. Under the FASB Accounting Standards Codification, the Association is required to report information regarding its financial position and activities according to two classes of net assets; net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions - These are net assets that are not subject to donor-imposed stipulations. UHS had \$60,161,199 and \$41,109,670 of net assets without donor restrictions as of December 31, 2020 and 2019, respectively.

Net assets with donor restrictions - These are net assets subject to donor-imposed stipulations that may or will be met, either by actions of UHS and/or the passage of time. This classification also includes net assets subject to donor-imposed stipulations that may be maintained permanently by UHS. Generally, donors of these assets permit UHS to use all or part of the income earned for general or specific purposes. UHS had \$0 of net assets with donor restrictions as of both December 31, 2020 and 2019, respectively.

Contributions and Support:

Contributions are recorded as with donor restrictions or without donor restrictions, depending on the existence and/or nature of any donor restrictions.

Contributions are considered to without donor restrictions unless specifically restricted by the donor. Amounts received that are restricted by the donor for future periods or for specific purposes are reported as net assets with donor restrictions support that increases that net asset class. When a restriction is fulfilled (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to unrestricted and reported in the Statement of Activities as net assets released from restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, the support is reported as unrestricted.

UHS also receives grant revenue from various federal, state and local agencies, principally from the U.S. Department of Housing and Urban Development and the Metropolitan Development and Housing Agency. Grant revenue is recognized in the period a liability is incurred for eligible expenditures under the terms of the grant. Grant funds received prior to recognition are recorded initially as deferred revenue.

URBAN HOUSING SOLUTIONS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

Contributions and Support (Continued)

UHS reports any gifts of equipment or materials as unrestricted support unless explicit donor restrictions specify how the assets must be used. Gifts of long-lived assets with explicit restrictions as to how the assets are to be used or funds restricted for the acquisition of long-lived assets are reported as restricted support. Expirations of donor restrictions are recognized when the donated or acquired long-lived assets are placed in service.

Income Taxes

UHS has been determined by the Internal Revenue Service to be exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code. Accordingly, the financial statements do not reflect a provision for income taxes.

UHS has evaluated its tax position in accordance with the Codification Standard relating to Accounting for Uncertainty in Income Taxes. UHS believes that it has taken no uncertain tax positions. The Organization files U.S. Federal Form 990 - *Return of Organization Exempt from Income Tax*. The Organization's returns for those years prior to calendar year 2017 are no longer open for examination.

Fixed Assets

Fixed assets with a cost above \$500 are recorded at acquisition costs, or estimated fair market value if donated, and are depreciated using the straight-line method over their estimated useful lives of three to ten years for furniture and equipment and fifteen to thirty years for buildings and improvements.

New Pronouncements

In February 2016, FASB issued ASU 2016-02, Leases. The standard requires all leases with lease term over 12 months to be capitalized as a right of use asset and lease liability on the balance sheet at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the income statement. This standard will be effective for the fiscal year ending December 31, 2021. UHS is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.

Program and Supporting Services

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

Woodland - this building is used as our main administrative and leasing office.

Mercury Courts and The Park - provides 155 units of housing for formerly homeless and low-income adults, as well as access to the agency's shuttle service, on-site classes, service coordination, and health advocacy.

Hope Terrace (formerly known as Centennial Commons), Crown Courts, and Vultee Gardens - three properties that provide a total of 65 housing units for low-income individuals and families who are in recovery from drug and alcohol addiction, some of whom are homeless. UHS's Journeys of Hope program provides supportive services for these residents.

URBAN HOUSING SOLUTIONS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

Program and Supporting Services (Continued)

Rental Projects (continued):

Mercury North - provides 32 units of housing for low-income adults and families, many of whom are homeless.

Greentree Terrace - provides 57 units of housing for low-income individuals and families, some of whom are homeless.

River Terrace - provides 20 units of housing for low-income adults and families.

Porter East - provides 20 apartments for low-income adults and families with a focus on deaf individuals, as well as space for a variety of small commercial enterprises.

Neely Meadows - provides 148 units of housing for low-to-moderate income individuals and families.

Eastwood Courts - provides 61 units of housing for low-income adults and families.

Village Place - provides 69 units of housing for low-income adults and families.

Clarksville Highway - provides 141 units of housing for low-income adults and families.

Millennium - provides 25 units of housing for low-to-moderate income individuals and family.

Lewis (1233-1235) - provides 20 units of housing for developmentally-challenged adults and their friends from the Vanderbilt Divinity School.

Old Hickory - land purchase

Rex Courtyard - provides 96 units of housing for low-income individuals and families, many of whom are homeless.

Resident Support Programs:

Neighborhood Stabilization Program II - Thirteen properties, which were purchased to rehabilitate the neighborhoods in the Nashville area, including a total of 131 residential units for lower income adults and families. All properties are complete.

Service Coordinator Program - provides the supportive service staff that is essential to assess and assist the formerly homeless residents of Mercury Courts and those in need at other properties. Service coordinators provide referrals to community services, and assist residents in obtaining employment.

Journeys of Hope Program - provides addiction recovery services to residents living in 65 units of housing in three different properties - Vultee Gardens, Crown Courts, and Hope Terrace. In addition to weekly group meetings and regular drug testing, residents also have access to a full-time addictions specialist.

URBAN HOUSING SOLUTIONS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

Program and Supporting Services (Continued)

Resident Support Programs (Continued):

Client Fund Program - provides direct financial assistance to residents in order to meet their transportation, healthcare, or other emergency needs. The fund covers the cost of the resident shuttle, bus passes, medical and dental co-pays, food, rent concessions and basic starter household supplies for many of the agency's formerly homeless residents. This fund has recently been used to assist flood victims.

Health Matters - offers a full-time health advocate, health-related workshops, and semiannual health fairs for UHS residents - primarily to those living at Mercury Courts and The Park. The program helps to connect residents to primary care physicians, insurance and prescription assistance programs, and wellness programs in order to reduce dependency on emergency services and improve health outcomes.

HOPWA (Housing Opportunities for Persons with AIDS) - provides subsidized rent and case management for UHS residents living with HIV/AIDS.

Homeless Recovery Program (SHP) - At the end of 2015, the Permanent SHP, SOAR SHP and Mainstream SHP programs were consolidated into the Homeless Recovery Program. This program provides subsidized rent and case management services for people who are homeless and disabled. The SOAR SHP provided subsidized rent and supportive services for people who have applied for SSI/SSDI through the SOAR process. The Mainstream SHP provided subsidized rent and case management for people who are homeless.

Vanderbilt - provides the Safety Net grant for lab and medication fees. The grant proceeds pass-through Urban Housing Solutions from the State of Tennessee to the Clinic at Mercury Court.

Low Income Housing Tax Credit Programs:

Gibson Creek:

In December 2017, UHS paid earnest fees and expenses amounting to \$244,515 for the purchase of Hampton Terrace, which occurred in April 2018. This property was transferred to 300 E Webster Street Holdings, LP, a limited partnership, for a .01% ownership interest through its wholly owned subsidiary, 300 E. Webster Street Holdings GP, LLC. These expenses were reimbursed once the closing was complete. UHS is the developer of the property.

The property is managed by S&S Property Management. UHS is responsible for paying insurance, taxes, and other fees which are reimbursed by 300 E Webster Street Holdings, LP.

300 E Webster Street Holdings, LP qualifies 100% of the units for low income housing credits in accordance with Section 42 of the Internal Revenue Code as enacted by the Tax Reform Act of 1986. The applicable low-income housing tax credits will be available to the limited partner over a ten-year period. The units must meet the provisions of Section 42 of the Internal Revenue Code during fifteen years in order to remain qualified to receive the credits. After meeting the fifteen-year requirement, all tax credits have been earned. The project was completed by December 31, 2019.

URBAN HOUSING SOLUTIONS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

Program and Supporting Services (Continued)

Low Income Housing Tax Credit Programs (Continued):

26th Avenue North (Clarksville Phase 3):

In December 2018, UHS conveyed Unit 3 and an appurtenant interest in the common elements of 26th and Clarksville Commons to 2125 26th Ave N Holding, LP. Project was completed in the fall of 2020.

Skyliner:

In 2019 and 2020, UHS paid pre-development costs, fees, and expenses amounting to \$716,619 and \$2,948,630, respectively, for the closing of Skyliner. This property was transferred to Skyliner, LP, a limited partnership, for a .01% ownership interest through its wholly owned subsidiary, Skyliner Development, LLC. Expenses of \$306,217 were reimbursed in 2020. The majority of expenses will be reimbursed once the substantial funding occurs in 2021.

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

Allocation of Functional Expenses

Expenses that can be directly attributed to a particular function are charged to that function. Certain costs have been allocated among more than one program or activity benefited based on objectively evaluated financial and nonfinancial data or reasonable subjective methods determined by management.

Use of estimates in the preparation of financial statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Allowance for uncollectible accounts/bad debts

At the end of each year, management reviews accounts receivable in detail and writes off any account that is deemed uncollectible. Based on assessment of specific accounts and historical collection experience of rental income, an allowance for uncollectible accounts was considered to be 20% of total balance as of December 31, 2020 and 2019, which was \$32,474 and \$10,929, respectively.

2. GRANTS RECEIVABLE

Grants receivable consists of receivables from programs funded by the U.S. Department of Housing and Urban Development ("HUD"), the Metropolitan Development and Housing Agency ("MDHA") and the Tennessee Department of Health. Financial activities of those programs are summarized in the schedule of expenditures of federal awards.

URBAN HOUSING SOLUTIONS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

3. FIXED ASSETS

Fixed assets consist of the following as of December 31:

	2020	2019
Land	\$ 10,121,299	\$ 6,781,299
Buildings and improvements	95,522,363	73,111,435
Furniture and equipment	3,569,610	5,489,960
Construction in progress	3,869,299	1,049,793
Eliminations	(1,027,500)	-
	112,055,071	86,432,487
Less accumulated depreciation	(22,776,291)	(19,780,426)
Total Fixed Assets	\$ 89,278,780	\$ 66,652,061

4. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used by UHS in estimating its fair value disclosures for financial instruments:

Cash, cash equivalents, investments, accounts receivable, prepaid expenses, accounts payables, unearned revenue and accrued expenses: The carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.

5. NOTES PAYABLE

Notes payable consist of the following at December 31:

	2020	2019
Note payable - Renasant Bank (prime rate - 4.00%); payable in monthly installments of \$6,400 beginning January 2017 final balloon payment for balance due January 2022; secured by real estate.	\$ 328,346	\$ 404,505
Note payable - Pinnacle Bank (index rate - 4.00%); payable in monthly principal and interest payment of \$5,479 beginning October 2008, final balloon payment for the balance due August 2027; secured by real estate at Mercury Courts.	443,868	508,852
Note payable - Regions Bank (3.50%); payable in monthly principal and interest payment of \$5,751 beginning March 2010, final payment for balance due August 2021; secured by real estate.	36,402	102,832
Note payable - Bank of TN (prime rate - 4.00%); payable in monthly principal payment of \$7,640 plus interest beginning February 2011, final balloon payment for balance due January 2026; secured by real estate.	465,840	557,520
Note payable - Bank of TN (prime rate - 4.00%); payable in monthly principal payment of \$6,390 plus interest beginning February 2011, final balloon payment for balance due January 2026; secured by real estate.	389,590	466,270

URBAN HOUSING SOLUTIONS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

5. NOTES PAYABLE (CONTINUED)

	<u>2020</u>	<u>2019</u>
Note payable - Truxton Trust (prime rate - 4.00%); payable in monthly principal payments of \$11,031 plus interest, beginning February 2018, final balloon payment January 2028; secured by real estate.	948,645	1,081,017
Note payable - Renasant (prime rate - 4%); interest only until January 2020, then payable in monthly principal payment of \$4,167 plus interest, beginning February 2020, final balloon payment for balance due January 2023; secured by real estate.	2,777,102	2,153,422
Note Payable - Truxton Trust (prime rate - 4.00%); payable in monthly principal and interest payments of \$4,149; beginning June 2016, final balloon payment for balance due December 2024; secured by real estate.	813,188	863,068
Note Payable - Truxton Trust (prime rate - 4.00%); payable in monthly principal and interest payments of \$4,518; beginning January 2020, final balloon payment for balance due June 2024; secured by real estate.	650,989	703,829
Note Payable - Pinnacle (prime rate - 4.00%); payable in monthly principal and interest payments of \$5,416; beginning January 2020, final balloon payment for balance due May 2024; secured by real estate.	1,026,917	1,089,577
Note Payable - 300 E Webster St Holdings, LP; First Horizon (prime rate - 4.00%, 0.75% per annum as of December 31, 2019); Interest only will be payable monthly for the first 24 months, final balloon payment for balance due April 2035; secured by real estate.	12,242,881	12,497,484
Note Payable - 300 E Webster St Holdings, LP; First Horizon (prime rate - 4.00%, 0.75% per annum as of December 31, 2019); Interest only will be due and payable monthly for the first 24 months, all principal and interest payments are due on April 26, 2020; secured by real estate.	3,351,916	5,499,024
Note Payable - 2125 26th Ave. N Holdings, LP; Pinnacle Bank (prime rate 4.00%); secured by real estate. Interest only due until full balance due 1/6/2020. Subject to SWAP agreement stating fixed rate of 1.62%.	-	5,000,000
Note Payable - 2125 26th Ave. N. Holdings, LP; Pinnacle Bank (prime rate - 4.00%); payable in monthly principal and interest payments of \$4,000; beginning December 2020, and payments of \$5,000 beginning December 2024; final balloon payment for balance due May 2029; secured by real estate. Subject to a SWAP agreement stating a fixed rate of 1.62%.	1,679,651	1,679,651
Note payable - Regions Bank (prime rate - 4.00%); payable in monthly interest payments beginning January 2022, and final balloon payment for balance due December 2022; secured by real estate.	9,200,000	-

URBAN HOUSING SOLUTIONS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

5. NOTES PAYABLE (CONTINUED)

	<u>2020</u>	<u>2019</u>
Note payable - Fifth Third Bank (prime rate - 4.00%); payable in annual principal payments beginning January 2023, and final balloon payment for balance due January 2038; secured by real estate.	17,200,000	-
Total Notes Payable	51,555,335	32,607,051
Less: Unamortized Fees	(210,002)	(223,869)
Notes Payable, Net of Unamortized Fees	\$ 51,345,333	\$ 32,383,182

Annual principal maturities of notes payable as of December 31, 2020 are as follows:

2021	\$	4,625,879
2022		10,666,261
2023		8,385,304
2024		2,756,688
2025		1,374,088
2026 and thereafter		23,747,115
	\$	51,555,335

Interest expense of \$320,163 and \$476,121 was paid in 2020 and 2019.

6. BONDS PAYABLE

On April 26, 2018, the Organization obtained financing from the issuance of Health and Educational Facilities Board issued by the Metro Government of Nashville and Davidson County. The bond bears interest at 2.05% per annum and are secured by the mortgage. All outstanding principal and interest was due and payable at maturity on April 26, 2020. As of December 31, 2020 and 2019, the outstanding principal balance was \$0 and \$15,000,000, respectively.

In January 2020, the Organization obtained financing from the issuance of Health and Educational Facilities Board issued by the Metro Government of Nashville and Davidson County. The bond bears interest at 2.01% per annum and are secured by the mortgage. Interest is paid annually. The outstanding principal is due and payable at maturity on January 5, 2023. As of December 31, 2020, the outstanding principal balance was \$15,000,000.

The bonds payable consist of the following at December 31:

	<u>2020</u>	<u>2019</u>
Principal balance	\$ 15,000,000	\$ 15,000,000
Less: unamortized bond fees	-	(54,918)
Bonds payable, net of unamortized bond fees	\$ 15,000,000	\$ 14,945,082

Debt issuance costs are amortized to interest expense over the term of the loan. For the year ended December 31, 2020, the effective interest rate was 2.05%. Amortization expense for debt issuance costs was \$67,294 and \$180,397 for the years ended December 31, 2020 and 2019, respectively.

URBAN HOUSING SOLUTIONS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

7. CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject UHS to concentrations of credit risk consist principally of grants and tenant accounts receivable. Tenant accounts receivable are widely dispersed to mitigate credit risk. Grants receivable represent concentrations of credit risk to the extent they are receivable from concentrated sources.

UHS maintains deposit accounts with nine financial institutions whose accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000 each. UHS had excess uninsured balances in 2020 and 2019. In management's opinion, the risk is mitigated by the use of high-quality financial institutions.

8. COMMITMENTS AND CONTINGENCIES

Federal and State Grants

UHS received federal, state and local grants for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could result in disallowances of expenditures, management believes that any required reimbursements would not be significant. Accordingly, no provision has been made for any potential reimbursements to the grantor.

9. ACCRUE PAYMENTS IN LIEU OF TAXES (PILOT)

UHS is not required to pay property taxes on several of its properties that have been granted property tax exempt status. Under this exempt status, UHS is required to make a payment in lieu of taxes (PILOT) to the city and county.

The Metropolitan Council approved the formula for calculating PILOT payments to be 25% of the normal property taxes. PILOT expenses were \$225,887 and \$66,655 for the years ended December 31, 2020 and 2019, respectively.

10. CONSORTIUM AGREEMENT

UHS is a consortium member with Metropolitan Development and Housing Agency (MDHA) to implement the Neighborhood Stabilization Program 2 (NSP2) by conducting certain activities including:

- Redevelopment of Demolished or Vacant Property as Housing (New Construction).
- Acquisition and Rehab of Abandoned or Foreclosed Homes of Residential Properties.

11. COMPENSATED ABSENCES

Employees of UHS are entitled to paid vacation and sick days. Employees are allowed to carryover 5 unused vacation days at December 31; sick days are not paid if the employee leaves. Accordingly, the accrued leave has been calculated as the total of vacation days available. As of December 31, 2020 and 2019, the amount of accrued leave was \$39,559 and \$23,639, respectively.

12. PENSION

UHS maintains a 401(k) plan. Matching contributions are made on each employee's behalf up to 5.0% of compensation. Employees are eligible after ninety days of service. Total contributions were \$95,859 and \$75,814 for the years ended December 31, 2020 and 2019, respectively.

URBAN HOUSING SOLUTIONS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

13. CLOSED LOCAL GOVERNMENT OPEB PLAN

Plan description - Employees of UHS are provided with pre-65 retiree health insurance benefits through the Local Government OPEB Plan (LGOP) administered by the Tennessee Department of Finance and Administration. This plan is considered to be a multiple-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB). However, for accounting purposes, this plan will be treated as a single-employer plan. All eligible pre-65 retired employees and disability participants of local governments, who choose coverage, participate in the LGOP.

Benefits provided - UHS offers the LGOP to provide health insurance coverage to eligible pre-65 retirees and disabled participants of local governments. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with TCA 8-27-701 establishes and amends the benefit terms of the LGOP. All members have the option of choosing between the premier preferred provider organization (PPO), standard PPO, limited PPO or the wellness health savings consumer driven health plan (CDHP) for healthcare benefits. Retired plan members, of the LGOP, receive the same plan benefits as active employees, at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct subsidies provided for the retiree premiums. UHS does not directly subsidize and are only subject to the implicit subsidy. The LGOP is funded on a pay-as-you-go basis and there are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

Employees covered by benefit terms - At July 1, 2020, the following employees of UHS were covered by the benefit terms of the LGOP:

Inactive employees currently receiving benefit payments	-
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	44
Total	44

An insurance committee, created in accordance with TCA 8-27-701, establishes the required payments to the LGOP by member employers and employees through the blended premiums established for active and retired employees.

Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. For the fiscal year ended June 30, 2020, UHS paid \$386 to the LGOP for OPEB benefits as they came due.

Total OPEB Liability

Actuarial assumptions - The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.10%
Salary increases	Graded salary ranges from 3.44 to 8.72 percent based on age, including inflation, averaging 4 percent.
Healthcare costs and trends	7.56% for 2021, decreasing annually over a 10 year period to an ultimate rate of 4.50%.
Retiree's share of benefit-related costs	Members are required to make monthly contributions in order to maintain their coverage. For the purpose of this Valuation a weighted average has been used with weights derived from the current distribution of members among plans offered.

URBAN HOUSING SOLUTIONS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

13. CLOSED LOCAL GOVERNMENT OPEB PLAN (CONTINUED)

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2017, valuations were the same as those employed in the July 1, 2017 Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS). These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2012 - June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the RP-2014 Healthy Participant Mortality Table for Annuitants for non-disabled post-retirement mortality, with mortality improvement projected to all future years using Scale MP-2016. Post-retirement tables are Blue Collar and adjusted with a 2% load for males and a -3% load for females. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10% load.

Discount rate - The discount rate used to measure the total OPEB liability was 2.21 percent. This rate reflects the interest rate derived from yields on 20-year, tax-exempt general obligation municipal bonds, prevailing on the measurement date, with an average rating of AA/Aa as shown on the Fidelity 20-Year Municipal GO AA index.

Changes in the Total OPEB Liability

	Total OPEB Liability (a)
Total OPEB liability – beginning balance	\$ 38,309
Changes for the year:	
Service cost	6,655
Interest	1,621
Changes for benefit terms	-
Differences between expected and actual experience	(15,644)
Change in assumption	1,640
Benefit payments	(386)
Net changes	(6,114)
Total OPEB liability – ending balance	\$ 32,195

Changes in assumptions - The discount rate was changed from 3.62% as of the beginning of the measurement period to 3.51% as of June 30, 2019. This change in assumption decreased the total OPEB liability. It was also decided to change the status of the LGOP from a closed plan to one that is open to all eligible employees regardless of initial hire date. This change in status will increase the OPEB liability. Other changes in assumptions include adjustments to initial per capita costs and slight changes to the near term health trend rates.

Sensitivity of total OPEB liability to changes in the discount rate - The following presents the total OPEB liability related to the LGOP, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate.

URBAN HOUSING SOLUTIONS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

13. CLOSED LOCAL GOVERNMENT OPEB PLAN (CONTINUED)

	1% Decrease (2.51%)	Discount Rate (3.51%)	1% Increase (4.51%)
Total OPEB liability	\$ 35,001	\$ 32,195	\$ 29,604

Sensitivity of total OPEB liability to changes in the healthcare cost trend rate - The following presents the total OPEB liability related to the LGOP, as well as what the total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate.

	1% Decrease (6.56% decreasing to 3.5%)	Healthcare Cost Trend Rates (7.56% decreasing to 4.5%)	1% Increase (8.56% decreasing to 5.5%)
Total OPEB liability	\$ 28,155	\$ 32,195	\$ 37,021

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

OPEB expense - For the fiscal year ended June 30, 2019, UHS recognized OPEB expense of \$6,599.

Deferred outflows of resources and deferred inflows of resources - For the fiscal year ended June 30, 2019, UHS reported deferred outflows of resources and deferred inflows of resources related to OPEB benefits in the LGOP from the following sources:

	Deferred Outflows of resources	Deferred Inflows of resources
Differences between actual and expected experience	\$ -	\$ (22,010)
Changes of assumptions	3,173	(1,096)
Employer payments subsequent to the measurement date	-	-
Total	\$ 3,173	\$ (23,106)

The amounts shown above for "Employer payments subsequent to the measurement date" will be recognized as a reduction to total OPEB liability in the following measurement period.

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

For the year ended June 30:

2022	\$	(2,807)
2023	\$	(2,807)
2024	\$	(2,807)
2025	\$	(2,807)
2026	\$	(2,807)
Thereafter	\$	(5,898)

URBAN HOUSING SOLUTIONS, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

14. PRIOR PERIOD ADJUSTMENT

A prior period adjustment for Urban Housing Solutions in the amount of \$5,080,523 for the year ended December 31, 2020. This adjustment was to record a development fee receivable from 300 E. Webster Street Holdings, L.P. This transaction is eliminated in consolidation.

15. SUBSEQUENT EVENTS

Subsequent events have been evaluated through September 27, 2021, which is the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

URBAN HOUSING SOLUTIONS, INC.
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
DECEMBER 31, 2020

	<u>2018</u>	<u>2019</u>	<u>2020</u>
Total OPEB liability			
Service cost	\$ 6,837	\$ 6,054	\$ 6,655
Interest	1,160	1,610	1,621
Changes of benefit terms	-	-	-
Differences between expected and actual	-	(10,590)	(15,644)
Changes of assumptions	(1,588)	2,213	1,640
Benefit payments	-	(284)	(386)
Net change in total OPEB liability	<u>6,409</u>	<u>(997)</u>	<u>(6,114)</u>
Total OPEB liability - beginning	<u>32,897</u>	<u>39,306</u>	<u>38,309</u>
Total OPEB liability - ending (a)	<u><u>\$ 39,306</u></u>	<u><u>\$ 38,309</u></u>	<u><u>\$ 32,195</u></u>

Covered-employee payroll \$ 2,421,857

**Total OPEB liability as a percentage of
covered-employee payroll** 1.62%

Notes to Schedule

There are no assets accumulating, in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, related to this OPEB plan.

The amounts reported for each fiscal year were determined as of the prior fiscal year-end.

This schedule is intended to display ten years of information. Additional years will be displayed as they become available.

SUPPLEMENTAL INFORMATION

URBAN HOUSING SOLUTIONS, INC.
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2020

	Urban Housing Solutions	300 E . Webster St. Holdings, LP	2125 26th Ave. N. Holdings, LP	Skyliner	Eliminations	Consolidated
	<u>ASSETS</u>					
Current Assets						
Cash	\$ 11,221,748	\$ 418,967	\$ 115,261	\$ 16,990,125	\$ -	\$ 28,746,101
Restricted cash:						
Tenant security deposits	904	-	-	-	-	904
Replacement reserves	27,033	495,695	-	-	-	522,728
Investments securities	-	-	-	15,149,705	-	15,149,705
Accounts receivable:						
Grants	210,132	-	-	-	-	210,132
Tenants, net of doubtful accounts	129,894	-	13,521	-	-	143,415
Development fee receivable	6,261,140	-	-	153,117	(6,414,257)	-
Due from related parties	2,250,000	-	-	-	(2,250,000)	-
Other	-	39,623	13,133	25,801	-	78,557
Investment - Skyliner	3,359,032	-	-	-	(3,359,032)	-
Prepaid expenses	-	6,074	-	-	-	6,074
Total Current Assets	<u>23,459,883</u>	<u>960,359</u>	<u>141,915</u>	<u>32,318,748</u>	<u>(12,023,289)</u>	<u>44,857,616</u>
Fixed Assets - net of accumulated depreciation of \$22,776,291	<u>47,887,181</u>	<u>25,599,889</u>	<u>11,249,248</u>	<u>5,569,962</u>	<u>(1,027,500)</u>	<u>89,278,780</u>
Intangible assets	<u>-</u>	<u>152,146</u>	<u>65,997</u>	<u>-</u>	<u>-</u>	<u>218,143</u>
Total Other Assets	<u>-</u>	<u>152,146</u>	<u>65,997</u>	<u>-</u>	<u>-</u>	<u>218,143</u>
Total Assets	71,347,064	26,712,394	11,457,160	37,888,710	(13,050,789)	134,354,539
Deferred outflows of resources	<u>3,173</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,173</u>
Total assets and deferred outflows	<u>\$ 71,350,237</u>	<u>\$ 26,712,394</u>	<u>\$ 11,457,160</u>	<u>\$ 37,888,710</u>	<u>\$ (13,050,789)</u>	<u>\$ 134,357,712</u>

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

URBAN HOUSING SOLUTIONS, INC.
CONSOLIDATING STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS OF DECEMBER 31, 2020

LIABILITIES AND NET ASSETS

	Urban Housing Solutions	300 E . Webster St. Holdings, LP	2125 26th Ave. N. Holdings, LP	Skyliner	Eliminations	Consolidated
Current Liabilities						
Accounts payable and accrued expenses	\$ 734,351	\$ 187,412	\$ 40,082	\$ 3,359,033	\$ (3,359,032)	\$ 961,846
Due to related parties	-	2,000,000	-	250,000	(2,250,000)	-
Line of credit	6,500,000	-	-	-	-	6,500,000
Tenant security deposits	243,639	73,487	-	-	-	317,126
Development fee payable	-	5,080,523	1,027,500	153,117	(6,261,140)	-
Prepaid rent	-	16,107	-	-	-	16,107
Current notes payable	815,717	3,810,162	-	-	-	4,625,879
Total Current Liabilities	8,293,707	11,167,691	1,067,582	3,762,150	(11,870,172)	12,420,958
Bonds payable	-	-	-	15,000,000	-	15,000,000
OPEB liability	32,195	-	-	-	-	32,195
Non-current notes payable	16,212,618	11,627,185	1,679,651	17,200,000	-	46,719,454
Total Noncurrent Liabilities	16,244,813	11,627,185	1,679,651	32,200,000	-	61,751,649
Total Liabilities	24,538,520	22,794,876	2,747,233	35,962,150	(11,870,172)	74,172,607
Deferred inflows of resources	23,106	-	-	-	-	23,106
Net Assets						
Without donor restrictions	46,788,611	3,917,518	8,709,927	1,926,560	(1,180,617)	60,161,999
With donor restrictions	-	-	-	-	-	-
Total net assets	46,788,611	3,917,518	8,709,927	1,926,560	(1,180,617)	60,161,999
Total liabilities	24,538,520	22,794,876	2,747,233	35,962,150	(11,870,172)	74,172,607
Deferred inflows and net assets	\$ 71,350,237	\$ 26,712,394	\$ 11,457,160	\$ 37,888,710	\$ (13,050,789)	\$ 134,357,712

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

URBAN HOUSING SOLUTIONS
CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Urban Housing Solutions</u>	<u>300 E . Webster St. Holdings, LP</u>	<u>2125 26th Ave. N. Holdings,</u>	<u>Skyliner</u>	<u>Eliminations</u>	<u>Consolidated</u>
SUPPORT AND REVENUES						
Public Support:						
Individual and corporate gifts & Barnes Fund	\$ 849,149	\$ -	\$ -	\$ -	\$ -	\$ 849,149
Grants:						
Government	1,103,119	-	-	-	-	1,103,119
Total public support	1,952,268	-	-	-	-	1,952,268
Revenues:						
Rental income	7,111,866	2,303,438	145,849	-	-	9,561,153
Laundry and vending machine income	23,166	15,867	-	-	-	39,033
Investment income	25,318	4,191	76,723	-	-	106,232
Interest income	-	-	-	403,050	-	403,050
Developer fees	1,180,617	-	-	-	(1,180,617)	-
Insurance proceeds	369,196	-	-	-	-	369,196
Miscellaneous	412,314	-	1,674	-	-	413,988
Application fees	30,265	-	-	-	-	30,265
Net assets released from restrictions:						
Satisfaction of time and purpose restrictions	-	-	-	-	-	-
TOTAL SUPPORT AND REVENUES	<u>11,105,010</u>	<u>2,323,496</u>	<u>224,246</u>	<u>403,050</u>	<u>(1,180,617)</u>	<u>12,875,185</u>

URBAN HOUSING SOLUTIONS
CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Urban Housing Solutions	300 E . Webster St. Holdings, LP	2125 26th Ave. N. Holdings,	Skyliner	Eliminations	Consolidated
EXPENSES						
Program services:						
Rental projects	\$ 6,740,477	\$ 2,302,560	\$ 239,090	\$ 180,448	\$ -	\$ 9,462,575
Resident support programs	922,383	-	-	-	-	922,383
Total program services	<u>7,662,860</u>	<u>2,302,560</u>	<u>239,090</u>	<u>180,448</u>	<u>-</u>	<u>10,384,958</u>
Supporting services:						
Management and general	124,256	136,101	-	-	-	260,357
TOTAL EXPENSES	<u>7,787,116</u>	<u>2,438,661</u>	<u>239,090</u>	<u>180,448</u>	<u>-</u>	<u>10,645,315</u>
CHANGE IN NET ASSETS	3,317,894	(115,165)	(14,844)	222,602	(1,180,617)	2,229,870
Net Assets, Beginning of year	38,390,194	666,020	2,053,456	-	-	41,109,670
Prior Period Adjustment	5,080,523	-	-	-	-	5,080,523
Syndication	-	-	-	-	-	-
Capital Contributions	-	3,366,663	6,671,315	1,703,958	-	11,741,936
Net Assets, End of year	<u>\$ 46,788,611</u>	<u>\$ 3,917,518</u>	<u>\$ 8,709,927</u>	<u>\$ 1,926,560</u>	<u>\$ (1,180,617)</u>	<u>\$ 60,161,999</u>

URBAN HOUSING SOLUTIONS, INC.
CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

PROGRAM SERVICES									
URBAN HOUSING SOLUTIONS				<u>300 E.</u> <u>WEBSTER ST.</u> <u>HOLDINGS, LP</u>	<u>2125 26TH</u> <u>AVE. N.</u> <u>HOLDINGS, LP</u>	<u>Skyliner</u>	<u>Eliminations</u>	<u>TOTAL</u> <u>PROGRAM</u> <u>SERVICES</u>	
	<u>RENTAL</u> <u>PROJECTS</u>	<u>RESIDENT</u> <u>SUPPORT</u> <u>PROGRAMS</u>	<u>Total</u>						
Payroll and related expenses	\$ 1,852,294	\$ 529,605	\$ 2,381,899	\$ 279,241	\$ 26,242	\$ -	\$ -	-	2,687,382
OPEB Expense	-	5,469	5,469	-	-	-	-	-	5,469
Advertising	-	-	-	9,308	-	-	-	-	9,308
Bad debt expense	-	-	-	27,586	-	-	-	-	27,586
Contract services	638,182	5,156	643,338	6,842	-	-	-	-	650,180
Dues and subscriptions	-	-	-	-	-	-	-	-	-
Insurance	415,712	8,644	424,356	121,902	9,439	-	-	-	555,697
Interest	19,029	1	19,030	98,213	27,920	175,000	-	-	320,163
Legal and professional	138,168	9,941	148,109	53,386	14,880	-	-	-	216,375
Miscellaneous	-	1,892	1,892	1	958	5,448	-	-	8,299
Printing and postage	8,471	1,760	10,231	-	-	-	-	-	10,231
Rebate expense	-	-	-	115,122	-	-	-	-	115,122
Repairs and maintenance	270,447	2,181	272,628	394,811	15,571	-	-	-	683,010
Security services	-	-	-	28,003	-	-	-	-	28,003
Social program funds	43,961	16,457	60,418	-	677	-	-	-	61,095
Supplies	103,003	16,204	119,207	-	1,310	-	-	-	120,517
Taxes and licenses	503,158	-	503,158	146,064	3,131	-	-	-	652,353
Telephone	13,675	3,686	17,361	-	215	-	-	-	17,576
Travel	30,861	3,639	34,500	-	404	-	-	-	34,904
Utilities	947,234	-	947,234	113,451	24,953	-	-	-	1,085,638
Total functional expenses before depreciation and amortization	4,984,195	604,635	5,588,830	1,393,930	125,700	180,448	-	-	7,288,908
Depreciation and amortization	1,756,282	317,748	2,074,030	908,630	113,390	-	-	-	3,096,050
Total Functional Expenses	\$ 6,740,477	\$ 922,383	\$ 7,662,860	\$ 2,302,560	\$ 239,090	\$ 180,448	\$ -	\$ -	\$ 10,384,958

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

URBAN HOUSING SOLUTIONS, INC.
CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020

Supporting Services

Management and General

	<u>URBAN HOUSING SOLUTIONS</u>	<u>300 E. WEBSTER ST. HOLDINGS, LP</u>	<u>2125 26TH AVE. N. HOLDINGS, LP</u>	<u>Skyliner</u>	<u>TOTAL MANAGEMENT & GENERAL</u>	<u>Eliminations</u>	<u>TOTAL EXPENSES</u>
Payroll and related expenses	\$ 39,958	\$ -	\$ -	\$ -	\$ 39,958	\$ -	\$ 2,727,340
OPEB Expense	-	-	-	-	-	-	5,469
Advertising	6,581	-	-	-	6,581	-	15,889
Bad debt expense	-	-	-	-	-	-	27,586
Contract services	1,025	12,194	-	-	13,219	-	663,399
Dues and subscriptions	-	5,400	-	-	5,400	-	5,400
Insurance	194	-	-	-	194	-	555,891
Interest	-	-	-	-	-	-	320,163
Legal and professional	22,934	78,897	-	-	101,831	-	318,206
Miscellaneous	-	17,747	-	-	17,747	-	26,046
Printing and postage	3,353	4,618	-	-	7,971	-	18,202
Rebate expense	-	-	-	-	-	-	115,122
Repairs and maintenance	4,422	-	-	-	4,422	-	687,432
Security services	-	-	-	-	-	-	28,003
Social program funds	1,252	-	-	-	1,252	-	62,347
Supplies	21,665	12,228	-	-	33,893	-	154,410
Taxes and licenses	13,263	-	-	-	13,263	-	665,616
Telephone	2,866	4,468	-	-	7,334	-	24,910
Travel	112	549	-	-	661	-	35,565
Utilities	-	-	-	-	-	-	1,085,638
Total functional expenses before depreciation and amortization	117,625	136,101	-	-	253,726	-	7,542,634
Depreciation and amortization	6,631	-	-	-	6,631	-	3,102,681
Total Functional Expenses	\$ 124,256	\$ 136,101	\$ -	\$ -	\$ 260,357	\$ -	\$ 10,645,315

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

URBAN HOUSING SOLUTIONS, INC.
CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Urban Housing Solutions	300 E . Webster St. Holdings, LP	2125 26th Ave. N. Holdings, LP	Skyliner	Eliminations	Consolidated
CASH FLOWS FROM OPERATING ACTIVITIES						
Change in net assets:	\$ 3,317,894	\$ (115,165)	\$ (14,844)	\$ 222,602	\$ (1,180,617)	\$ 2,229,870
Adjustments to reconcile change in net assets to cash provided by (used in) operating activities:						
Depreciation and amortization	2,080,661	908,630	113,390	-	-	3,102,681
(Increase) decrease in:						
Restricted deposits	807,496	62,086	-	-	-	869,582
Accounts receivable:						
Grants	76,380	-	-	-	-	76,380
Tenants	(78,425)	(30,903)	(13,521)	-	-	(122,849)
Development free receivable	(1,180,617)	-	-	-	1,180,617	-
Due from related parties	(2,250,000)	-	-	-	-	(2,250,000)
Other	-	-	(13,133)	(25,801)	-	(38,934)
Prepaid expenses	-	-	-	-	-	-
Other assets	-	-	(70,711)	-	-	(70,711)
Deferred Outflows	(812)	-	-	-	-	(812)
Increase (decrease) in:						
Accounts payable and accrued expenses	180,775	171,997	(603,555)	3,359,033	-	3,108,250
Due to related parties	-	2,000,000	-	250,000	-	2,250,000
Tenant security deposits payable	17,904	11,401	-	153,117	-	182,422
Prepaid rent	-	(6,787)	-	-	-	(6,787)
Development fee payable	-	-	1,027,500	-	-	1,027,500
OPEB Liability	(6,114)	-	-	-	-	(6,114)
Deferred Inflows	12,395	-	-	-	-	12,395
Net cash provided (used) by operating activities	<u>2,977,537</u>	<u>3,001,259</u>	<u>425,126</u>	<u>3,958,951</u>	<u>-</u>	<u>10,362,873</u>

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

URBAN HOUSING SOLUTIONS, INC.
CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property and equipment	(10,816,765)	(13,500)	(7,993,238)	(5,723,079)	-	(24,546,582)
Payments for deferred charges	-	(163,850)	-	-	-	(163,850)
Payment of contractor payable	-	(613,892)	-	-	-	(613,892)
Purchase of investment securities	(2,642,413)	-	-	(15,149,705)	-	(17,792,118)
Sale of investment securities, net	-	14,862,804	-	-	-	14,862,804
Net cash provided (used) by investing activities	<u>(13,459,178)</u>	<u>14,071,562</u>	<u>(7,993,238)</u>	<u>(20,872,784)</u>	<u>-</u>	<u>(28,253,638)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Changes in line of credit	6,500,000	-	-	-	-	6,500,000
Loan closing costs incurred	64,043	-	-	-	-	64,043
Payments to affiliates	-	(186,118)	-	-	-	(186,118)
Bond issue costs	-	(10,000)	-	-	-	(10,000)
Proceeds from bonds payable	-	-	-	15,000,000	-	15,000,000
Payments on bonds payable	-	(15,000,000)	-	-	-	(15,000,000)
Proceeds from notes payable	9,074,339	-	-	17,200,000	-	26,274,339
Principal payments on notes payable	-	(4,401,711)	(5,000,000)	-	-	(9,401,711)
Contributions	-	3,366,663	6,671,315	1,703,958	-	11,741,936
Syndication	-	-	-	-	-	-
Net cash provided by (used by) financing activities	<u>15,638,382</u>	<u>(16,231,166)</u>	<u>1,671,315</u>	<u>33,903,958</u>	<u>-</u>	<u>34,982,489</u>
NET INCREASE (DECREASE) IN CASH	5,156,741	841,655	(5,896,797)	16,990,125	-	17,091,724
CASH - BEGINNING OF YEAR	6,092,944	73,007	6,012,058	-	-	12,178,009
PRIOR PERIOD ADJUSTMENT	-	-	-	-	-	-
CASH - END OF YEAR	<u>\$ 11,249,685</u>	<u>\$ 914,662</u>	<u>\$ 115,261</u>	<u>\$ 16,990,125</u>	<u>\$ -</u>	<u>\$ 29,269,733</u>

URBAN HOUSING SOLUTIONS, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2020

Federal Grantor/ Pass-Through Grantor	Program/Cluster Name	CFDA Number	Contract Number	Pass-through to Subrecipients	Expenditures
<u>Federal Awards</u>					
Direct Funding:					
US Department of Housing and Urban Development	Supportive Housing Program - Merged	14.235	TN0061L4J041811		\$ 60,725
US Department of Housing and Urban Development	Supportive Housing Program - Merged	14.235	TN0061L4J041912		507,815
	**Total Program 14.235				568,540
Pass-through Funding:					
US Department of Housing and Urban Development through Metropolitan Development and Housing Agency	Housing Opportunities for Persons with AIDS	14.241	N/A		394,615
	Total Program 14.241				394,615
TOTAL FEDERAL AWARDS					\$ 963,155
<u>State Financial Assistance</u>					
Tennessee Department of Health	Health Care Safety Net Primary Care Services for Uninsured Adult Tennesseans 19-64 Years of Age	N/A	N/A		10,912
Tennessee CARES Grant	CARES Act	N/A	N/A		130,408
TOTAL STATE FINANCIAL ASSISTANCE					\$ 141,320
TOTAL FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE					\$ 1,104,475

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance summarized the expenditures of Urban Housing Solutions, Inc. under programs of the federal and state governments for the year ended December 31, 2020. The schedule is presented using the accrual basis of accounting.

Urban Housing Solutions elected to use the 10% de minimis cost rate permitted in the Uniform Guidance.

** Tested as Major Program

NOTE: This schedule was prepared on a modified accrual basis in accordance with the format prescribed by the Tennessee Comptroller of the Treasury Division of Local Government Audit.

URBAN HOUSING SOLUTIONS, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED DECEMBER 31, 2019

Federal Grantor/ Pass-Through Grantor	Program/Cluster Name	CFDA Number	Contract Number	Passed Through to Subrecipients	Expenditures
Federal Awards					
Direct Funding:					
US Department of Housing and Urban Development	Supportive Housing Program - Merged	14.235	TN0061L4J041508		516,671
	**Total Program 14.235				\$ 516,671
Pass-through Funding:					
US Department of Housing and Urban Development through Metropolitan Development and Housing Agency	Housing Opportunities for Persons with AIDS	14.241	N/A		349,537
	Total Program 14.241				\$ 349,537
	TOTAL FEDERAL AWARDS				\$ 866,208
State Financial Assistance					
Tennessee Department of Health	Health Care Safety Net Primary Care Services for Uninsured Adult Tennesseans 19-64 Years of Age	N/A	N/A		9,982
Tennessee Housing Development Agency	Lewis Rehabilitation	N/A	N/A		16,973
	TOTAL STATE FINANCIAL ASSISTANCE				\$ 26,955
	TOTAL FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE				\$ 893,163

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance summarized the expenditures of Urban Housing Solutions, Inc. under programs of the federal and state governments for the year ended December 31, 2019. The schedule is presented using the accrual basis of accounting.

Urban Housing Solutions elected to use the 10% de minimis cost rate permitted in the Uniform Guidance.

** Tested as Major Program

URBAN HOUSING SOLUTIONS, INC.
SCHEDULE OF PROGRAM SERVICES REVENUES AND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2020

PROGRAM SERVICES

	SKYLINER	WOODLAND	MERCURY COURTS	HOPE	CROWN	FISK	RUSSELL	MERCURY NORTH
REVENUES								
Rental Income	\$ 6,000	\$ -	\$ 891,767	\$ 98,931	\$ 104,931	\$ 138,692	\$ 108,157	\$ 185,027
Individual and corporate gifts & Barnes Fund	250,000	\$ -	\$ 51	\$ -	\$ -	\$ -	\$ -	\$ -
Grants	-	-	42,809	57,391	43,797	-	-	35,070
Other	12,704	29,576	38,569	5,652	207,404	1,246	54,471	6,243
Total Revenues	268,704	29,576	973,196	161,974	356,132	139,938	162,628	226,340
EXPENSES								
Payroll and related expenses	88,323	1,540	219,569	47,815	30,806	31,199	18,484	47,209
OPEB Expense	-	-	-	-	-	-	-	-
Advertising	-	-	-	-	-	-	-	-
Bad debt expense	-	-	-	-	-	-	-	-
Contract services	-	4,275	75,178	18,432	14,001	12,889	6,618	15,295
Dues and subscriptions	-	-	-	-	-	-	-	-
Insurance	554	777	40,615	8,278	7,047	5,020	3,411	9,126
Interest	-	-	766	-	391	-	-	-
Legal and professional	1,087	30	5,263	901	604	574	362	1,814
Miscellaneous	-	-	-	-	-	-	-	-
Printing and postage	-	4,657	2,153	-	-	-	-	-
Rebate expense	-	-	-	-	-	-	-	-
Repairs and maintenance	68	6,071	27,154	5,237	6,887	4,890	3,078	2,614
Security services	-	-	-	-	-	-	-	-
Resident/Social program funds	-	4	5,940	565	529	2,608	600	706
Supplies/Office	807	2,731	13,182	2,713	1,802	1,750	1,125	2,806
Taxes and licenses	-	-	-	4,038	4,178	1,435	-	1,460
Telephone	347	109	1,879	344	237	222	142	379
Travel	124	27	3,943	867	537	593	326	934
Utilities	-	10,042	181,614	16,686	12,692	15,361	7,104	45,919
TOTAL FUNCTIONAL EXPENSES								
BEFORE DEPRECIATION	91,310	30,263	577,256	105,876	79,711	76,541	41,250	128,262
REVENUE OVER EXPENSES BEFORE DEPRECIATION AND AMORTIZATION	177,394	(687)	395,940	56,098	276,421	63,397	121,378	98,078
Depreciation and amortization	1,226	16,250	103,963	31,533	19,922	16,857	21,362	49,155
REVENUE OVER EXPENSES	\$ 176,168	\$ (16,937)	\$ 291,977	\$ 24,565	\$ 256,499	\$ 46,540	\$ 100,016	\$ 48,923

URBAN HOUSING SOLUTIONS, INC.
SCHEDULE OF PROGRAM SERVICES REVENUES AND EXPENDITURES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020

PROGRAM SERVICES

	GREENTREE TERRACE	RIVER TERRACE	PORTER EAST	NEELY MEADOWS	HAPPY GARDEN	EASTWOOD COURTS	VILLAGE PLACE	MCA WALL
REVENUES								
Rental Income	\$ 348,806	\$ 108,512	\$ 342,410	\$ 1,061,924	\$ 64,339	\$ 430,346	\$ 454,066	\$ -
Individual and corporate gifts & Barnes Fund	-	-	-	-	-	-	-	-
Grants	31,875	17,119	45,946	94,217	-	56,074	71,039	-
Other	2,869	1,280	1,285	34,929	272	5,496	14,395	-
Total Revenues	383,550	126,911	389,641	1,191,070	64,611	491,916	539,500	-
EXPENSES								
Payroll and related expenses	84,437	30,806	34,288	226,968	11,710	93,958	107,895	29,388
OPEB Expense	-	-	-	-	-	-	-	-
Advertising	-	-	-	-	-	-	-	-
Bad debt expense	-	-	-	-	-	-	-	-
Contract services	27,558	10,051	29,790	84,555	5,756	45,458	55,324	-
Dues and subscriptions	-	-	-	-	-	-	-	-
Insurance	19,898	5,803	11,146	48,847	2,872	18,897	46,819	137
Interest	641	-	1,149	1,375	-	2,581	1,179	-
Legal and professional	1,680	604	669	8,570	245	3,591	4,067	346
Miscellaneous	-	-	-	-	-	-	-	-
Printing and postage	-	-	-	337	-	370	540	-
Rebate expense	-	-	-	-	-	-	-	-
Repairs and maintenance	12,547	5,608	5,013	51,779	1,323	14,293	34,358	(108)
Security services	-	-	-	-	-	-	-	-
Resident/Social program funds	609	79	207	4,563	32	818	1,275	-
Supplies/Office	5,130	1,802	1,922	13,278	747	5,496	6,331	229
Taxes and licenses	8,058	3,212	36,472	99,246	7,375	20,591	12,527	-
Telephone	658	237	265	1,740	97	723	805	100
Travel	1,568	544	551	5,139	222	1,655	2,216	56
Utilities	40,213	7,152	63,144	79,538	6,058	43,101	45,498	-
TOTAL FUNCTIONAL EXPENSES BEFORE DEPRECIATION	202,997	65,898	184,616	625,935	36,437	251,532	318,834	30,148
REVENUE OVER EXPENSES BEFORE DEPRECIATION AND AMORTIZATION	180,553	61,013	205,025	565,135	28,174	240,384	220,666	(30,148)
Depreciation and amortization	68,143	16,764	168,299	190,017	45,620	72,891	87,051	-
REVENUE OVER EXPENSES	\$ 112,410	\$ 44,249	\$ 36,726	\$ 375,118	\$ (17,446)	\$ 167,493	\$ 133,615	\$ (30,148)

URBAN HOUSING SOLUTIONS, INC.
SCHEDULE OF PROGRAM SERVICES REVENUES AND EXPENDITURES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020

	PROGRAM SERVICES							
	REX JR.	URBAN FLATS	PARLIAMENT	CLARKSVILLE HIGHWAY	1227-1235 LEWIS	OLD HICKORY	REX'S COURTYARD	VULTEE GARDENS
REVENUES								
Rental Income	\$ -	\$ -	\$ 22,730	\$ 639,932	\$ 120,973	\$ -	\$ 682,889	\$ 71,393
Individual and corporate gifts & Barnes Fund	-	-	-	276,760	-	-	-	-
Grants	-	-	-	45,871	-	-	75,087	21,394
Other	-	-	-	1,035,329	1,760	-	9,528	1,907
Total Revenues	<u>-</u>	<u>-</u>	<u>22,730</u>	<u>1,997,892</u>	<u>122,733</u>	<u>-</u>	<u>767,504</u>	<u>94,694</u>
EXPENSES								
Payroll and related expenses	34,485	16,360	-	232,784	29,275	-	138,743	23,565
OPEB Expense	-	-	-	-	-	-	-	-
Advertising	-	-	-	-	-	-	-	-
Bad debt expense	-	-	-	-	-	-	-	-
Contract services	-	-	-	38,046	10,635	-	62,060	14,258
Dues and subscriptions	-	-	-	-	-	-	-	-
Insurance	143	21	-	37,634	6,363	-	35,652	4,652
Interest	-	-	-	6,870	-	-	986	-
Legal and professional	413	165	-	95,351	612	-	2,762	469
Miscellaneous	-	-	-	-	-	-	-	-
Printing and postage	-	-	-	44	-	-	370	-
Rebate expense	-	-	-	-	-	-	-	-
Repairs and maintenance	48	33	-	12,858	2,507	-	33,366	6,778
Security services	-	-	-	-	-	-	-	-
Resident/Social program funds	-	-	-	20,413	79	-	3,129	63
Supplies/Office	327	129	-	12,904	1,742	-	8,577	1,441
Taxes and licenses	-	-	20	115,552	13,968	10,414	14,197	2,654
Telephone	113	32	-	1,491	243	-	1,112	185
Travel	47	-	-	2,901	555	-	2,686	441
Utilities	-	-	-	86,003	10,417	210	155,771	10,488
TOTAL FUNCTIONAL EXPENSES								
BEFORE DEPRECIATION	<u>35,576</u>	<u>16,740</u>	<u>20</u>	<u>662,851</u>	<u>76,396</u>	<u>10,624</u>	<u>459,411</u>	<u>64,994</u>
REVENUE OVER EXPENSES BEFORE DEPRECIATION AND AMORTIZATION	(35,576)	(16,740)	22,710	1,335,041	46,337	(10,624)	308,093	29,700
Depreciation and amortization	-	-	-	431,662	212,649	4,703	93,890	25,974
REVENUE OVER EXPENSES	<u>\$ (35,576)</u>	<u>\$ (16,740)</u>	<u>\$ 22,710</u>	<u>\$ 903,379</u>	<u>\$ (166,312)</u>	<u>\$ (15,327)</u>	<u>\$ 214,203</u>	<u>\$ 3,726</u>

URBAN HOUSING SOLUTIONS, INC.
SCHEDULE OF PROGRAM SERVICES REVENUES AND EXPENDITURES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020

	PROGRAM SERVICES			
	NEIGHBORHOOD STABILIZATION	THE PARK AT MERCURY COURT	MILLENNIUM	TOTAL RENTAL PROJECTS
REVENUES				
Rental Income	\$ 903,390	\$ 109,260	\$ 217,391	\$ 7,111,866
Individual and corporate gifts & Barnes Fund	-	-	-	526,811
Grants	19,188	27,130	378	684,385
Other	10,032	890	2,192	1,478,029
Total Revenues	932,610	137,280	219,961	9,801,091
EXPENSES				
Payroll and related expenses	188,721	36,008	47,958	1,852,294
OPEB Expense	-	-	-	-
Advertising	-	-	-	-
Bad debt expense	-	-	-	-
Contract services	80,864	13,062	14,077	638,182
Dues and subscriptions	-	-	-	-
Insurance	85,628	6,514	9,858	415,712
Interest	758	-	2,333	19,029
Legal and professional	3,932	1,775	2,282	138,168
Miscellaneous	-	-	-	-
Printing and postage	-	-	-	8,471
Rebate expense	-	-	-	-
Repairs and maintenance	23,863	2,748	7,434	270,447
Security services	-	-	-	-
Resident/Social program funds	1,018	370	354	43,961
Supplies/Office	11,205	2,117	2,710	103,003
Taxes and licenses	116,481	11,561	19,719	503,158
Telephone	1,567	289	359	13,675
Travel	3,546	599	784	30,861
Utilities	73,470	16,033	20,720	947,234
TOTAL FUNCTIONAL EXPENSES BEFORE DEPRECIATION	591,053	91,076	128,588	4,984,195
REVENUE OVER EXPENSES BEFORE DEPRECIATION AND AMORTIZATION	341,557	46,204	91,373	4,816,896
Depreciation and amortization	-	37,233	41,118	1,756,282
REVENUE OVER EXPENSES	\$ 341,557	\$ 8,971	\$ 50,255	\$ 3,060,614

URBAN HOUSING SOLUTIONS, INC.
SCHEDULE OF PROGRAM SERVICE REVENUES AND EXPENDITURES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2020

	PROGRAM SERVICES							SUPPORTING SERVICES				
	SERVICE COORDINATOR PROGRAM	HEALTH MATTERS	CLIENT FUND PROGRAM	HOPWA	PERMANENT SUPPORTIVE HOUSING	VANDERBILT HEALTH	GENERAL DEVELOPMENT	TOTAL PROGRAM SERVICES	MANAGEMENT AND GENERAL	FUNDRAISING	TOTAL SUPPORTING SERVICES	TOTAL
REVENUES												
Rental Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,111,866	\$ -	\$ -	\$ -	\$ 7,111,866
Individual and corporate gifts & Barnes Fund	-	39,564	202,583	-	25,000	-	-	793,958	55,191	-	55,191	\$ 849,149
Grants	-	10,912	130,408	68,766	208,648	-	-	1,103,119	-	-	-	1,103,119
Other	-	-	-	-	-	-	-	1,478,029	562,848	-	409,730	2,040,877
Total Revenues	-	50,476	332,991	68,766	233,648	-	-	10,486,972	618,039	-	464,921	11,105,011
EXPENSES												
Payroll and related expenses	25,415	59,615	21,873	73,714	251,805	-	97,183	2,381,899	39,958	31,630	39,958	2,421,857
OPEB Expenses	-	-	-	-	-	-	6,269	6,269	-	-	-	6,269
Advertising	-	-	-	-	-	-	-	-	6,581	-	6,581	6,581
Bad debt expense	-	-	-	-	-	-	-	-	-	-	-	-
Contract services	-	-	-	-	5,207	-	(51)	643,338	1,025	-	1,025	644,363
Dues and subscriptions	-	-	-	-	-	-	-	-	-	-	-	-
Insurance	776	1,221	440	1,082	4,477	-	648	424,356	194	294	194	424,550
Interest	-	-	-	-	-	-	1	19,030	-	-	-	19,030
Legal and professional	337	1,150	444	1,308	5,419	-	1,283	148,109	22,934	609	22,934	171,043
Miscellaneous	-	-	-	-	-	-	1,892	1,892	-	-	-	1,892
Printing and postage	-	-	-	4	-	-	1,756	10,231	3,353	1,746	3,353	13,584
Rebate expense	-	-	-	-	-	-	-	-	-	-	-	-
Repairs and maintenance	11	581	253	393	837	63	43	272,628	4,422	17	4,422	277,050
Security services	-	-	-	-	-	-	-	-	-	-	-	-
Resident/Social program funds	-	12,316	175	-	3,966	-	-	60,418	1,252	-	1,252	61,670
Supplies/Office	116	1,282	575	1,637	5,616	-	6,978	119,207	21,665	2,976	21,665	140,872
Taxes and licenses	-	-	-	-	-	-	-	503,158	13,263	-	13,263	516,421
Telephone	174	573	188	583	1,819	-	349	17,361	2,866	116	2,866	20,227
Travel	-	145	100	906	2,101	-	387	34,500	112	216	112	34,612
Utilities	-	-	-	-	-	-	-	947,234	-	-	-	947,234
TOTAL FUNCTIONAL EXPENSES BEFORE DEPRECIATION	26,829	76,883	24,048	79,627	281,247	63	116,738	5,589,630	117,625	37,604	117,625	5,707,255
REVENUE OVER EXPENSES BEFORE DEPRECIATION AND AMORTIZATION	(26,829)	(26,407)	308,943	(10,861)	(47,599)	(63)	(116,738)	4,897,342	500,414	(37,604)	347,296	5,397,756
Depreciation and amortization	-	-	-	-	294,644	-	23,104	2,074,030	6,631	-	6,631	2,080,661
REVENUE OVER EXPENSES	\$ (26,829)	\$ (26,407)	\$ 308,943	\$ (10,861)	\$ (342,243)	\$ (63)	\$ (139,842)	\$ 2,823,312	\$ 493,783	\$ (37,604)	\$ 340,665	\$ 3,317,095

URBAN HOUSING SOLUTIONS, INC.
SCHEDULE OF PROGRAM SERVICES REVENUES AND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2019

	PROGRAM SERVICES							
	SKYLINER	WOODLAND	MERCURY COURTS	HOPE	CROWN	FISK	RUSSELL	MERCURY NORTH
REVENUES								
Rental Income	\$ 37,935	\$ -	\$ 963,672	\$ 105,349	\$ 111,709	\$ 133,010	\$ 110,292	\$ 172,855
Grants	-	-	29,770	61,495	15,168	-	-	34,362
Other	-	5,019	26,196	6,180	3,388	1,483	521	2,032
Total Revenues	37,935	5,019	1,019,638	173,024	130,265	134,493	110,813	209,249
EXPENSES								
Payroll and related expenses	-	1,128	189,349	32,719	22,565	19,981	13,539	25,913
Advertising	-	-	1	-	4	-	2	-
Contract services	-	5,757	84,110	30,285	15,272	13,207	6,049	29,649
Insurance	-	1,797	32,507	4,871	3,727	1,786	1,957	5,372
Interest	-	-	7,114	-	2,446	-	-	-
Legal and professional	-	27	5,061	796	549	478	329	604
Miscellaneous	20	-	-	-	-	-	-	-
Printing and postage	-	-	2,151	20	14	15	8	24
Repairs and maintenance	-	5,453	26,569	8,954	5,409	3,482	1,814	7,796
Resident/Social program funds	-	338	14,319	989	126	1,778	543	3,109
Supplies/Office	-	6,426	13,794	2,724	1,753	1,583	1,049	2,388
Taxes and licenses	-	-	5,607	3,001	3,110	1,088	7	1,111
Telephone	-	13	1,841	379	263	186	158	264
Travel	9	34	6,159	984	678	575	407	775
Utilities	-	11,397	178,754	14,873	12,087	17,429	4,213	44,969
TOTAL FUNCTIONAL EXPENSES BEFORE DEPRECIATION	29	32,370	567,336	100,595	68,003	61,588	30,075	121,974
REVENUE OVER EXPENSES BEFORE DEPRECIATION AND AMORTIZATION	37,906	(27,351)	452,302	72,429	62,262	72,905	80,738	87,275
Depreciation and amortization	1,455	15,484	136,984	29,234	17,843	15,944	19,422	48,325
REVENUE OVER EXPENSES	\$ 36,451	\$ (42,835)	\$ 315,318	\$ 43,195	\$ 44,419	\$ 56,961	\$ 61,316	\$ 38,950

URBAN HOUSING SOLUTIONS, INC.
SCHEDULE OF PROGRAM SERVICES REVENUES AND EXPENDITURES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2019

	PROGRAM SERVICES							
	GREENTREE TERRACE	RIVER TERRACE	PORTER EAST	NEELY MEADOWS	EASTWOOD COURTS	VILLAGE PLACE	LINDSLEY	CLARKSVILLE HIGHWAY
REVENUES								
Rental Income	\$ 339,848	\$ 97,574	\$ 391,023	\$ 1,035,913	\$ 412,751	\$ 439,902	\$ -	\$ 146,981
Grants	37,698	15,710	27,327	97,998	45,536	60,030	-	27,785
Other	3,483	8,118	1,719	41,191	8,565	8,772	-	2,713
Total Revenues	381,029	121,402	420,069	1,175,102	466,852	508,704	-	177,479
EXPENSES								
Payroll and related expenses	64,310	22,565	22,565	154,294	68,823	100,864	-	23,589
Advertising	10	4	4	-	11	-	-	-
Contract services	36,292	13,952	20,272	101,952	49,627	65,021	-	15,689
Insurance	15,751	3,715	21,330	47,051	15,289	22,118	-	11,216
Interest	9,345	-	7,202	7,484	4,871	2,748	-	11,954
Legal and professional	1,565	549	549	3,386	1,674	2,454	-	562
Miscellaneous	-	-	-	-	-	-	-	-
Printing and postage	39	14	21	91	49	588	-	17
Repairs and maintenance	19,461	5,716	8,356	46,518	31,026	38,768	-	1,161
Resident/Social program funds	1,857	618	1,051	11,102	1,802	3,548	-	1,732
Supplies/Office	5,001	1,750	1,759	11,806	5,466	6,772	-	1,911
Taxes and licenses	5,987	2,388	25,429	72,274	15,429	9,396	-	22,126
Telephone	745	261	263	1,323	800	894	-	221
Travel	1,934	678	678	4,374	2,292	3,201	-	693
Utilities	34,942	6,352	68,864	93,363	38,020	41,987	-	18,327
TOTAL FUNCTIONAL EXPENSES BEFORE DEPRECIATION	197,239	58,562	178,343	555,018	235,179	298,359	-	109,198
REVENUE OVER EXPENSES BEFORE DEPRECIATION AND AMORTIZATION	183,790	62,840	241,726	620,084	231,673	210,345	-	68,281
Depreciation and amortization	65,864	16,344	168,090	169,144	65,597	82,983	-	232,044
REVENUE OVER EXPENSES	\$ 117,926	\$ 46,496	\$ 73,636	\$ 450,940	\$ 166,076	\$ 127,362	\$ -	\$ (163,763)

URBAN HOUSING SOLUTIONS, INC.
SCHEDULE OF PROGRAM SERVICES REVENUES AND EXPENDITURES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2019

	PROGRAM SERVICES							TOTAL RENTAL PROJECTS
	1227-1235 LEWIS	OLD HICKORY	REX'S COURTYARD	VULTEE GARDENS	NEIGHBORHOOD STABILIZATION	THE PARK AT MERCURY COURT	MILLENNIUM	
REVENUES								
Rental Income	\$ 118,225	\$ -	\$ 673,235	\$ 84,576	\$ 879,082	\$ 111,091	\$ 112,377	\$ 6,477,400
Grants	-	-	74,290	18,632	21,759	16,819	89	584,468
Other	110,477	-	22,659	1,749	719,244	1,205	675	975,389
Total Revenues	<u>228,702</u>	<u>-</u>	<u>770,184</u>	<u>104,957</u>	<u>1,620,085</u>	<u>129,115</u>	<u>113,141</u>	<u>8,037,257</u>
EXPENSES								
Payroll and related expenses	22,565	-	138,995	18,052	144,414	16,371	11,703	1,114,304
Advertising	4	-	-	3	23	-	-	66
Contract services	8,205	-	57,844	9,126	80,198	12,971	29,986	685,464
Insurance	5,595	-	29,130	3,040	85,641	5,842	7,540	325,275
Interest	-	-	2,298	-	4,666	-	7,489	67,617
Legal and professional	549	-	3,181	439	3,936	5,882	258	32,828
Miscellaneous	-	-	-	-	-	-	-	20
Printing and postage	14	-	74	11	87	11	6	3,254
Repairs and maintenance	1,566	-	23,071	4,161	22,410	4,525	16,699	282,915
Resident/Social program funds	253	-	4,926	423	8,258	1,907	839	59,518
Supplies/Office	1,752	-	8,643	1,400	11,220	1,982	1,254	90,433
Taxes and licenses	9,299	7,784	10,723	1,974	86,000	8,906	14,739	306,378
Telephone	261	-	1,332	209	1,676	166	112	11,367
Travel	678	-	3,780	543	4,341	491	330	33,634
Utilities	7,022	-	149,306	7,968	60,368	12,910	12,714	835,865
TOTAL FUNCTIONAL EXPENSES BEFORE DEPRECIATION	<u>57,763</u>	<u>7,784</u>	<u>433,303</u>	<u>47,349</u>	<u>513,238</u>	<u>71,964</u>	<u>103,669</u>	<u>3,848,938</u>
REVENUE OVER EXPENSES BEFORE DEPRECIATION AND AMORTIZATION	170,939	(7,784)	336,881	57,608	1,106,847	57,151	9,472	4,188,319
Depreciation and amortization	47,873	4,216	90,682	25,225	427,158	45,509	-	1,725,420
REVENUE OVER EXPENSES	<u>\$ 123,066</u>	<u>\$ (12,000)</u>	<u>\$ 246,199</u>	<u>\$ 32,383</u>	<u>\$ 679,689</u>	<u>\$ 11,642</u>	<u>\$ 9,472</u>	<u>\$ 2,462,899</u>

URBAN HOUSING SOLUTIONS, INC.
SCHEDULE OF PROGRAM SERVICES REVENUES AND EXPENDITURES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2019

	PROGRAM SERVICES							SUPPORTING	TOTAL	
	SERVICE COORDINATOR PROGRAM	HEALTH MATTERS	CLIENT FUND PROGRAM	HOPWA	PERMANENT SUPPORTIVE HOUSING	VANDERBILT HEALTH	RESIDENT SUPPORT PROGRAMS	TOTAL PROGRAM SERVICES		SUPPORTING SERVICES MANAGEMENT AND GENERAL
REVENUES										
Rental Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,477,400	\$ 135,541	\$ 6,612,941
Grants	-	26,955	-	54,370	227,370	-	308,695	893,163	-	893,163
Other	-	27,500	104,550	-	-	-	132,050	1,107,439	4,871,425	5,978,864
Total Revenues	-	54,455	104,550	54,370	227,370	-	440,745	8,478,002	5,006,966	13,484,968
EXPENSES										
Payroll and related expenses	(1,464)	49,883	109,622	53,953	306,314	-	518,308	1,632,612	273,345	1,905,957
OPEB Expenses	-	-	-	-	-	-	-	-	6,213	6,213
Advertising	-	-	-	-	-	-	-	66	195	261
Contract services	-	-	-	-	5,587	-	5,587	691,051	5,848	696,899
Insurance	-	639	1,343	592	4,190	-	6,764	332,039	1,914	333,953
Interest	-	-	-	-	-	-	-	67,617	22,357	89,974
Legal and professional	-	999	8,729	969	6,905	-	17,602	50,430	17,803	68,233
Miscellaneous	-	-	-	-	-	-	-	20	-	20
Printing and postage	-	15	854	14	101	-	984	4,238	6,760	10,998
Repairs and maintenance	-	-	100	-	73	-	173	283,088	3,637	286,725
Resident/Social program funds	-	21,239	23,396	113	5,286	-	50,034	109,552	255	109,807
Supplies/Office	-	1,147	5,659	1,081	7,061	-	14,948	105,381	29,871	135,252
Taxes and licenses	-	-	109	20	-	-	129	306,507	41,945	348,452
Telephone	-	969	817	606	4,205	-	6,597	17,964	3,828	21,792
Travel	19	1,180	991	846	4,289	-	7,325	40,959	2,623	43,582
Utilities	-	-	-	-	-	-	-	835,865	19,943	855,808
TOTAL FUNCTIONAL EXPENSES BEFORE DEPRECIATION	(1,445)	76,071	151,620	58,194	344,011	-	628,451	4,477,389	436,537	4,913,926
REVENUE OVER EXPENSES BEFORE DEPRECIATION AND AMORTIZATION	1,445	(21,616)	(47,070)	(3,824)	(116,641)	-	(187,706)	4,000,613	4,570,429	8,571,042
Depreciation and amortization	-	-	-	-	-	-	-	1,725,420	29,474	1,754,894
REVENUE OVER EXPENSES	\$ 1,445	\$ (21,616)	\$ (47,070)	\$ (3,824)	\$ (116,641)	\$ -	\$ (187,706)	\$ 2,275,193	\$ 4,540,955	\$ 6,816,148

URBAN HOUSING SOLUTIONS, INC.
SCHEDULE OF DIRECTORS AND MANAGEMENT OFFICIALS
DECEMBER 31, 2020

Commissioners:

John Gregory	Chairman
Steve Harris	HR Committee Chair
Elroy Mihailov	Equity Committee Chair
Kurt Schreiber	Strategic Planning Chair
Jennifer Carlat	Director
Kate Hyde	Director
Michael Lewis	Director
Chris Mayfield	Finance Committee Chair

Management Officials:

Brent Elrod	Managing Director
Laura Ward	Director of Finance



BELLENFANT

CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

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

Board of Directors
Urban Housing Solutions, Inc.
Nashville, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Urban Housing Solutions, Inc. which comprise the statement of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated September 27, 2020. Our report includes a reference to other auditors who audited the financial statements of 300 E. Webster Street Holdings, L.P. and 2125 26th Ave N Holdings, L.P., as described in our report on Urban Housing Solutions, Inc.'s financial statements. This report does not include the results of other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Urban Housing Solutions, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Urban Housing Solutions, Inc. internal control. Accordingly, we do not express an opinion on the effectiveness of the Urban Housing Solutions, Inc.'s internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Bellenfant, PLLC

Nashville, Tennessee

September 27, 2020



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors
Urban Housing Solutions, Inc.
Nashville, Tennessee

Report on Compliance for Each Major Federal Program

We have audited Urban Housing Solutions, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Urban Housing Solutions, Inc.'s major federal programs for the years ended December 31, 2020 and 2019. Urban Housing Solutions, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Urban Housing Solutions, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the years ended December 31, 2020 and 2019.

Report on Internal Control Over Compliance

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

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

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

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

Bellenfant, PLLC

Nashville, Tennessee

September 27, 2020

URBAN HOUSING SOLUTIONS, INC.
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2020

PART I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? _____ Yes X No

Significant deficiencies identified not
considered to be material weaknesses? _____ Yes X None reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

Material weaknesses identified? _____ Yes X No

Significant deficiencies identified not
considered to be material weaknesses? _____ Yes X None reported

Type of auditor's report issued on compliance
for major programs: Unqualified

Any audit findings disclosed that are required to be
reported in accordance with Uniform Guidance _____ Yes X No

Identification of major programs:

14.235 Supporting Housing Program

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

Auditee qualified as low-risk auditee? X Yes _____ No

**URBAN HOUSING SOLUTIONS, INC.
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2020**

There were no audit findings for the year ended December 31, 2019.